

# *Factors in the Board Governance of Cooperatives: A Systematic Review*

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## **Abstract**

Corporate board governance has been the subject of many studies during recent decades. The discussion has focused on the context of investor-owned corporations, while the discussion on cooperatives is still quite ambiguous. In this study, a systematic review is conducted by analyzing existing knowledge on the subject in 37 peer-reviewed articles covering all types of cooperatives. As a result, the scope of the current academic literature on the factors of board governance in cooperatives is shown to be narrow. The biggest gaps are seen in worker cooperatives and to some extent in consumer cooperatives and by different factors in board contexts, member participation and commitment as well as in director selection. Given that cooperatives are multi-purpose companies, no studies were found that dealt with the topic of board governance from the perspectives of sustainable development or responsibility.

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## 1. Introduction

Corporate board governance has broadly been the subject of extensive scrutiny in the academic literature, and it has been found to have implications on the company's performance of its tasks (Darmadi, 2013; Durisin & Puzone, 2009; Payne et al., 2009; Zhu et al., 2014). However, so far most of the academic discussion on the topic has focused on the context of investor-owned corporations, and regarding other types of organizations, such as cooperatives, the literature has been quite scarce. Although cooperatives and their governance have similarities with corporations, they have certain special characteristics that justify their study from their own perspectives. First, the ownership of cooperatives is based on membership (Diaz-Foncea & Marcuello, 2013). Second, the aim of cooperatives is to serve their members' interests rather than to maximize profit (Baltaca & Mavrenko, 2009). Third, the decision-making processes used in cooperatives are distinctively characterized by participation and internal democracy (Diaz-Foncea & Marcuello, 2013). Additionally, specific dilemmas between the performance and conformance roles in cooperatives can be perceived (Cornforth, 2004). One of them is the tension between board members acting as representatives for membership groups and as experts promoting the performance of the organization.

The social responsibility of corporations has become a central object of interest in social and academic discussions. Large companies have recently expressed that a limited company should have goals other than profit. From this point of view, cooperatives as multi-purpose companies are an even more interesting form of business, the governance of which should be studied more closely than before. In this environment, cooperatives could possibly find a competitive edge by developing their board work and governance. Cooperatives play a major role in many countries as they employ approximately 280 million people and generate 2.1 trillion USD in turnover worldwide and have a membership of over one billion people worldwide (ICA Coop, 2018). Many cooperatives operate in sectors (e.g. food, forest, energy, finance) that have proven to be quite critical and important in recent rapid economic and societal upheavals. Therefore, the absence of a systematic approach to the board governance of cooperatives can be considered a significant shortage and it is vital to understand in depth the factors behind it.

The purpose of this systematic review (see Tranfield et al., 2003) is to provide a synthesis of the factors of board governance in cooperatives by analysing the academic literature on the topic. We define board governance as a "set of roles, attributes and contextual variables and their impact on the BOD" (based on Korac-Kakabadse 2001 et al., p. 25.) The definition is increasingly used in the mainstream literature as it includes not only the control but also the stakeholder perspective of board governance (Cascio, 2004; Van den Bongard & Lehmann, 2013). This perspective is suitable for examining cooperatives because a cooperative is by definition "an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly owned and democratically-controlled enterprise" (ICA Coop, 2018b). In general, it seems to be typical for research on the governance topics of cooperatives that the studies focus on cooperatives of one industry or sector at a time. As an example, Grashuis & Su (2019) have conducted a review of articles containing a quantitative study, focusing on performance, ownership, and governance as well as on finance and member attitudes in producer cooperatives. Also, while Höhler & Kühl (2018) have summarized the existing literature on member heterogeneity, they have focused only on producer cooperatives. It should be noted that producer cooperatives constitute only one part of the cooperative sector, which also includes consumer cooperatives, financial cooperatives and worker cooperatives. Moreover, while certain themes, such as the diversity of

boards (Guerrero et al. 2017; Unda et al., 2019) and slow director renewal (e.g. Yamori et al. 2019) have recently gained some momentum in cooperative research, there are several other themes in this field that call for better scrutiny. Thus, we argue that the understanding of the diversity across different types of cooperatives and an overall view of the topic has remained incomplete.

The research question for our review is “*How are the central factors of board governance discussed in the cooperative literature?*” The purpose of this review is to give a comprehensive, industry-independent picture of the academic discussion so far and both deepen the overall picture and enrich the industry-specific discussions by comparing the findings across the different industries. We aim to highlight both the most and the least researched areas of the governance topic and thus provide insights for further research. Our paper makes important contributions to the discussion on the governance of cooperatives. First, we present an in-depth analysis of the factors of board governance, accounting for the diversity of cooperatives as our review included all types of cooperatives (worker, producer, consumer and financial cooperatives, see *Appendix 1*). Second, we provide a platform for future research by identifying how board governance factors are shaped by the board’s performance and conformance roles in cooperatives.

The paper is organized as follows: First, we describe how we conducted our systematic review by following the guidelines proposed by Tranfield et al. (2003). Second, we present the findings of our literature review. Finally, we discuss the implications of the findings for future research on cooperative governance and propose new avenues of research.

## 2. Working Method: Systematic Literature Review

### 2.1. Review process

The aim of a systematic review is to bring together as many studies as possible that are relevant to the research topic. We chose this method as a replicable, scientific and transparent process that aims to decrease the possibility of selection bias through exhaustive literature searches (see Tranfield et al., 2003). If the sample is not collected using a systematic review, it is possible to miss articles published in journals representing academic disciplines with which the researchers are not familiar (Newbert, 2007).

The planning of the review project began by identifying the need for a systematic literature review. We first conducted a preliminary review and found two literature reviews on cooperatives which focused on performance, ownership, governance, finance and member attitude in producer cooperatives (Grashuis & Su, 2019) and on member heterogeneity (Höhler & Kühl, 2018). However, the reviews addressed exclusively producer cooperatives and omitted other types of cooperatives, and second, they did not include a systematic in-depth analysis of the discussion on the key factors of board governance in the cooperative literature. Against this background, we next established the review approach: to synthesize the factors of board governance in the literature on cooperatives. Our planning was concluded by establishing a review protocol to include studies that focus on the research topic.

We initiated the review by nominating a review panel, which consisted of the three authors of the article. To identify and select studies, we generated keyword lists and search strings, selected information sources and established criteria to determine the relevance of the studies. The following keyword list was used: cooperative, credit union, board and governance. The next phase included the evaluation of the information sources (Brown, 2007; Newbert, 2007). We used the scientific databases SCOPUS, EBSCO and ABI and Google scholar. We limited the

search to published academic papers to maintain sufficient quality and rigor. The following overall search process was used:

1. A search using the formula: (TITLE (cooperative\*) OR TITLE (credit union\*)) AND TITLE-ABS-KEY (board\* AND governance\*) AND (LIMIT-TO (LANGUAGE, "English")). The purpose was to find the most effective combination of keywords and thus to ensure the relevance and high quality of the search.
2. To avoid missing articles, we supplemented the search by examining the reference lists of the articles found in step 1.
3. The third search was made manually by reading through all volumes of the following cooperative journals: Annals of Public and Cooperative Economics, Journal of Cooperative Studies, years 2004- , The International Journal of Cooperative Management, years 2004- and Journal of Cooperative Organization and Management, years 2013-.
4. The fourth search was made by manually checking the reference lists of the articles that were included in Step 3.

The purpose of this four-step search was to ensure that no essential articles on cooperative board governance were omitted. Finally, we made a quality assessment of the selected studies followed by data extraction and data synthesis (see Tranfield et al., 2003). Quality assessment began by checking the keywords and reading the abstracts of the articles that had been found. If they fulfilled the protocol criteria, we included the article for closer examination. After that, we excluded the articles that were not relevant to the research question, did not deal with cooperatives, or otherwise failed to match the criteria (see *Table 1*).

Our literature review on cooperative board governance yielded some general observations. The first search resulted in 66 articles. A careful analysis of the content and quality of these scientific articles showed that only 37 articles fulfilled the criteria of the review protocol (see comments and remarks in *Table 1*). Twenty-five of the included articles came from the database searches (*Table 1*, Step 1), four from the reference lists (*Table 1*, Step 2) and eight from the analysis of cooperative journals (*Table 1*, Step 3a-4). Twenty-nine articles were omitted for the reasons listed in *Table 1*.

**Table 1:** Data Search and Screening Process.

SOURCE OF DATA	NUMBER OF ARTICLES INCLUDED	COMMENTS AND REMARKS
Step 1: Database search	25	16 potential articles were omitted. Reasons: -Irrelevant field: 1 -Did not deal with the research question of this review: 14 -Dealt with research design: 1
Step 2: Reference lists:	4	8 potential articles were omitted. Reasons: -Did not deal with cooperatives: 2 -Were not peer-reviewed articles: 6
Step 3a: Annals of Public and Cooperative Economics	1	5 potential articles were omitted. Reasons: Did not deal with the research question
Step 3b: Journal of Cooperative Studies	1	
Step 3c: International Journal of Cooperative Management	2	
Step 3d: Journal of Cooperative Organization and Management	1	
Step 4: Reference list from Step 3.	3	
<b>TOTAL</b>	<b>37</b>	<b>29</b>

The second stage was a systematic content analysis. We cross-tabulated the articles by type of cooperative to increase quality and rigor. Finally, we briefly described the main findings from each included article.

### 1.2. General Information on data

The articles were published between the years 2001 and 2022 (Figure 1). There were no published articles related to the topic in the years 2002, 2003, 2006, 2010, 2011 and 2020. The number of articles published each year varied between 1 and 5 articles per year.

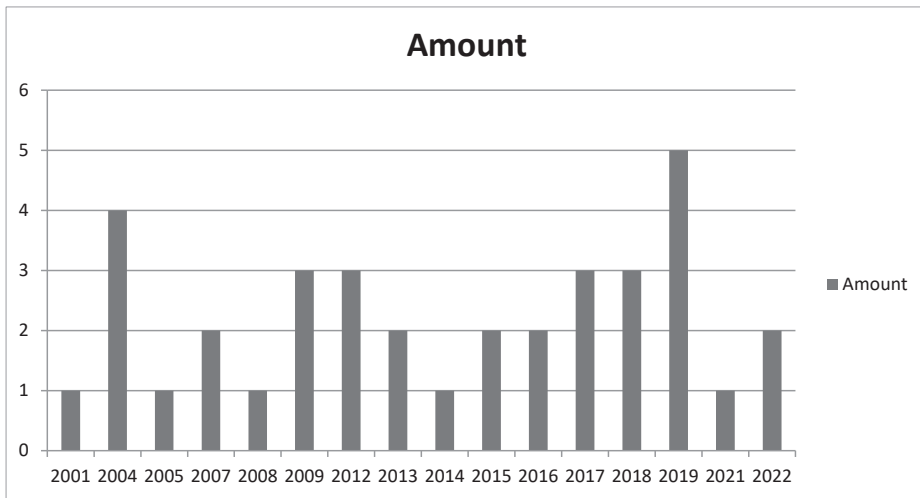


Figure 1: Number of Included Articles by Publishing Year.

Figure 1 shows that the number of publications increased in the 2010s compared to the previous decade but has again been lower in the early 2020s. Looking at each continent, publications have been made evenly throughout the review period in Europe, while in North America the first publication is from 2009 and from other continents only in 2013 (Table 2). Individually noteworthy is the arrival of publications from Asia and Australia & New Zealand in the late 2010s (Table 2). A deeper analysis of the publications trends is presented later in Table 3 and Figure 2.

The research was centralized to a few countries, while most continents were represented (Table 2). The studies were published in 21 different journals. Most of them had been carried out in Europe (16 studies). Five were published in North America, three in Australia & New Zealand as well as in Asia and one in South America as well as in Africa. The rest of the studies were geographically undefined. Most of the reviewed studies (19/37) used quantitative methods (Table 2). Qualitative methods were used in 8/37 articles, while both quantitative and qualitative methods were applied in 5/37 articles. Five out of 37 articles were solely theoretical and did not include any empirical data. Finally, regarding theories applied in the studies, the most common theory was the agency theory, which had been applied in 16 articles (Table 2). The democratic perspective (three articles) and the resource dependency theory (3) were the next most common and the stewardship, stakeholder and political theories were used in two articles each. Three of the articles were literature reviews. Sixteen other theories had also been used (see table 2).

**Table 2.** Publications by journal, country of publication, methodology and research orientation.

JOURNAL	NAME AND YEAR OF THE ARTICLE	COUNTRY OF PUBLICATION	METHODOLOGY	RESEARCH ORIENTATION/TARGET THEORY
Annals of Public and Cooperative Economics	1 The governance of cooperatives and mutual associations: A paradox perspective. Cornforth, C. 75(1), 11-32. 2004.	-	Theoretical	Agency, stewardship, stakeholder, managerial hegemony
	2 Faces of governance of production cooperatives: An exploratory study of ten French cooperatives. Bataille-Chedotel, F., Huntzinger, F. 75(1), 89-111. 2004.	France	Qualitative	Political
	3 Governance of the Mondragon Corporacio'n Cooperativa. Bakaikoa, B., Errasti, A., Begiristain, A. 5:1 2004.	Spain	Qualitative	Degeneration
	4 Shifting control? the changes of internal governance in agricultural cooperatives in the EU. Bijman, J., Hanisch, M., van der Sangen, G. 85 (4), 641-661. 2014.	Western Europe	Quantitative	Agency
	5 Drivers of pro-active member participation in agricultural cooperatives: Evidence from Brazil. Cechin, A., Bijman, J., Pascucci, S., Zylbersztajn, D., Omta, O. 84(4), 443-468. 2013.	Brazil	Quantitative	Political
	6 Governance in democratic member-based organisations. Vol 75, No 1, pp 33-59. Spear, R. 2004.	Canada	Theoretical	Agency, stewardship
	7 Governance of nine Ontario food cooperatives. Berge, S., Caldwell, W., Mount, P. 2016.	-	Qualitative	Cyclical board behaviour
	8 Dimensions of Member Heterogeneity in Cooperatives and their Impact on Organization—A Literature Review. Höhler, J., Kühl, R. pp. 89:4. 697-712. 2018.	-	Qualitative + Quantitative	Literature review
	9 A Review of the Empirical Literature on Farmer Cooperatives: Performance, Ownership and Governance, Finance, and Member Attitude. Grashuis, J., Su, Y. 90:1 pp. 77-102. 2019.	-	Qualitative + Quantitative	Literature review
Managerial and Decision Economics	10 Accommodating two worlds in one organisation: Changing board models in agricultural cooperatives. Bijman, J., Hendrikse, G., van Oijen, A. 34(3-5), 204-217. 2013.	Netherlands	Qualitative + Quantitative	Agency
	11 The Impact of CEO Tenure on Cooperative Governance. Cook, M., Burress, M. 34: 218-229. 2013.	United States	Quantitative	Agency
European Review of Agricultural Economics	12 Managerial vision bias and cooperative governance. Deng, W., Hendrikse, G. 42(5), 797-828. 2015.	-	Theoretical	Decisiontheoretic model

Canadian Journal on Aging	13 Community-based home support agencies: Comparing the quality of care of cooperative and non-profit organizations. Leviten-Reid, C., Hoyt, A. 28(2), 107-120. 2009.	Canada	Quantitative	-
Agribusiness	14 Members' Perception of Their Participation in the Governance of Cooperatives: The Key to Trust and Commitment in Agricultural Cooperatives. Österberg, P., Nilsson, J. Volume 25, Issue 2. 2009.	Sweden	Quantitative	Agency, socio-psychological
World Development	15 Women leaders and social performance: Evidence from financial cooperatives in Senegal. Périlleux, A., Szafarz, A. 74, 437-452. 2015.	Senegal	Quantitative	Congruity
Journal of Cooperative Studies	16 Cooperative Governance: the case of Spanish Credit Cooperatives. Chaves, R., Soler, F, Sajardo, A. 41.2, 30-37. August 2008.	Spain	Qualitative	Agency
International Journal of Cooperative Management	17 Dynamics and Tensions in Governance: evidence from Finnish cooperatives. Jussila, I., Saks, J., Tienari, J. Volume 3, Number 2, November 2007.	Finland	Qualitative	Institutional
	18 Overcoming Challenges to Governance in Consumer Cooperatives: analysing reports of key representatives. Tuominen, P., Jussila, I., Kojonen, S. Volume 4, Number 2, September. 2009.	Finland	Qualitative	Democratic
	19 The stakeholder model as a leading model for excellence in governance. A comparative perspective on a cooperative opportunity. Bleger, I. Volume 2, Number 1, August 2005.	-	Theoretical	Stakeholder
	20 An alternative approach to oversight: the case of the supervisory committee in Irish credit unions. Byrne, N., McCarthy, O., Ward, M. Volume 3, Number 2, November 2007.	Ireland	Qualitative+ Quantitative	Agency
International Food and Agribusiness Management Review	21 The relationship between members' trust and participation in the governance of cooperatives: the role of organizational commitment. Barraud-Didier, V., Henninger, M-C, Akremic, A. 2012.	France	Quantitative	Social Exchange
Agricultural Finance Review	22 Strategic options associated with cooperative members' equity. Power, G., Saline, V., Park, J. 72(1), 48-67. 2012.	-	Quantitative	Property rights
Corporate Governance: The international journal of business in society	23 The Governance of Cooperatives Under Competitive Conditions: Issues, Processes and Culture. Davis, P, 1, 28-39, Vol. 1 Iss: 4, pp.28 - 39. 2001.	-	Theoretical	Democratic
Accounting and Finance	24 Board characteristics and credit union performance. Unda, L., Ahmed, K., Mather, P. 59 (4), pp. 2735-2764. 2019.	Australia & New Zealand	Quantitative	Agency, resource dependence, labour market, democratic



Corporate Governance: An International Review	25 Board member monitoring behaviours in credit unions: the role of conscientiousness and identification with shareholders. Guerrero, S., Lapalme, Herrbach, O., Seguin, M. 25,134–144. 2017.	Canada	Quantitative	Social Identity
	26 Does Bank Institutional Setting Affect Board Effectiveness? Evidence from Cooperative and Joint-Stock Banks. D'Amato, A., Gallo, A. 25 (2), pp. 78-99. 2017.	Italy	Quantitative	Agency
JASSA:The Journal of the Securities Institute of Australia	27 The impact of regulatory governance standards on board characteristics: Evidence from Australian credit unions. Unda, L. 4, 21–26. 2016.	Australia	Quantitative	Democratic
Sustainability	28 Do corporate governance recommendations apply to U.S. agricultural cooperatives? Franken, J., Cook, M. 11 (19), art. no. 5321. 2019.	United States	Quantitative	Resource dependency
	29 Governance in Estonian Agricultural Cooperatives: Structures and Processes. Iliopoulos, C., Värnik, R., Kiisk, T., Varthalamis, G., Sinnott, L. 14(23):16031. 2022.	Estonia	Quantitative+ Qualitative	Conceptual
Journal of Cooperative Organization and Management	30 The presidency of the governing boards of cooperatives in Spain: a gendered approach. Esteban-Salvador, L., Gargallo-Castel, A., Pérez-Sanz, J. 7 (1), pp. 34-41. 2019.	Spain	Quantitative	Agency, resource dependency, gender role
	31 Understanding the board of Swedish farmer cooperatives – Cases focusing on board composition and interaction patterns. Hakelius, K. 6 (2), pp. 45-52. 2018.	Sweden	Quantitative	Agency
	32 Board characteristics and financial performance: Evidence from Indian cooperative banks. Author links open overlay panel. Saibal, G., Jugnu, A. 2018.	India	Quantitative	Agency
Pacific-Basin Finance Journal	33 To pay or not pay: Board remuneration and insolvency risk in credit unions. Unda, L., Ranasinghe, D. 2019.	Australia	Quantitative	Agency
International Journal of Finance and Economics	34 Corporate governance structure and efficiencies of cooperative banks. Yamori, N., Harimaya, K., Tomimura, K., 22 (4), pp. 368-378. 2017.	Japan	Quantitative	Agency
International Social Science Journal	35 Enhancing governance practice for better performance of credit union cooperatives in Thailand. Kumkit, T., Gan, C., Anh, D., Hu, B. 72(245), pp. 597–612. 2022.	Thailand	Quantitative	Agency, overview
Bulgarian Journal of Agricultural Science	36 Governance transformation of the Bulgarian cooperative movement: values, principles, practices and members' satisfaction. Sarov, A. Vol. 27 Issue 1, p. 65-71. 2021.	Bulgaria	Qualitative	Literature review

Cogent Business & Management	37 Director selection in agricultural cooperatives—The process and the roles in the Finnish context. Huhtala, K., Tuominen, P., Tuominen, T. Vol. 7:1, 1746171. 2020.	Finland	Qualitative	
Total: 21 journals	Total: 37 articles	Europe (16 articles) North America (5) Australia & N. Zealand (3) Asia (3) South America (1) Africa (1) Undefined (8)	Quantitative (19) Qualitative (8) Quantitative+ qualitative (5) Theoretical (5)	Agency (16) Democratic (3) Resource dependency (3) Stewardship (2) Stakeholder (2) Political (2) Literature review (3) Other theories (16)

### 3. Findings

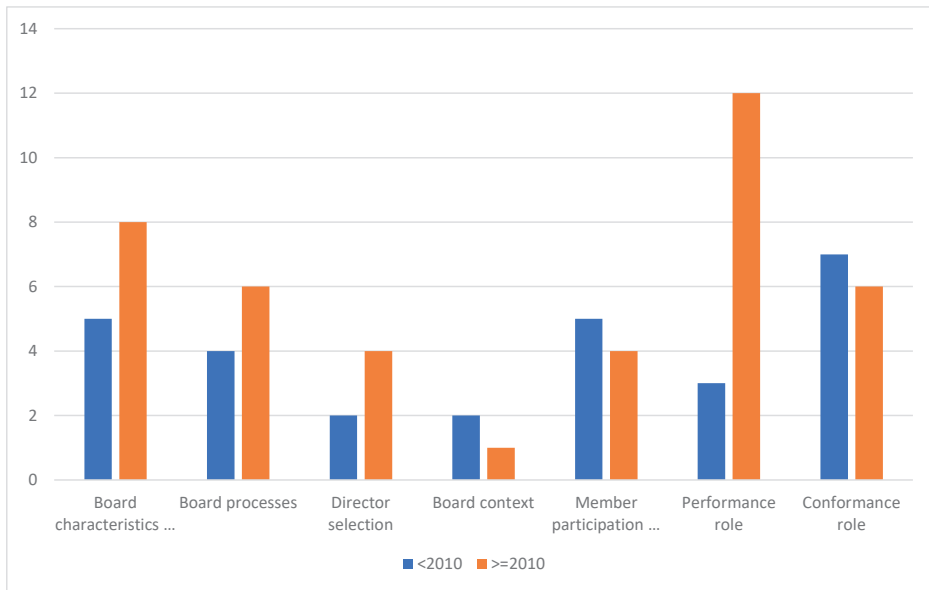
In this section (see Table 4), we describe our analysis of the factors contributing to board governance in cooperatives which constitutes our data. The factors were classified by cooperative type (see Appendix 1).

We first made a numeric analysis by classifying the articles per cooperative type and by factor of board governance discussed (Table 3). The table shows that 13 articles discussed board characteristics, ten board processes, six director selection and three board context. Additionally, nine articles discussed member participation and commitment, 15 articles the performance role of boards and 13 articles the conformance role of boards. Noteworthy, some of the articles are classified under several factors if the study discussed more than one factor of board governance.

**Table 3.** The number of articles per cooperative type classified by factors of board governance.

FACTOR OF BOARD GOVERNANCE	NUMBER OF ARTICLES PER COOPERATIVE TYPE AND BY FACTOR DISCUSSED (TOTAL, UNTIL 2010, AFTER 2010)					
	Financial cooperative	Consumer cooperative	Producer cooperative	Worker cooperative	Other cooperatives	Total
Board characteristics	Total: 4 <2010: 2 ≥ 2010: 3	Total: 3 <2010: 2 ≥ 2010: 1	Total: 4 <2010: 0 ≥ 2010: 4	Total: 1 <2010: 1 ≥ 2010: 0		13 <2010: 5 ≥ 2010: 8
Board processes	Total: 1 <2010: 0 ≥ 2010: 1	Total: 2 <2010: 1 ≥ 2010: 1	Total: 5 <2010: 1 ≥ 2010: 4	Total: 1 <2010: 1 ≥ 2010: 0	Total: 1 <2010: 1 ≥ 2010: 0	10 <2010: 4 ≥ 2010: 6
Director selection	Total: 3 <2010: 1 ≥ 2010: 2	Total: 0	Total: 0	Total: 1 <2010: 1 ≥ 2010: 0	Total: 0	6 <2010: 2 ≥ 2010: 4
Board context	Total: 0	Total: 1 <2010: 1 ≥ 2010: 0	Total: 0	Total: 0	Total: 1 <2010: 1 ≥ 2010: 0	3 <2010: 2 ≥ 2010: 1
Member participation and commitment	Total: 1 <2010: 1 ≥ 2010: 0	Total: 1 <2010: 1 ≥ 2010: 0	Total: 5 <2010: 1 ≥ 2010: 4	Total: 1 <2010: 1 ≥ 2010: 0	Total:	9 <2010: 5 ≥ 2010: 4
Performance role	Total: 6 <2010: 1 ≥ 2010: 5	Total: 0	Total: 6 <2010: 0 ≥ 2010: 6	Total: 0	Total: 3 <2010: 2 ≥ 2010: 1	15 <2010: 3 ≥ 2010: 12
Conformance role	Total: 1 <2010: 1 ≥ 2010: 0	Total: 2 <2010: 1 ≥ 2010: 1	Total: 5 <2010: 1 ≥ 2010: 4	Total: 1 <2010: 1 ≥ 2010: 0	Total: 3 <2010: 3 ≥ 2010: 0	13 <2010: 7 ≥ 2010: 6

We continued the analysis by dividing the published articles into two groups based on their publication date. The first group consisted of the articles that were published before 2010 and the second group comprised the articles published in the year 2010 onwards. The results are displayed by the factors of board governance in Figure 2. We would like to point out that the number of articles in this figure is higher than in Figure 1 because more than one board factor may have been discussed in the same article.



**Figure 2:** Number of Articles per Factor discussed by Publication date (before 2010 or 2010 onwards).

Figure 2 shows that the amount of research on the performance role increased strongly from 2010 onwards. This concerns especially financial and producer cooperatives (Table 3). Research on board characteristics increased somewhat, most in producer cooperatives. Director selection and board processes also increased somewhat. On the other hand, research on the conformance role and member participation and commitment decreased slightly, except in producer cooperatives where they grew. Board context research remained low throughout the review period.

Next, we present the substantive results of our research, i.e. the discussion themes and below them we present excerpts of the content of each article related to the theme (Table 4). The themes and their contents are compiled into entities in the text after Table 4. The results in the table are grouped in vertical columns by type of cooperative and by row based on what the factor of board governance discussion themes are related to.

**Table 4:** Results of the review: Themes Discussed in the Articles by Type of Cooperative.

FACTOR OF BOARD GOVERNANCE	THEMES OF COOPERATIVE BOARD GOVERNANCE DISCUSSED IN THE REVIEWED ARTICLES				
	Financial cooperative	Consumer cooperative	Producer cooperative	Worker cooperative	Other cooperatives / not defined
<p>Board characteristics</p> <p>In 12 articles, (Jussila et al. 2007 occurs twice)</p>	<p><b>Theme: Board composition</b> Guerrero et al. 2017 <i>Women and young people not sufficiently represented</i></p> <p>Périlleux &amp; Szafarz 2015 <i>Female-dominated boards favour social orientation</i></p> <p>Unda 2016 <i>Credit unions with previous merger and acquisition activity have larger boards and a higher percentage of female directors</i></p> <p><b>Theme: Tensions</b> Jussila et al. 2007 <i>Owners on boards create tensions as regional and local cooperatives may have diverging values and objectives</i></p> <p>Chaves et al. 2008 <i>Good level of representativeness of board members but low rate of renewal of board-level members realized</i></p>	<p><b>Theme: Director's competencies</b> Berge 2016 <i>The qualifications of a good board member may need to be modified</i></p> <p>Tuominen et al. 2009 <i>Lack of qualified directors</i></p> <p><b>Theme: Tensions</b> Jussila et al. 2007 <i>Owners as board members: regional and local cooperatives may have diverging values and interests</i></p>	<p><b>Theme: Board composition</b> Bijman et al. 2014 <i>Compositions of boards in cooperatives differ from those in IOFs</i></p> <p>Franken &amp; Cook 2019 <i>Larger cooperatives have larger boards with more outside directors</i></p> <p><b>Theme: Board models</b> Bijman et al. 2013 <i>Presents different models of boards, defines good cooperative governance</i></p> <p>Iliopoulos et al. 2022 <i>More knowledge needed about governance structures and professional board practices</i></p>	<p><b>Theme: Board composition</b> Bakaikoa et al. 2004 <i>Tensions between non-member employees and member employees</i></p>	

<p>Board processes</p> <p>In 10 articles</p>	<p><b>Theme:</b> <b>Competence gaps</b> D'Amato &amp; Gallo 2017 <i>Board deficiencies likely to occur in credit management process</i></p>	<p><b>Theme:</b> <b>Board and CEO</b> Davis 2001 <i>Committed management who appreciate characteristics of cooperative important</i></p> <p>Berge 2016 <i>Cooperative managers experience tension created by the changes in the role of the board of directors</i></p>	<p><b>Theme:</b> <b>Competence gaps</b> Österberg &amp; Nilsson 2009 <i>Need for better training of directors in terms of management and social skills</i></p> <p>Iliopoulos et al. 2022 <i>Director training, financial expertise, and board evaluation routines needed</i></p> <p>Cook &amp; Burrell 2013 <i>Long-tenured CEOs experience less board monitoring due to procedural mechanisms</i></p> <p><b>Theme:</b> <b>Board and CEO</b> Deng &amp; Hendrikse 2015 <i>Member CEOs upstream focused, professional CEOs downstream focused</i></p> <p><b>Theme:</b> <b>The duality of cooperative</b> Bijman et al. 2014 <i>BOD needs to understand the purpose of cooperative</i></p>	<p><b>Theme:</b> <b>Competence gaps</b> Bataille-Chedotel &amp; Huntzinger 2004 <i>BOD may restrict itself to the role of a watchdog by placing its trust in the competence of the chair</i></p>	<p><b>Theme:</b> <b>Board and CEO</b> Spear 2004 <i>Managers in consumer/user cooperatives and mutual cooperatives have more power than those in similar private sector organizations</i></p>
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<p>Director selection In 6 articles</p>	<p><b>Theme: Board renewal</b> Chaves et al. 2008 <i>Low rate of renewal of board members observed</i></p> <p>Unda et al. 2019 <i>Lack of board renewal limits the scope for identifying new directors within the membership</i></p> <p><b>Theme: Board nomination</b> Guerrero et al. 2017 <i>The nominating committee mostly appointed by the BOD in Canada, in the US often by the chair of the BOD</i></p>		<p><b>Theme: Board renewal</b> Cechin et al. 2013 <i>Classifies members in terms of how active or passive they are in the governance, observed reluctance to replace older directors</i></p> <p>Huhtala et al. 2020 <i>Additional research needed from social and paradox perspectives on the use of authority and on the administrative culture</i></p>	<p><b>Theme: Board nomination</b> Bakaikoa et al. 2004 <i>Manner of board nomination and election; the issue of organizational degeneration where control is concentrated in the hands of a few</i></p>	
<p>Board context In 3 articles</p>		<p><b>Theme: Circumstances and environment</b> Davis 2001 <i>Whether the board should have non-executive directors depends on circumstances</i></p>	<p><b>Theme: Circumstances and environment</b> Bijman et al. 2013 <i>Cooperatives shift to a new corporate governance model because of changes in the competitive environment</i></p>		<p><b>Theme: Need of new research</b> Cornforth 2004 <i>More studies needed that examine how contextual factors influence boards</i></p>

<p>Member participation and commitment</p> <p>In 9 articles</p>	<p><b>Theme:</b> <b>Low participation</b> Chaves et al. 2008 <i>Low level of member participation characteristic of large cooperatives</i></p>	<p><b>Theme:</b> <b>Low participation</b> Tuominen et al. 2009 <i>Members' low participation in governance makes representativeness questionable</i></p>	<p><b>Theme:</b> <b>Significance of participation</b> Österberg &amp; Nilsson 2009 <i>Participation related to commitment</i></p> <p>Barraud-Didier et al. 2012 <i>Members' trust, participation and commitment interrelated</i></p> <p>Cechin et al. 2013 <i>Positive relationship between duration of membership and participation, Democratic member control and concern for community important in members' participation</i></p> <p><b>Theme:</b> <b>Member satisfaction</b> Sarov 2021 <i>Governance including cooperative values and practices impact on members' satisfaction</i></p> <p><b>Theme:</b> <b>Member heterogeneity</b> Höhler &amp; Kühl 2018 <i>Different dimensions of heterogeneity identified and ways of measuring their impact on cooperative organization proposed</i></p>	<p><b>Theme:</b> <b>Significance of participation</b> Leviten-Reid 2009 <i>Participation on the board a determinant of satisfaction and overall quality</i></p>	<p><b>Theme:</b> <b>Low participation</b> Spear 2004 <i>Low level of participation identified especially in bigger cooperatives</i></p>
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<p>Performance role  In 15 articles</p>	<p><b>Theme:</b> <b>Antecedents of firm performance</b> Saibal &amp; Jugnu 2018 <i>Board size does not exert discernible impact on performance, gender diversity exerts an impact on performance in low-income districts</i></p> <p>Yamori et al. 2019 <i>Large board has negative effects on efficiency measures, outside directors have a significant effect on efficiency measures</i></p> <p>Unda et al. 2019 <i>Board remuneration, board expertise and attendance at meetings increase credit union performance</i></p> <p>Kumkit et al. 2022 <i>Performance affected by members' participation, the board of directors, the management team and organisations' age and size</i></p> <p>Unda &amp; Rana-singhe 2019 <i>Volunteer boards and highly paid boards are associated with a lower likelihood of the credit union becoming insolvent</i></p> <p><b>Theme:</b> <b>Role of BOD</b> Byrne et al. 2007 <i>The BOD performs an executive and, to a lesser extent, oversight function</i></p>		<p><b>Theme:</b> <b>Antecedents of firm performance</b> Franken &amp; Cook 2019 <i>Board size correlates negatively with most financial measures but positively with overall performance, CEO tenure positively correlated with current and past performance and overall performance</i></p> <p>Hakelius 2018 <i>Large boards, director education, consensus between the directors and the CEO influence positively performance</i></p> <p>Bijman et al. 2013 <i>Traditional board models do not necessarily perform better, corporation models do not overall perform worse than other models</i></p> <p>Grashuis &amp; Su 2019 <i>No clear evidence between non-traditional ownership or governance and superior performance</i></p> <p><b>Theme:</b> <b>Performance measures</b> Bijman et al. 2014 <i>Boards use different performance measures in cooperatives vs. IOFs</i></p> <p><b>Theme:</b> <b>Role of BOD</b> Power et al. 2012 <i>A major challenge of the board is to retain enough equity to fund business growth</i></p>		<p><b>Theme:</b> <b>Antecedents of firm performance</b> Esteban-Salvador et al. 2019 <i>Cooperatives chaired by a woman more likely to have good financial and employment ratios</i></p> <p><b>Theme:</b> <b>Governance performance</b> Spear 2004 <i>Necessary to develop an approach that combines both control perspectives and collaborative perspectives</i></p> <p><b>Theme:</b> <b>Role of BOD</b> Cornforth 2004 <i>Tension between the board roles of driving forward organizational performance and ensuring conformance</i></p>
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<p>Conformance role</p> <p>In 12 articles</p>	<p><b>Theme: Member democracy</b>                  Chaves et al. 2008  <i>Challenges related to the implementation of democratic principles</i></p>	<p><b>Theme: Member democracy</b>                  Berge 2016  <i>Board's role important as a supervisor and protector of the democratic rights of membership</i></p> <p>Tuominen et al. 2009  <i>Representation of members in positions of trust important</i></p>	<p><b>Theme: Member democracy</b>                  Bijman et al. 2013  <i>Maintaining democratic decision-making principles important</i></p> <p>Österberg&amp;Nilsson 2009  <i>Members experience that democratic control of board is important</i></p> <p><b>Theme: Member benefits</b>                  Bijman et al. 2014  <i>Key function of the board is to ensure the interests of members-as-users</i></p> <p>Power et al. 2012  <i>To return sufficient value to the members important</i></p> <p>Barraud-Didier et al. 2012  <i>Board's role to guide and control strategy and trust explains a member's favourable behaviour towards his/her cooperative</i></p>	<p><b>Theme: Dual role of BOD</b>                  Bakaikoa et al. 2004  <i>Agency problem of the board as the representative of owner-members, and professional management.</i></p>	<p><b>Theme: Member democracy</b>                  Bleger 2005  <i>Representation of member interests the key driver in the work of a board member</i></p> <p><b>Theme: Dual role of BOD</b>                  Spear 2004  <i>Board roles as a controller and a collaborator important</i></p> <p>Comforth 2004  <i>Tension identified between the board roles of driving forward organizational performance and ensuring conformance</i></p>
<p>TOTAL NR. OF ARTICLES</p>	<p>17 articles</p>	<p>9 articles</p>	<p>28 articles</p>	<p>5 articles</p>	<p>9 articles</p>

## Board characteristics

Our review showed that themes related to board characteristics were discussed in the cooperative literature most often regarding financial and producer cooperatives, however less often in consumer and worker cooperatives (see *Table 3*). The most common discussion topic was board composition. For credit unions, Guerrero et al. (2017) pondered the insufficient representation of women and young people on boards, while Périlleux & Szafarz (2015) noticed that the social perspective is emphasized in female-dominated boards. Guerrero et al. (2017) highlighted that attempts had been made to increase the number of women and young but with mixed results. Some of the reasons mentioned were the busyness of young people in their thirties and the family reasons of women (Guerrero et al., 2017). In credit unions, the boards are larger, and they have a higher proportion of women in a situation where there are preceding mergers or acquisitions. In producer cooperatives, Bijman et al. (2014) found that the composition of the board differs compared to IOFs and Franken & Cook (2019) noted, that large producer cooperatives have larger boards and have more outside board members. In worker cooperatives, the board has both member employees and non-member employees, which was found to cause tensions (Bakaikoa et al. 2004). Unlike the previous types of cooperatives, board composition had not been included in the articles on consumer cooperatives. Instead, they discussed directors' competencies on a general level, pointing out that there is a lack of qualified directors (Tuominen et al., 2009) and that the qualifications for a good board member may need to be thought of in a new way (Berge, 2016). In a few studies, tensions related to the board of the cooperative were brought up (Jussila et al., 2007; Chaves et al., 2008). Regional and local factors can cause tensions in credit unions and consumer cooperatives, as can the credit union's strong member representativeness, which results in slowness in board renewal. Producer cooperatives were the only group for which new governance practices were discussed. In that regard, Bijman et al. (2013) presented innovative board models in the Netherlands related to good governance where the management is given more power for decision making. Iliopoulos et al. (2022) emphasized the importance of structures and professional board practices.

## Board Processes

Board processes refer to the decision-making activities of boards, which usually involve individuals' ability to work together as a team, critical discussion, board's engagement, and exchange of information (Forbes & Milliken, 1999; Milliken & Vollrath, 1991; Samra-Fredericks, 2000a, b; Zahra & Pearce, 1989). Themes related to board processes were discussed in ten of the reviewed articles (*Table 3*). The most common discussion topic was competence gaps, which was discussed especially in the case of producer cooperatives. Österberg & Nilsson (2009) called for better training of board members regarding leadership and, among other things, social skills. Also, Iliopoulos et al. (2022) emphasized the importance of training and the professionalization of board practices. Cook & Burrell (2013) found that long-serving CEOs are less monitored by boards, concluding that there is a need to professionalize the monitoring of CEOs. Regarding credit unions, D'Amato & Gallo (2017) found that there were more shortcomings in the ability of cooperative banks' boards to handle credit management than in joint-stock banks. Bataille-Chedotel & Huntzinger (2004) studied worker cooperatives and found that the rank-and-file members of the board emphatically trust the competence of the chairman while remaining in the role of watchdog. Another theme of discussion regarding the board process was the relationship between the board and the CEO. Deng & Hendrikse (2015) found that if the CEO of a producer cooperative is a member of that cooperative, he or she emphasizes

the beginning of the value chain while professional CEOs are more suitable for managing the end of the value chain. Nevertheless, their conclusion was that the recruitment of CEOs needs professionalization. This was also highlighted in the context of consumer cooperatives, where Davis (2001) emphasized how important it is to recruit a CEO who is committed to the cooperative and its characteristics. This is because in consumer and insurance cooperatives, the CEO seems to have more power than in private sector organizations (Spear, 2004). Moreover, as the commitment of board members varies and when the continuity of board work is considered CEOs experience tensions (Berge, 2016). Finally, Bijman et al. (2014) highlight the duality of cooperative. The authors point out that the functions of BODs in cooperatives deviate from those in IOFs in two respects: first, the key function of the BOD in a cooperative is to ensure that the interests of the members-as-users are translated into decisions by the cooperative, and second, the BOD of a cooperative uses different performance measures compared to boards in IOFs and is also much more directly involved in strategic and operational decisions.

### Director Selection

Director selection was not a widely discussed topic in the reviewed article, as only five articles focused on this factor (Table 3). The articles discussed two themes: board renewal and board nomination. Regarding credit unions, Chaves et al. (2008) explain that a low rate of director renewal may be a symptom of paralysis or passivity at the grass-roots level of membership. Another reason for low renewal in credit unions may be that new directors are not actively identified within the membership (Unda et al., 2019). In terms of producer cooperatives, Cechin et al. (2013) discussed the reluctance to replace older directors, which may be related to the level of member activity/passivity in participating in governance. Regarding board nomination, Guerrero et al. (2017) point out that, in cooperatives where directors must be drawn from the membership, several issues potentially limit governance capacity. Their results highlight low membership involvement in the selection of nominating committee members, and hence the dominating actors who appoint nominating committee may be either the BOD or the chair of the BOD. One article on worker cooperatives, Bakaikoa et al. (2004) discussed the manner of board nomination and election in a large worker cooperative. They concluded that, in a governance model with several tiers, while the role of working members in selecting members to the first-stage representative organ is guaranteed, their role in the selection of higher-stage governing bodies (e.g. General Council) is limited, which may lead to organizational degeneration where control is concentrated in the hands of a few.

### Board Context

Board context was the least discussed factor in our reviewed articles, as only three articles dealt with it (Table 3). Cornforth (2004) maintains that meagre attention has been given to contextual factors, such as the organization's size or changes in public policy, which may influence or shape board characteristics or the way boards work. He suggests that there would be a need for future studies that examine how contextual factors influence what boards do. Regarding consumer cooperatives, Davis (2001) stated that the market impacts on how good governance in cooperatives should be understood, simultaneously bearing in mind that cooperatives must fulfil their purpose. He concludes that the need for non-executive directors is not a matter of principle but depends on circumstances. Considering producer cooperatives and their board governance Bijman et al. (2013) highlight that the cooperatives meet the pressure of the changing agri-food market and thus need to strengthen the autonomy of the management, to reduce

member influence on operational decisions, to find new sources of equity capital, and to professionalize their supervisory bodies.

### Member Participation and commitment

Our review analysis established that member participation and commitment were considered essential factors of board governance in cooperatives (Table 3). One of the discussion themes was related to low participation activity. Chaves et al. (2008) found a low level of member participation, also known as membership apathy, in large and mature credit cooperatives. Similarly, in the context of consumer cooperatives, Tuominen et al. (2009) reported a low level of member participation, concluding that this makes representativeness questionable. The significance of participation was a discussion theme in several articles. Regarding producer cooperatives, Österberg & Nilsson (2009) highlighted the relationship between participation and commitment pointing out that participation is important for members, and democratic control is crucial. Barraud-Didier et al. (2012) disclosed the interrelationship between trust, participation and commitment concluding that members participate in the governance of their cooperative when they are effectively attached to it. Cechin et al., (2013) realized that members' support of the board is dependent on whether the members feel that they can influence the decisions through democratic control. The authors noted that there is a positive relationship between the duration of membership and proactive participation. They maintained that democratic member control and concern for community are important in understanding members' proactive participation. Regarding worker cooperatives, Leviten-Reid (2009) investigated consumers' and workers' participation on the board and realised that participation was a determinant of satisfaction with services and a determinant of overall quality. Regarding cooperatives in general, Spear's (2004) concern was the low level of member participation and consequently, members have no influence on the board. In his opinion, this problem tends to arise when the cooperative grows. Member satisfaction and member heterogeneity in producer cooperatives were two other themes discussed. Sarov (2021) found that governance with cooperative values, principles and practices impacts members' positive satisfaction. Höhler & Kühl (2018) investigated different dimensions of member heterogeneity in their literature review proposing further measurement.

### Performance Role

Our review showed that themes related to the performance role were considered important for the board governance of cooperatives, as they were discussed in 15 articles (Table 3) which was the highest number of all the factors covered. The most discussed theme was antecedents of firm performance, which was studied especially in credit unions and producer cooperatives. The results on the impact of board size and the presence of outside directors on performance in credit unions were inconclusive. Saibal & Jugnu (2018) stated that board size does not exert any discernible impact while Yamori et al. (2019) concluded that large boards have negative effects on efficiency. The share of outside directors either fails to influence performance (Saibal & Jugnu, 2018) or seems to have a positive influence (Yamori et al. 2019). Positive impact on performance in credit unions is affected by gender diversity in low-income districts (Saibal & Jugnu 2018) as well as by board remuneration, board expertise and attendance at meetings (Unda et al. 2019). Kumkit (et al. 2022) stated in general that the performance is affected by members' participation, the board of directors, the management team, as well as the organizations' age and size. Unda & Ranasinghe (2019) looked at the matter from the perspective of

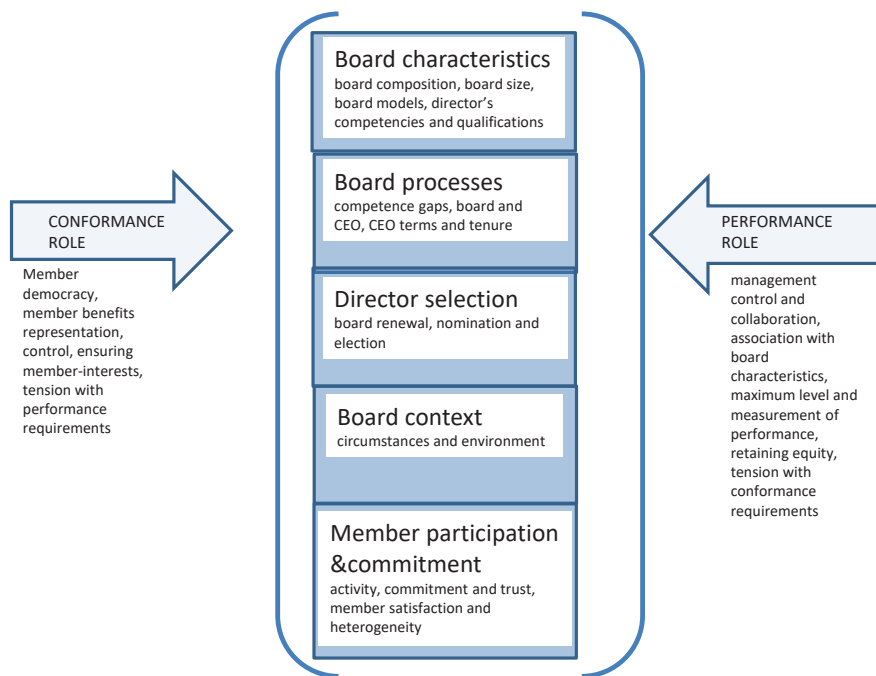
risk management, stating that volunteer boards and highly paid boards are associated with a lower likelihood of the credit union becoming insolvent. Regarding producer cooperatives, the results from the impact of board size on performance are inconclusive as well. According to Franken & Cook (2019), board size correlates negatively with most financial measures but positively with overall performance. However, Hakelius (2018) states that large boards, director education, and consensus between the directors and the CEO influence performance positively. Additionally, CEO tenure is also positively correlated with most measures of current and past performance and strongly with overall performance (Franken & Cook 2019). Bijman et al. (2013) examined the impact of different board models on the performance of the cooperative in the Netherlands and their conclusions were bifurcated: traditional board models do not necessarily perform better, and corporation models do not overall perform worse than other models. Grashuis & Su (2019) in their broad literature review found no clear evidence either to suggest that non-traditional ownership or governance is linked to superior performance. Regarding worker cooperatives, Esteban-Salvador et al. (2019) stated that cooperatives chaired by a woman are more likely to have good financial and employment ratios. A few articles concentrated on the role of BOD. Byrne et al (2007) emphasized that the BOD performs an executive and, to a lesser extent, oversight function while Cornforth (2004) highlighted the dual role of the board in driving forward organizational performance and ensuring conformance towards the membership. Power et al. (2012) argued that a major challenge of the board of directors is to retain enough equity to fund business growth. Finally, some general and technical topics were brought out. Spear (2004) suggested that to improve the functionality of governance it is necessary to develop an approach that combines both control perspectives and collaborative perspectives. Bijman et al. (2014) suggested that boards in cooperatives use different performance measures than those that are used in investor-owned firms.

### Conformance role

Based on our review analysis, themes related to the conformance role were discussed in 13 articles (Table 3). According to Cornforth (2004), conformance means that the organisation behaves in an accountable and prudent manner, which means that its central task is to safeguard the owner-members' interests. Member democracy was clearly the most common theme of discussion and was discussed in the context of all types of cooperatives, except worker cooperatives. Regarding financial cooperatives, Chaves et al. (2008) realized challenges related to the implementation of democratic principles. The authors argued that a low level of member participation may contribute to tension in cooperative governance and cause some democratic and economic imbalance. In terms of consumer cooperatives, Berge (2016) addressed the board's important role as a supervisor and protector of the members' democratic rights. Tuominen et al. (2009) concluded that members elected to positions of trust should represent the whole membership and their interests as closely as possible, and members' low participation in governance makes representativeness questionable. In the context of producer cooperatives, Bijman et al. (2013) and Österberg & Nilsson (2009) discussed ways to maintain democratic decision-making and control, returning value to the members and thus, ensuring the interests of the members-as-users and the board's controlling role. Bleger (2005) noted that member interests should be the key driver of a board. Member benefits were one theme of the discussion that was addressed for producer cooperatives, but not for other types of cooperatives. Bijman et al. (2014) addressed that the key function of the board is to ensure the interests of members-as-users. They also maintained that a supervisory board consisting of

members of the cooperative is the central body for monitoring the BOD. Power et al. (2012) emphasized that returning sufficient value to the members is important. Barraud-Didier et al. (2012) found that the board’s role to guide and control strategy and trust explains a member’s favorable behavior towards the cooperative. Finally, the dual role of the BOD came to the fore regarding worker cooperatives. Bakaikoa et al. (2004) identified the agency problem in this duality addressing the board’s role as the representative of owner-members parallel to the professional management. Spear (2004) addressed that identifying the duality is a prerequisite for understanding governance performance. Cornforth (2004) identified the tension between the board’s roles of driving forward organizational performance and ensuring conformance.

Finally, Figure 3 summarizes the results of our systematic review. We identified that the central issues of board governance are discussed in the cooperative literature under the following factors: board characteristics, board processes, director selection, board context and member participation & commitment. Second, Figure 3 shows two important board roles that are discussed in the cooperative literature and are related to the dependencies of the BOD: the roles for performance and conformance.



**Figure 3:** Central factors of board governance and board roles discussed in the cooperative literature



#### 4. Discussion

In general, board governance in cooperatives turned out to be a rarely investigated subject, as we found only 37 relevant peer-reviewed articles. The reviewed articles had been published during the years 2001-2022. The number of published articles increased slightly towards the end of the period but began to decline after 2019. Approximately 40 percent of the studies were conducted in Europe, but the proportion of other continents grew towards the end of the research period. The majority of the articles reported quantitative results and about 50 percent of the studies had applied the agency theory, which was by far the most common approach (see *Table 3*). This finding is similar to the previous reviews of corporate governance in the mainstream literature (e.g. Gabrielsson & Huse 2004).

A closer examination of our findings indicates that it is important to pay attention to the contexts in which boards operate. Some articles focused on the external context, including the market and the competitive environment as well as the growing role of consumers and public policy (Davis, 2001; Jussila et al., 2007; Bijman et al., 2013; Cornforth, 2004). As it comes to the external context, changes in the operational environment challenge the management and governance of cooperatives. In that regard, Bijman et al. (2014) remark that when cooperatives grow bigger, they need to adjust the composition of their boards to the changing market environments, and the traditional representational board composition may become a hindrance. Sometimes the changes in the competitive environment may even require the development of new governance models (Bijman et al., 2013). This, in turn, is important, as an example, in the consideration of non-executive directors (Davis, 2001). A distinct line of discussion in the reviewed articles was related to the members' roles and representation on boards. While there are clear benefits in member representation, several concerns were raised. According to Guerrero et al. (2017), limiting directors to be drawn from the membership may limit governance capacity. Moreover, regional interests often play a major role in board composition and the representativeness of board members may hence override the need for independent directors (Jussila et al., 2007). While the mainstream management literature devotes much attention to non-representational outside directors (e.g. Menozzi et al., 2012), cooperative literature rarely discusses this theme. This observation may reflect the fact that some cooperatives are reluctant to recruit outsiders into BODs, which supports the argument by Davis (2001, p. 29) that "cooperative governance has ... as a central part of its primary purpose, the upholding of cooperative identity". Nevertheless, the scarcity of research on board contexts challenges scholars to dig deeper and to ask, for instance, which special circumstances in cooperatives – either external or internal – would speak for the inclusion of outside directors in the BOD?

Regarding board diversity, our findings indicate that there is a scarcity of research on gender balance on boards in cooperative literature. In that regard, our findings diverge from the findings made in the mainstream literature, where the theme has received increasing attention (e.g. Brunzell & Liljebloom, 2014; Martín-Ugedo & Mínguez-Vera, 2014). However, some important notions can still be made and in the cooperative literature, one of the main concerns was women's underrepresentation as well as the underrepresentation of young people (Guerrero et al., 2017). This notion is remarkable because women on boards are seen to enhance social orientation (Périlleux & Szafarz, 2015), and cooperatives with a female chair provide higher liquidity ratios, higher numbers of employees, higher percentages of female employees, higher employee costs divided by operating revenue ratio and lower indebtedness (Esteban-Salvador et al., 2019). Thus, the underrepresentation of women as well as the underrepresentation of young people is a central challenge, to which both practitioners and future scholars should try to find a solution.



Based on the findings, tensions were observed at different levels of the cooperatives' governance, which stem from the cooperative's dual nature, i.e. being a business enterprise and a community of members at the same time (e.g. Cornforth 2004). This may manifest as BOD's need to safeguard the owner-members' interests (conformance role) and be successful in the market (performance role) at the same time. A low level of member participation and increasing member heterogeneity may become a challenge to how the BOD of the cooperative is able to manage its dual role. Members' low activity raised concerns in some of the studies, as it may be a source of risk, resulting in membership apathy, which strengthens the autonomous power of the managers (e.g. Chaves et al., 2008). In UK's consumer cooperatives, for example, only a small proportion of members participate in board elections, with the larger and older organizations tending to have the lowest participation levels (Spear, 2004). This may lead to a decline or degeneration of member democracy and reduce the legitimacy of and trust in the representatives on boards. In the context of a large worker cooperative, it was not easy to reconcile cooperative democracy and participation with the election of governance members (Bakaikoa et al., 2004). Our review findings support Hansmann's (1996) observation that the more members there are, the more probable it is that member heterogeneity becomes an issue. Given that cooperatives generally tend to grow, the heterogeneity issue is likely to grow as well. Some scholars call for better involvement of members in the affairs of cooperative societies (Österberg & Nilsson, 2009; Cechin et al., 2013). Importantly, member influence can be a resource (Davis, 2001), and thus, one of the board's key responsibilities is to encourage the growth of membership and its involvement in the affairs of society.

Tensions can also arise because the task of the cooperative's management is to strive for good results in the market, but the board's expertise and practices do not necessarily correspond to this (Berge 2016). Thus, it seems that cooperative boards are facing competence gaps. Nevertheless, the results related to the performance of cooperative boards remained somewhat inconclusive or the opposite. Regarding the influence of board size on performance Franken & Cook (2019) found both positive and negative effects while Hakelius (2018) found positive and Saibal & Jugnu (2018) negative effects. In terms of external directors Yamori (2019) found positive but Saibal & Jugnu (2018) negative effects. Some characteristics like gender diversity (Saibal & Jugnu, 2018; Esteban-Salvador et al., 2019), board expertise (Unda et al., 2019), directors' remuneration (Unda et al., 2019; Unda & Ranasinghe, 2019) and member participation (Kumkit et al., 2022) manifested positive effects on the performance. This same inconclusiveness was also seen in studies of different board and governance models (Bijman et al., 2013; Grashuis & Su, 2019), between which no differences were found in relation to the performance of the cooperative. These partially contradictory results challenge us to ask, are the used performance measures suitable for cooperatives? Noteworthy, Bijman et al. (2014) observed that different performance measures are used in cooperatives than in IOFs. The ambiguity arising from the research may also be connected to the fact that there are such tensions around the cooperative board governance, about which not enough is known yet.

Noteworthy, director selection was most actively discussed in the context of financial cooperatives (e.g. Chaves et al. 2008; Guerrero et al. 2017) and producer cooperatives (Cechin et al. 2013; Huhtala et al. 2020), but rarely discussed in worker cooperatives and not at all in consumer cooperatives. This may stem from the fact that the financial cooperatives are facing growing regulative demands and producer cooperatives are challenged by market pressures which are likely to set new demands for the competence of the board. It can be regarded as a shortcoming in the research on cooperatives that very little is known of board nomination and

selection processes, while the results of mainstream studies have shown that nomination committees improve the board’s effectiveness by, for instance, increasing the proportion of independent directors corporations (e.g. Van Ees & Postma, 2004; Ruigrok et al., 2016). One central line of discussion in the cooperative literature has been the slow renewal of board members (Chaves et al., 2008; Unda et al., 2019). This topic was discussed in financial, consumer and producer cooperatives along with directors’ terms and tenure and the planning of director succession. Regarding director selection, Cook & Burress (2013) did not believe that cooperative management is likely to play a formally dominant role in nominating board members. There was also some concern regarding the centralization of power in the hands of a few (Bakaikoa et al., 2004). Huhtala et al. (2020) proposed that the understanding of the selection of board members should be increased by studying the use of authority in the governance of cooperatives and the culture present in the governance.

The outcomes of our research on board governance show that the focal interests of researchers are partly different in mainstream and cooperative scholarship, but the areas of research interests also vary to some extent across different types of cooperatives. The supervisory committee, cooperative identity and the representation of directors, as discussed in the cooperative literature, are dimensions that are not explicitly discussed in the mainstream corporate literature. The reason may be that cooperatives are much more closely controlled by their member-owners than are IOFs (Hansmann, 1999).

Finally, this study discloses gaps in the research on the factors of board governance and specifies a need for research across different types of cooperatives. The following Table 4 summarizes the factors of board governance by type of cooperative that were not or were only rarely (maximum 2 articles found) investigated in the articles

FACTORS OF BOARD GOVERNANCE	FINANCIAL CO-OPERATIVES	CONSUMER CO-OPERATIVES	PRODUCER CO-OPERATIVES	WORKER CO-OPERATIVES	OTHER CO-OPERATIVES
Board characteristics				Rarely investigated	Not investigated
Board processes	Rarely investigated			Rarely investigated	Rarely investigated
Director selection		Not investigated		Not investigated	Rarely investigated
Board context	Not investigated	Rarely investigated	Rarely investigated	Not investigated	Rarely investigated
Member participation and commitment	Rarely investigated	Rarely investigated		Rarely investigated	Rarely investigated
Performance role		Not investigated		Not investigated	
Conformance role	Rarely investigated			Rarely investigated	

**Table 5:** Factors of board governance not investigated or rarely investigated by the type of cooperative.

Table 5 shows that, regarding different types of cooperatives, the biggest gaps are seen in the research on worker cooperatives where all the factors of board governance were either not in-

investigated or rarely investigated. Regarding consumer cooperatives, director selection, board context, member participation and commitment as well as performance role were either not investigated or rarely investigated. Producer cooperatives were the most widely investigated group of cooperatives, where only board context was a rarely touched factor. Financial cooperatives were the second most widely studied type of cooperative, where, however, the board context was completely unstudied and board processes, member participation and conformance role were rarely investigated. It should be noted, however, that the total number of research publications can be considered small (37 articles) and the number of factors of board governance studied did not exceed 6 articles for a single cooperative group.

The results revealed big differences in the scope and coverage of the research of different cooperative groups, which calls for new research that utilizes more diverse approaches than the current ones. This literature review is unique in its coverage and thus its results cannot be directly compared to previous reviews. The literature review of Grashuis & Su (2019) dealing with producer cooperatives stated that organizational growth is connected to increased heterogeneity in member attitudes and objectives, particularly in terms of commitment and participation. Our results confirm this not only for producer cooperatives but also for financial cooperatives. The matter would also be worth investigating for consumer and worker cooperatives. Our results regarding producer cooperatives also agree with Grashuis & Su (2019) in that the corporate or hybrid models brought alongside the traditional ownership and board models do not practically differ from each other in terms of performance. According to the literature review of Höhler & Kühl (2018), member heterogeneity presents a major challenge for agricultural cooperatives. While they did not investigate other than producer cooperatives, they assess that their findings could be relevant for other types of cooperatives as the trend towards increasing individualization may also cause a growth in heterogeneity in other types of cooperatives, for instance, consumer, worker or housing cooperatives. Our results did not include studies that examined member heterogeneity in other than producer cooperatives. It should be noted, however, that in all the cooperative groups in our study, low participation was mentioned as a cause for concern, and thus it could give indications that growing cooperatives other than producer cooperatives may also perceive the matter of growing heterogeneity as a challenge.

In the introduction, it was stated that cooperatives as multi-purpose companies are an interesting form of business regarding the common discussion on the purpose of firms and on the ways they operate. In this review, no studies related to cooperatives were found that dealt with the topic of board governance from the perspectives of sustainable development or responsibility. This can be considered one of the key future research fields for which there is a need.

## 5. Conclusions

The purpose of this review was to provide a synthesis of the factors of board governance in cooperatives by analysing the academic literature. Our study indicates that the scale and the scope of the current academic literature on the factors of board governance in cooperatives are narrow. The review found current themes that have not been discussed at all. The agency theory approach dominates in cooperative research, suggesting that the approach applied to cooperatives has often been the same as that applied to IOFs. Application of qualitative methods would bring new understanding of the mechanisms of influence and the interrelationships across the board governance factors.

The novelty of this research rests, first, on our systematic approach to the factors of board governance in all types of cooperatives. Second, it can be stated that our review is more comprehensive than the previous ones also, as it includes all the important factors discussed in the reviewed articles. The research is incremental (see Corley & Gioia, 2011), as it builds its findings and theories on the existing scholarship in literature. The review benefits academics as it demonstrates both theoretical and empirical deficiencies in the scholarship of cooperative board governance and additionally, makes proposals for new research in the field. The review benefits practitioners as it reveals potential development targets in the governance of cooperatives.

As regards the limitations of this study, it should be noted that our deliberate choice was to limit the analysis to refereed journals in English to maintain consistency and good data quality. This obviously leaves gaps that could possibly be covered using non-English sources, non-academic papers as well as books. Moreover, while the cooperative definition used in this study may apply to both incorporated and non-incorporated cooperatives, we limited our scope to articles that dealt with cooperatives having acquired the status of a legal person through a public registration process. This calls for research on such other organizations (associations, non-profits, etc.) that are built on membership or have similar governance structures as cooperatives.

## APPENDIX 1

Reference: Table 3 - Table 5

Parity between ICA classification of cooperative types and the classification used in this article

THE WORLD COOPERATIVE MONITOR COOPERATIVE SUBTYPES (ICA)	MODIFIED CLASSIFICATION OF COOPERATIVE SUBTYPES (DEVELOPED BY THE AUTHORS)
Worker cooperative	<b>Worker cooperative</b>
Producer cooperative	<b>Producer cooperative</b>
Consumer cooperative	<b>Consumer cooperative</b>
Financial cooperative	<b>Financial cooperative</b>
Retail cooperative	<b>Other cooperatives</b>
Purchasing cooperative	
Housing cooperative	
Social cooperative	
Other type, e.g. multi-stakeholder cooperative	

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