
FAQ: BOARD OF DIRECTORS ELECTIONS IN COOPERATIVES

As the managing executive, the board of directors is the most important organ of every cooperative. Thus, the board of directors election is of great significance. In this guide, we would like to give you answers to the most frequently asked questions about these elections.

General Questions about the Cooperative's Board of Directors

1. What legal position does the cooperative's board of directors have?

Every cooperative needs a board of directors, which acts as the managing executive. The board of directors represents the cooperative in and out of court.

2. Do cooperatives need to be incorporated?

They do not have to in general, but the majority does. The procedure and requirements for incorporation vary across federal, state or provincial legislation. All details should be clarified with your local business entity registration office.

3. How many directors on the board are needed for the cooperative?

In cooperatives, a board of directors is mostly comprised of at least three members. Usually a board of directors has more than one member so that the directors can consult and control each other more effectively. Directors are typically part of the cooperative's membership but also non-executive directors can offer their independent advice to the board.

What is the election process for directors on the board?

The election process depends on the voting options the members get. If the membership is allowed to vote online or by post, the election period usually starts before the Annual General Meeting (AGM). Another option is that members can only vote at the AGM in person. Some larger cooperatives have a delegate system in place. Members vote for their representative at regional meetings who is then allowed to vote for the board of director on behalf of the members.

Who Can Be Elected to Be Part of the Board?

5. Can only members be elected to the board?

A board of directors does not only need to be comprised of members; external directors can be elected to the board as well. This option has to be included in the bylaws. Cooperatives tend to include external directors to benefit from their previous working experiences and independent view on cooperative issues.

6. Who can nominate candidates and until what deadline?

Every member or committee in the cooperative can nominate candidates for the board of directors election. The nomination can be handed in electronically, via post or in person. But every cooperative has specific rules about their nomination procedure, which are recorded in the bylaws.

7. How long is the term for the board?

There is no rule how long a director can serve on the board. Some cooperatives elect or re-elect a new board annually, but most have a two or three year term, while some can even be as long as five years.

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8. Which responsibilities do the board members have?

The board members are elected to run the cooperative on behalf of its members. They usually appoint or elect an executive committee to manage the cooperative. In addition, the board of directors is responsible for the direction of the cooperative and obeying ethical and legal standards.

Voting Rights in the Cooperative

9. Do passive members have a voting right as well?

The bylaws of the cooperative should define the rights and responsibilities of active and passive members, especially the voting rights. For example, active members can be members who organize the cooperative's events and others, whereas passive members only pay the membership fee. There is also the option of corporate members affiliated to the cooperative. Their duties and rights often differ slightly from regular members.

10. Can Annual General Meetings be held via electronic means?

Holding an online AGM in cooperatives is legally possible. The criteria for an electronic AGM are written in the bylaws of the cooperative.

11. Is online voting possible in cooperatives?

To make online voting possible in your cooperative, the electronic voting option has to be included in the bylaws. A resolution or amendment should be sufficient. Electronic voting means are for example an online voting software or a voting machine. The details about online elections, such as the requirements and the process should be clarified in the bylaws.

12. How can the bylaws be amended?

The bylaws of a cooperative can be amended at the Annual General Meeting or board meetings, depending on whether the members have a right to vote on amendments or only directors on the board. The details of amending the bylaws are often clarified in the federal, state or provincial legislature for cooperatives.

More tips about board of directors elections in associations:

>> www.polyas.com/cooperatives/board-elections

TIP

Polyas - The Election Experts

We are the leading provider for digital elections since 1996. Our customers include companies, cooperatives, associations, universities, churches and professional associations who all vote easy and conveniently via internet. Combine an online election with a postal vote, ballot box vote or a vote at the General Meeting. The voter turnout increases and the returning officer saves precious time and money in the election management.

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