Corporate Governance: Search for the Advanced Practices
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CORPORATE GOVERNANCE IN THE
GERMAN CO-OPERATIVE (eG)

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Abstract

Though the legal form of the German registered co-operative (eingetragene Genossenschaft, abbreviated as eG) is a corporation it has a personal structure due to the particular purpose of the co-operative to meaningfully engage in their member’s own (economic) needs resolving in the specific co-operative purpose (besonderer genossenschaftlicher Förderzweck), section 1 para 1 GenG. It is not only this specific co-operative purpose, but as well further principles of the eG (the member’s right to use the co-operative’s common collaborative facilities, or the principles of democracy, efficiency, the entrepreneurs’ and costumers’ identity, self-help, autonomous self-government or self-responsibility). These all influence eG’s governance structures. In the following paper, it will be shown that the by default three-tier structured eG is checked and balanced with regard to these specific principles. For this purpose, four aspects will be looked at: the regulations of the eG’s administration regarding its three-tier structure, the possible invalidations of the resolutions and decisions of these, the legal consequences following the violation of director’s duties, and, at last, the power that can be bestowed on special control bodies.