

# Chapter 7

## Corporate Governance Efficiency: Automation of Corporate Governance Procedures

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### **ABSTRACT**

*Since the time of the first corporations, shareholders have expected boards to manage corporate governance processes in the best way. At the same time, the era of digital technology can significantly increase the effectiveness of corporate governance procedures through automation of corporate governance procedures as business processes. The board of directors and the corporate secretary can rely on performance indicators and manage the effectiveness of corporate governance processes. This chapter discusses opportunities for improving the business processes, including automation and analytics. The author considers approaches to project management of corporate governance procedures automation and its limitations.*

### **INTRODUCTION**

Advanced technologies of the 21st century allow companies to work more efficiently with data and optimize business processes. However, some areas in companies exploit the insufficient capacity of available data. One of these areas is corporate governance procedures.

Corporate information systems, which record business transactions and fiscal liabilities, have amassed material data that may be of interest to investors and decision-makers. Top managers need such data to make their day-to-day decisions and justify their strategic vision, and the board of directors and shareholders need data to see that the executive decisions are justified, and the underlying information is complete and valid.

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Moreover, the development of automation project requirements simplifies business processes, automates routine, and accelerates business processes.

Thus, it is reasonable to set at least two goals for automation projects:

- manage information recording and storage and stakeholders' access to information systems,
- develop algorithms for corporate governance decision-making, and
- visualize digital data related to corporate business.

## **BACKGROUND**

While boards are quite conservative due to their sensitivity and overregulation, the possibilities of automation in corporate governance draw attention of researchers and corporations.

Emerging research suggests serious consequences for boards that continue to ignore or delegate enterprise-level technology governance (Valentine, 2014).

There are two trends affecting the use of accumulated information and its disclosure to investors. The core OECD public markets suffer from a saturation of disclosure requirements—there is too much, not too little of it. The number of pages in the annual reports of UK FTSE 300 companies have on average more than trebled in the last 20 years. Investors have probably more information than they can use, and often the forest is lost to the trees. Here is no indication that they will use boards less or in significantly different ways than their predecessors. The only thing that has probably changed is the funding of it all—the “food chain” works differently: it is now less about public equity markets and more about private flows of capital (Nestor, 2018).

The technology must offer users and participants ‘connectivity’, ‘choice’, and ‘convenience’. Nevertheless, it should also enable monetization, as well as analytical (including artificial intelligence) activities (Fenwick, McCahery, & Vermeulen, 2019).

## **METHODOLOGY**

### **Prerequisites**

Between 2010 and 2015, the author researched the various aspects of corporate governance from the inside and viewed corporate governance as a combination of business processes. The author worked as a corporate secretary, corporate governance director, HR director, and board member for engineering plants and distribution networks in car manufacturing.

The scope of corporate governance covered up to 100 joint-stock companies and limited liability companies simultaneously. Shareholders within the author’s responsibility area were global automotive manufacturers, and more than 5,000 professional investors and non-professional private shareholders.

The author’s task was to develop and implement the standards and processes for corporate governance. Shareholders expected to improve the manageability of disparate companies and the transparency and validity of reporting and protect their investments in technology development and upgrading.

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