

Chapter 7

Corporate Governance Digitalization Trends

Sergei B. Zainullin
RUDN University, Russia

Olga A. Zainullina
Synergy University, Russia

ABSTRACT

The digitalization processes of the economy and business cannot bypass an important sphere of management—corporate governance. The coronavirus pandemic has spurred the transition of corporate procedures to the digital environment. Almost all corporate events of the boards of directors and general meetings of shareholders have moved to a remote or online format. Public online platforms and proprietary electronic platforms are actively used for corporate events of shareholders, board of directors and management board, inspectors, and auditors. Simultaneously, the introduction of corporate procedures and communication into the digital environment brings advantages associated with saving time, money on business trips, higher efficiency of events, and the convenience of fixing decisions. Assessing the opportunities and threats of digitalization trends makes it necessary to balance the combination of digital and non-digital approaches to corporate governance procedures.

INTRODUCTION

The paper aims to find out how the methods of corporate governance are changing now together with regulation in Russia and abroad. On the one hand, this analysis will enable corporations to assess the potential threats to their security from the

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regulator, which may impose significant penalties for violations in the corporate information disclosure, corporate reporting, and stock exchanges, which may carry out the procedure for removing the company's shares and bonds from trading. On the other hand, following new trends in corporate governance is a powerful PR tool that increases the loyalty of internal and external stakeholders – from investors to customers and consumers.

Simultaneously, digitalization can be found out as the most actively developing trend, both as an independent trend and as a trend accompanying trends towards achieving sustainable development goals, ESG investment, and increasing the transparency of information disclosure.

METHODOLOGICAL FRAMEWORK

The active introduction of digital technologies in corporate governance began in 2014.

The recommendation of the Corporate Governance Code indicates the following areas of digitalization.

In the field of exercising the rights of shareholders Central Bank of the Russian Federation (2014): “29. Companies with a large number of shareholders are recommended to use telecommunication means to provide shareholders with remote access to the general meeting (e.g., broadcast the general meeting of shareholders on the company's website on the Internet, use video conferencing).

In the field of activity of the Board of Directors: “160. It is also recommended to provide members of the board of directors who are absent at the meeting venue with the opportunity to participate in the discussion of agenda items and voting remotely – via conference and video conferencing.”

According to paragraph 4 of Guidelines for organizing the work of the Board of Directors in a joint-stock company, approved in 2013 by the Rosimushestvo, the meetings of the Board of Directors held in the teleconferencing mode, when using telephone and other communications, are meetings held in person (Federal Agency for State Property Management, 2013).

Thus, we can conclude that the Russian regulations that establish corporate governance standards for state-owned companies and joint-stock companies equate teleconferences as a type of joint attendance at in-person events of the Board of Directors recommended the widespread use of them in corporate practice. The same situation for General Meetings of Shareholders too.

The reasons for this recommendation are apparent:

- Greater coverage of participants in a corporate event;

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