Transformation of Corporate Governance Systems: New Challenges

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Abstract. This article is devoted to the analysis of the transformation of corporate governance systems in the realities of the modern economy. The role of large corporate structures in the world economy and politics is considered, the scale of activities of transnational corporations is shown. The characteristic of risks and problems of corporate governance at the present stage of the economy is given, the necessity of revision of scientific approaches to corporate governance taking into account the current changes in the activities of major corporations is formulated.

1. Introduction

The modern economy, both global and Russian, is formed and developed at the expense of the largest corporations, which provide the main contribution to the gross domestic product, employment and social support of the population, research and development work. And here it is important to understand that most of the small and medium-sized businesses developed in Western countries are satellites of large corporate structures, providing them with services and supplies of raw materials. Thus, if the largest corporations, according to available estimates, account for 50% of industrial production in the world, 70% of trade [1], then in reality, taking into account the above, these figures will be much higher. Fortune magazine estimates that only the world's 500 largest corporations earned nearly 33.0 trillion USD in revenue in 2018. and their combined profits exceeded 2.1 trillion USD. These corporations are geographically located in 34 countries, they employ almost 70 million people [2].

Corporate structures actively participate in political and public life, directly influencing the state power, changing objectionable regimes, lobbying favorable laws and gaining access to necessary resources. Researchers are already forming new paradigms for the transition of the primacy of influence in regional and global theaters of political and military action from States to corporate structures, pointing to the enormous potential of information possessed by international corporations. High-tech corporate entities such as Facebook and Apple will develop their superiority over States in receiving and processing huge amounts of information [3]. In Russia, the mutual diffusion of the state and the corporate sector of the economy is officially recognized by the
Federal Antimonopoly service, which States "the merging of monopolies with the state" and "the state's share in the economy in the amount of 60-70%" [4]. Thus, we see the spread of the corporate form of business organization to the entire world economic system, its involvement in all significant processes of the state and society.

2. Problem Statement

The above-mentioned trends in the development of the corporate form of business organization entail the accumulation of new risks of corporate governance associated with the loss of manageability. This is due to the fact that corporate governance systems are becoming global and out of control of traditional, scientifically developed, tools: the Board of Directors, management, General meeting of shareholders, government agencies, etc. The rapid destruction of seemingly stable corporations is a manifestation of such risks as usurpation of power by individual top managers, imaginary transparency, fictitious audit, etc. All this requires a rethinking of approaches to the transformation of corporate governance systems within the challenges of modern reality.

3. The Analysis of Need to Revise Scientific Approaches to the Analysis of Corporate Governance Systems in Modern Corporations

Approaches to corporate governance in modern scientific thought involve the concentration of its impulses on the areas of management of the Corporation, taking into account its legal form and the relationship of stakeholders in its activities. If we start from the principles of the OECD, corporate governance is a system of relations between the management of the Corporation, the Board of Directors, shareholders and other stakeholders, which aims to find the most effective methods of distribution of duties and powers between shareholders, Directors and managers. Within the framework of the corporate governance system, a set of rules and control mechanisms are formed, through which shareholders control management decisions and receive feedback on the actions of other stakeholders [5]. Since the corporate governance system should provide the basis for achieving the objectives of the company's strategy, it covers almost all areas of management: from action plans and internal control to performance measurement and disclosure [6].

Makov's analysis of corporate governance regulations in 22 European countries showed that in 30% of countries companies focus their activities on the interests of shareholders, in 70% of countries-on the interests of stakeholders. The Russian corporate governance code has been developed for more than 10 years, taking into account international experience and domestic specifics. In it, the legislator addresses issues related to the protection of the rights of shareholders, the activities of the Board of Directors, the management remuneration system, the risk management system and internal control, the work of the corporate Secretary, information disclosure and significant corporate actions. Special attention is paid to the protection of the rights of minority shareholders, as ensuring equal observance of the interests of all shareholders [7]. In its report on corporate governance practices in Russia, the Bank of Russia aims to ensure transparency and proper protection of the rights of shareholders and effective management of all corporations whose shares are traded on the organized Russian stock market, and increase its attractiveness for all categories of investors [8]. A similar focus was set at the conference of the Moscow exchange with the involvement of the OECD "Corporate governance in Russia-2019."

As we can see, modern approaches to the consideration of corporate governance focus on the contour of the Corporation, do not go beyond ensuring effective interaction between owners, Directors and management. Introduction to the theory of corporate governance of stakeholders has not fundamentally changed the view of scientific thought on the problems of corporate governance, as the goal of stakeholders is the return on the activities of the Corporation, and almost all researchers identify individual key groups/key stakeholders that have a decisive influence on the corporate structure [9]. Only a few publications speak about a wide range of stakeholders, which, in our opinion, is a simple generalization of political, economic, social and technological factors from...
PEST analysis. The various stakeholder classifiers cited in scientific papers have no practical value, forming terminological confusion.

Thus, traditional approaches to corporate governance do not meet the challenges of our time, as:
- The system of corporate governance is considered only in the outline of the corporate structure as an organization, while its activities directly involve a huge number of people and businesses.
- Corporate relations are considered through the interaction of the key "triangle" shareholders-Directors-managers with the possible influence of individual key stakeholders. However, modern corporate governance systems develop management decisions taking into account a huge amount of information and indirect influences and not necessarily in the interests of shareholders or managers.
- Methods of regulation of corporate governance systems are constantly outdated and reactive, representing a delayed adjustment of legislation mainly in terms of ensuring the rights of shareholders and increasing control over the Corporation by the Board of Directors.
- Focus on traditional corporate goals such as profit, ROE, share price growth does not meet the transforming systems of corporate governance, which themselves can formulate explicit and implicit goals, leveling the formal power of shareholders.

Globalization of corporate governance systems leads not only to the real involvement of a huge number of subjects and objects of management, but also to mutual diffusion [10]. As a result, corporate governance systems are being formed on a global scale, uniting several corporate structures, States, and various local societies with specific values. At this scale, corporate governance systems become unmanageable, resulting in:
- To leave the key corporate center as the holder of the main part of financial resources and missionary decision-making;
- Development of network models of self-organization;
- Search for methods of control over the entire value chain and management decision-making through attempts to continuous Informatization of corporations (corporate data warehouses, big data technologies, the creation of large units for the analysis and protection of information, etc.).
4. Purpose of the Study

The purpose of the article is to propose, based on the analysis of corporate governance systems in modern corporations, the direction of development of a new paradigm in approaches to the formation of corporate governance systems.

5. Methods of Research

The research used scientific methods and tools of management of corporations.

6. Findings

The scale of development of corporate governance systems in modern companies can be characterized by comparison of individual indicators of corporations and States (Fig. 1).

The globalization of corporate governance systems is leading corporations to assume the functions of national governments. However, the actual unmanageability of global corporate structures does not yet allow us to talk about their greater efficiency compared to the state apparatus. This issue will require a separate study in the near future, as corporate control, obviously, should go beyond the protection of shareholders ’ rights and adherence to codes of corporate ethics.

7. Conclusion

The transformation of corporate governance systems into global complex unmanageable models has led to the fact that the influence of corporations on international politics and the economy has increased so much that the state began to play the role of tools for solving business problems. The involvement of a large number of people and enterprises in the mechanisms of corporate governance has made obsolete traditional scientific approaches that solve the problems of protecting the rights of shareholders and focus on the contour of the Corporation as an organization. The new paradigm of consideration of corporate governance systems should be based on their principle of unlimited contour of the Corporation, lack of manageability and opportunities for effective corporate control, replacement of traditional corporate goals and strategies with new ones formed as a result of the latent centers of corporate power. The Corporation under the new paradigm should be seen not as a mechanical organization, but as a network self-organizing model. All this will help to form new approaches, methods and tools for corporate governance that will meet the challenges of reality in 2020-2050.

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