Digital Corporate Governance

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Abstract: Corporate Governance is the internal process and methods of carrying out work in an organization and Board of Directors are the locus point of Corporate Governance. Board directors need to step into the digital age if they want to be effective as governors of their companies. They need to embrace digital means of preparing for board meetings. The reasons are innumerable and most important being the volume of information has grown dramatically in recent years. The present study aims to identify the need for the Board of Directors to adopt technology in their working, may it be preparing for a meeting or making strategies or understanding new business ideas developed. Some suggestions are also made as to how the overall Corporate Governance in a company can be brought on the way to digitalization.

Keywords: Corporate Governance, Board of Directors, Digitalization

Introduction

To lead a digital transformation in a company, it is first the top management that must lead the path and go beyond technology prowess and develop new work styles, people skill and energize the organization for change. The early 2000s was the advent of new information technology used every day: emails replaced the postal service and social media has become a favourable means of communication by organizations for interacting with their clientele. These means of communication are upgraded quickly and the information flow to manage is always increasing. Digitalization may grow to be a huge asset for board members in their duty of due diligence, allowing them to be more efficient individually while also enhancing the performance of their organization.
But the question is how prepared are the directors of a company to embrace new technology in their work style.

Objectives

- To identify the need for the Directors of a company to go digital in carrying out their work
- To understand the difficulties directors may face in the process of going digital
- To suggest some measures and methods for adopting digitalization by the directors

Digital Corporate Governance: A Source of Productivity and Efficiency

Fulfilling the role and responsibilities as a board member is not as easy a task as one might think. Optimizing the time of a director is key to success. Many people know that board meetings management consists of tough, conscientious and long tasks to fulfil and complications arise when documents are not provided in time or modifications have to be done at the last minute. Going digital will make the flow of work faster, efficient and organized and noticeably less expensive.

Digital transformation presents a range of strategic choices

Digital transformation presents a range of strategic choices that may lead to new business opportunities, particularly those in industries that have not yet been disrupted. The directors must be literate digitally to be able to identify and develop new business ideas and also encourage their researchers for developing such new ideas to upbeat the competition in the markets.

Better Information Management and Communication between Board Members

A director may sometimes sit on several boards of directors and committees. As one might expect, there is an extremely high volume of information to handle and it's essential to manage. The success of an organization is due in part to superior communication between board members. Making joint decisions can be taxing work and each board member knows it. It is also at this level that digitalization takes on its full intention of allowing board members to practice efficient communicational leadership.

Issues in going Digital

A lack of digital literacy is keeping boards from making the right governance decisions about technology, and scaring them into making the wrong ones. Cyber security is the major concern. Many directors staunchly resist taking their company's operations into the cloud on the grounds of security, yet there is a solution for such resistance.
Another factor that may make set back digitalization is the age factor. Mostly the directors are seniors and it's difficult for them to unlearn their long way of working and learn the new ways of using the digital gadgets.

Board Portal

Board Portals is a gadget that eliminates the need for paper and messenger costs, and reform the time directors spend on paperwork. All the required data can be saved in a board portal and can be retrieved quickly when needed. Admittedly, the volume of information has grown dramatically in recent years. But that is a case in favour of changing to digital storage and

retrieval of board papers. Adopting a modern and digital service in the form of a board portal will provide greater efficiency and performance to board members, allowing them to prevent bad decisions or votes.

Digital Director

Usually the Directors on the board will be expertise in the area of functioning. Nomination and governance committees may have to rethink their mind-set on board, they must think of bringing on board a director who is focused exclusively on technology, an approach sometimes referred to as appointing a "digital director". Such a Director's role will be to oversee the digital transformation in the organization and sketching strategies towards this endeavour.

Technology committees

There should be a sub team of board that is dedicated to technology that can work with the employees to understand and guide them in what they are creating. A longer view can be framed and management will be inclined towards this. Board should ensure that the company recruits the right executives, and it should monitor of its own capabilities, it should weigh the benefits and costs of adding members with technical expertise serving perhaps on a technology committee and it should learn about digital issues from both company employees and outside advisers.

Training

One might call it upward mentoring, but it's not an age factor but it's pairing digitally illiterate people with literate ones. Bringing in outside advisers is another approach that some boards find helpful, and some companies have set up technology advisory boards of outside experts. Training programs for the Directors must be conducted to enable them to learn the new and updated technology.

Conclusion

The demand for digital leaders continues to accelerate and for good reason. The evidence demonstrates that companies that embrace digital transformation outperform their peers across an array of financial measures. A recent study from Capgemini Consulting and the MIT Sloan School of Management[1] demonstrated that large companies making major investments in technology-enabled initiatives see an increase in revenues, while organizations prioritizing across-the-board digital transformation in both technology and leadership achieve higher profitability and market capitalizations in addition to increased revenues. A report by PwC found 40 per cent of board directors think one or more of their peers should be replaced, and one of the top three reasons is lack of preparedness. Hence, there is a need for the Governance of a company to be digitalized.

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