Corporate Governance as an Asset to the Company

Alexander V. Shchepot'ev[1][a], Ellada V. Shelispanskaya[2][b] and Yana Y. Fedorova[3][c]
[1]*Consulting group "New Paradigm", Tula, Russia*
[2]*Tula State Lev Tolstoy Pedagogical University, Tula, Russia*
[3]*Financial University under the Government of the Russian Federation, Moscow, Russia*

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Abstract: The subject of the research is the corporate governance system as a hidden asset of the company. The corporate governance system, regardless of its accounting in the accounting registers, is an informal but real asset of any company. The article examines the main current models of corporate governance, which is defined as a system of relationships between owners of capital, management and others who are interested in achieving the goals of the organization, based on fair and legitimate activities. The factors influencing the emergence and development of globalization are listed, and also influence the improvement of corporate governance models. It is concluded that the peculiarities in the formation of corporate governance of each country are related to the territorial individuality, national characteristics of states and world relations, which allow to highlight the strengths and weaknesses of the three models of corporate governance.

1 INTRODUCTION

The current economic environment, with the development of globalization, increased competition and the role of the private sector, is characterized by increasing factors influencing management tasks. Improving and expanding the economy has made management's objectives much more difficult. This is of primary importance to large enterprises and their associations, which use world markets to market their products. Corporate governance has a direct impact on both domestic and external investment. Without an effectively formed corporate governance system, it is impossible to obtain any financing and investment. That is why corporate governance plays a significant role in the development of the country's economy, especially at a time of a lot of new developments and improvements. The authors note that at the same time as the development and consolidation of companies that grow in to huge corporations, the model of corporate governance has developed. Globalization, the process of integrating factors of production and forming a single global market, has the greatest impact on the development of corporate governance models by influencing the processes of the socio-economic world, accelerating economic growth and modernization. Such factors include: the rapid growth of international exchange flows of goods and services, the increase in the initial costs of production, science and technology projects, the creation of fundamentally new financial technologies that enable the implementation of round-the-clock financial transactions in any country of the world and in real time.

2 RESEARCH METHODOLOGY

In this study, the authors emphasize the fact that corporate governance, regardless of its accounting in the accounting registers, is an informal but real asset of any company. The term corporate governance has become much more common in our speech, but no one can give a unified form of definition. British economists were the first to formulated the term corporate governance, which read: "Corporate governance refers to internal means of ensuring the activities of corporations and controlling them."

[a] https://orcid.org/0000-0003-3451-2947
[b] https://orcid.org/0000-0002-6405-7896
[c] https://orcid.org/0000-0003-3482-4190

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The peculiarity of forming the corporate governance of the company in each country individually and depends primarily on the legislation that regulates the rights and responsibilities of the participants in the relationship, as well as on the company's charter and the level of corporate governance development. That is, we can say that all countries have an individual corporate governance structure that has characteristics and characteristics that make it different from others. Thus, in developed countries, researchers formulated three models of corporate governance: Anglo-American, Japanese and Continental European (German).

The creation of transnational and international corporations is a major factor in the development of globalization. A transnational corporation (TNK) is an organization that has its headquarters in one country and its subsidiaries are scattered in many other countries around the world. An international corporation is an organization that has economic units in two or more countries, regardless of their legal form and area of their activities, but which operate within a decision-making system that allows for centralized policies and a common strategy through a single management center. International corporations differ from multinationals by the ability to have parent companies in several countries that affect all other divisions. To increase competitiveness, corporations regularly update production, improving production technologies and innovative ideas to meet consumer demand. Improving competitive strategies is primarily aimed at maintaining the share of influence in the market, and then on strengthening and expanding the market position. The regulation of transnational and international corporations is an important area of corporate governance, ensuring that the interests of all participants in economic relations are met. Corporations seek to capture most of the market and share the economy, but this is contrary to many interests, including consumers.

Increased exports and imports, weakening of exchange rate controls, reduced regulation by states of market mechanisms, increased trade and procurement links between countries in the context of globalization have affected the formation and development of offshore zones, zones with preferential conditions of registration, licensing and taxation for non-resident companies. The negative consequence of the formation of offshore zones is the creation of a favorable environment for the commission of economic crimes, such as tax evasion, and the legalization of proceeds derived through criminal means. This is the reason for the need to improve tax controls at the legislative level of regulation.

3 THE RESULTS OF THE STUDY

The process of managing all business processes of a functioning business is an integral part of the activities of each business entity. The relevant executive body (CEO, Chairman of the Board of Directors, Chairman of the Board, etc.) organizes the work and relationship of each service of a functioning company (production department, marketing service, supply department, accounting, personnel service, security and other units). Building all business processes and connections between structural units is a fairly time-consuming task, in some ways, creative, and requires constant monitoring, improvement and control. The authors conclude that the development of globalization, the formation of transnationals, international corporations and offshore zones have a huge impact on changing corporate governance models.

4 DISCUSSIONS

In modern scientific economic thought, there are several basic models of corporate governance. Consider the three main corporate governance models used in economically developed countries.

The study of the Anglo-American model of corporate governance is of the greatest interest, as it was in the United States that the science and practice of corporate governance was first formed. The emergence of the American corporate governance model fell during the U.S. economic boom at the turn of XIX XX centuries. The development of corporate governance in the United States, primarily associated with a favorable economic situation, that is, the economy was characterized by the country's democracy, high level of education of citizens and of course the orientation of big businessmen on relations with consumers (Chernyshev et al., 2016).

The development of the Anglo-American model of corporate governance is based on the school of classical capitalism. The main features of the school of classical capitalism are a free market economy with the division of ownership and control, the spread of individual entrepreneurship and the predominance of large and medium-sized producers. In the market economy, investors are able to contribute their capital to the company and stay with business owners, but not to be legally responsible for the company's actions. The so-called agency problem was caused by a mismatch between the interests of the owners of capital and managers who were transferred to the rights of capital management. which determined the number of losses of capital owners that appeared in connection with the separation of ownership and control.

The main feature of the American corporate governance model is the lack of shareholders who have a major influence on corporate governance decisions. This means that corporations have a huge number of shareholders with a small shareholding. The fragmentation of the stake counteracts the emergence of monopolies in the market and gives shareholders equal rights to manage the corporation.

A characteristic of the Anglo-American model of corporate governance is the presence of "insiders" and "outsiders" who make up the single-tier board of directors of the company. An "insider" in the Anglo-American corporate governance model is a director or shareholder who owns more than 10% of the company's equity, or otherwise an executive director. The "outsider" is recognized as a person who directly influences the management of the company, an independent director. Initially, the chairman of the Board of Directors and the executive director was the same person, the consequence of this phenomenon was the abuse of his position and concentration of power for personal purposes, ignoring the interests of other shareholders. Currently, to prevent this situation, each company increases the number of independent directors, so the shareholding is split. Factors that can increase the number of independent directors include changes in the ownership structure, increasing numbers and influences on decisions in annual meetings of shareholders, institutional investors, as well as recommendations of the Corporate Governance Finance Committee and independent self-regulatory organizations.

Compared to other corporate governance models, the Anglo-American model has the strictest rules on insider disclosure and has a clear system of relationships between shareholders, directors and managers. This affects the size and value of securities in the country's economy and international arena.

The characteristics of my policy and corporate governance are the nationalities of culture, which leadfooted greatest importance of corporate culture, social policy, community and solidarity. The main feature is the leading role of banks, the presence of financial and industrial networks and systems of lifelong recruitment of staff. The relative liquidity and low cost of capital are a characteristic feature of the economy, so that hostile acquisitions do not have a significant impact on corporate governance.

The relative features of the Japanese corporate governance model are: high concentration of ownership, high level of competitiveness of companies, group of interconnected companies, high stability of companies and confidence of all employees of the company in the "tomorrow" day.

The development of the Japanese corporate governance model is recognized as cross-ownership of shares and unilateral control, as well as the formation of super-large keirets and coquens. Keirezu is a financial and industrial corporation, and here they are associations of keirets in the type of financial and industrial groups. Keirezu and here are grouped around a large bank that provides financing to companies and thus promotes protection from raiding by other companies.

Unlike the American model of corporate governance in Japan almost no small private and institutional investors, as well as in the Japanese model almost not developed the institution of independent directors, that is, all directors are either former managers or representatives of senior management.

The continental European corporate governance model is characterized by a large concentration of interested groups who know the right to manage the company. The main feature is social partnership, which is based on the different interests of participants interested in success. Social partnership is officially enshrined both in the governance structure of the organization and in the laws that regulate the economic activities of the organization.

The characteristics of the European model are two-tiered structures, the board of directors, the representation of stakeholders, cross ownership of shares and universal banks (Vlasova, 2018).

The Board of Directors of the European model, in comparison with other models, consists of management and supervisory boards.

A distinctive feature of the European corporate governance model, as well as the Japanese model, is the active participation of banks in corporate governance processes. This is due to the versatility of commercial banks; they can both engage in lending and advisory services.

The state also plays an important role in the European model. In most cases, the state owns a significant share of the shares and has its representatives in the management of the organization. The state is engaged in stimulating and supporting relationships between organizations in one industry.

A corporate governance system can be an asset of two kinds. If the management system is designed according to all criteria of the asset, for example, as the quality management system of the ISO 9001 organization (certificate of compliance with the requirements of the international standard ISO 9001), then this asset will be an asset under all accounting rules (Shchepotyev and Rozhok, 2011).

In today's environment, when assessing a business, you should take into account informal assets. Informal assets are accumulated reserves of value expressed in property or other rights, capable of bringing economic benefits or a number of economic benefits, but do not meet all the formal criteria for the concept of "asset" in the formation of accounting (financial) reporting (Dementieva, 2018).

The concept of "informal asset" includes economic categories such as "imaginary asset," "asset, lost some of its qualifications in the process of transformational changes in the course of significant transformations of the business entity, "hidden asset", "property (property rights), not having legal documents and/or the corresponding state registration)," "economic analogue of the asset," "probability asset," and other actual, anticipated and probabilistic economic benefits that do not meet all the characteristics of the formal asset, but ultimately affect the value of the company (Shchepot'ev, 2019).

An informal asset can (and should) be included in appraisal and other financial procedures as an asset of the company. It can also include a highly qualified staff (defined by modern scientific thought as human capital).

5 CONCLUSIONS

The analysis of the characteristics of different models of corporate governance allows the authors to conclude that each model has its weaknesses and strengths, distinguishing it from other models. That is, there is no ideal model of corporate governance. Each model is based on the characteristics of territorial individuality, national characteristics of states and world relations. The corporate governance model is based on structural ownership, its level of concentration, the specifics of economic regulation mechanisms, stock markets and national equity legislation.

Corporate governance is essential in achieving the organization's goals. Corporate governance is defined as a system of relationships between owners of capital, management and others who are interested in achieving the goals of the organization, based on fair and legitimate activities (Shchepotyev and Rozhok, 2011). Thus, it is not possible to build a model of corporate governance of an organization without being based on the changes brought about by globalization. Globalization plays an important role in choosing the strategy for developing our economy and leveling international economic relations among countries. Globalization redirects the goal of corporate governance to the development of a system capable of organizing security, independence of the country and organization through the stability and effective functioning of society, which requires the analysis of the experience of other countries.

Regardless of the management system model used, a well-formed, well-established and successfully functioning management system in a particular company is its asset. At the same time, the management system includes various elements of management and control, including a quality control system, a personnel selection and management system, mechanisms for interaction between departments, etc.

In economic practice, individual elements of control can be identified as an asset that is accounted for in accounting and reflected in the financial statements. Examples include the ISO 9001 quality control management system, the internal quality control system according to Russian standards, and other similar assets. The company's management system, as a single integrated system, may not be reflected as a formal asset, but should be considered as an informal asset (in a larger or smaller size) during financial analytical procedures. The use of informal assets in economic science (for individual procedures) (including such as the company management system) will allow us to more accurately and clearly solve the tasks set.

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