Corporate Governance in the Digital world

Diana MOȘNEANU

National School of Political and Administrative Studies, Bucharest, Romania
dianamosneanu@yahoo.com

Abstract. *Modeling a process of digitized recruitment and selection of the future members of the Board of Directors of Public Enterprises, where several models of software programs secured and adapted to the needs of the Public Administration, such as be DM Software (decision making software), oriented towards Corporate Governance with a view to transparent and decentralize the recruitment and selection process will be developed. At the international level, there is a tendency of intense digitization, affecting the area of recruitment beyond the initial stage, reaching the development of specialized recruitment software through algorithms to determine the best solutions and eliminate the human factor from the process. The best way to select the right software is to set up a digital recruitment process that tests new solutions based technologies in order to implement innovative services. Adding a new selection way, in order to elaborate an optimal composition of the governing bodies, a well-known method of selection is the RACI matrix method, offering diversity elements and strategic requirements, for the members of the Board, introducing the electronic selection and applying the criteria for an algorithm which will obtain the best score. This innovation brought to light, is not only limited to the digitization of the recruitment of the future members of the Boards of Public Enterprises, instead we want to bring profound changes in the application of the framework of corporate governance until the end, introducing a new initial stage in the process. The proposal in this direction provides for a new initial stage in the recruitment process, namely the Waiting List. In the romanian public administration, the recent progress has contributed to the improvement of the legal and regulatory framework against abuse, which is why I proposed to bring to the fore the importance of studying this area, adding value, by studying the possibility of adopting new tools for the public sector in Romania, support mechanisms, simple, uncompromising, completing the digitalization process in public sector. Is this transposition in the digital environment of a service outsourced by the state in order to fight corruption? Is this methodology ultimately effective? In the simplest way, digitization involves transforming any information from analog to digital. Digitalization is inevitable, we are witnessing a change in society, and the world we know today, over the next few years, it will not look the same. In this way, we get to wonder: we embrace digitalization and try to get as many benefits from the process or reject it, leaving us overwhelmed by this tendency. The transition from the classical methods of recruiting and selection process, to the digitalization of the entire processes regarding corporate governance, is bringing the actual transformation of the system, of recruitment of the future members of the Boards of the public enterprises, such a revolution of the public authorities, which are currently in charge of this endeavor, has as a consequence the shaping of the future of public administration, a model that is almost completely different from the one we know today.*

Keywords: e-transformation, process, border, software, e-governance.

Introduction

At the international level, there is a tendency of intense digitization, affecting the area of recruitment beyond the initial stage, reaching the development of specialized recruitment software through algorithms to determine the best solutions and eliminate the human factor from the process. The best way to select the right software is to set up a digital recruitment process that tests new solutions based technologies in order to implement innovative services.

Starting from the definition in OECD principles and continuing with the corporate governance attributes in terms of the principles that define it and considering the need to report

the existing situation of a company / public enterprise, financial audit is the main tool for applying corporate governance codes, obtaining this way transparency.

Establishing an adequate Governance framework is based on strengthening economic performance, predominantly in developing countries, with a fundamental importance in discouraging fraud and mismanagement. Corporate Governance is a state-of-the-art tool in public enterprise management, focusing on transparency and guidance for administrators towards a new dimension of risk management that the Enterprise itself exposes.

To be successful, businesses need to be aware of the fact that different strategic contexts require different value indicators. This means that it is important to establish value measures. This implies the existence of a balanced data sheet, which should cover these measures and be elaborated by introducing and approving the management of the enterprise. It should also be mentioned that the public sector has different value factors / indicators than the private sector. In the public sector, measures such as compliance with legal provisions and due diligence take precedence over financial measures, such as cost-effectiveness.

Corporate Governance is defined as the set of rules by which a company is managed and controlled. Its role, being designated by the main actors involved: internal - the directors of a company, the executive and the non-executive, who must be independent and have objectivity on the one hand and on the other hand the external actors - the shareholders who appoint the directors and which they then pursue to defend their interests and set motivational packages for executives, according to alignment with the company's goals, investing less in their monitoring.

More and more governments around the world are improving their governance practices in order to increase their competitiveness and the economy, playing an essential role in streamlining management activity.

In the Romanian public administration, the recent progress has contributed to the improvement of the legal and regulatory framework against abuse, which is why I proposed to bring to the fore the importance of studying this area, adding value, by studying the possibility of adopting new tools for the public sector in Romania, support mechanisms, simple, uncompromising, completing the digitalization process in public sector.

From the perspective of the competences conferred by the provisions of the Romanian domestic legislation and from the perspective of European legislation regarding corporate governance, at present, the structures of corporate governance in the public sector in Romania deal only with the monitoring of the financial and economic performance indicators, reported annually through the Administrators' Report. In my opinion, the monitoring of only some indicators is insufficient because it does not fully undertake the activity of the public enterprise, which has specific activities that are reflected in the operational indicators. These indicators are of a technical nature which gives the opportunity to have a broad picture of the position on the competitive market in terms of the niche in which it operates, as it is necessary to take into account these indicators specific to the activity of the public enterprise, having a direct impact and commensurable on the achievement of the targets proposed by the administrators of the board of directors and by the director of the public enterprise.

The Corporate Governance Framework must promote transparent and efficient markets, respect the rule of law.

The research questions. Is this transposition in the digital environment of a service outsourced by the state in order to fight corruption? Is this methodology ultimately effective?

The main hypotheses considered in this research. Digitalization is inevitable, we are witnessing a change in society, and the world we know today, over the next few years, it will not look the same. In this way, we get to wonder: we embrace digitalization and try to get as many benefits from the process or reject it, leaving us overwhelmed by this tendency.

The transition from the classical methods of the recruiting and selection process, to the digitalization of the entire processes regarding corporate governance, is bringing the actual transformation of the system, of recruitment of the future members of the Boards of the public enterprises, such a revolution of the public authorities, which are currently in charge of this endeavor, has as a consequence the shaping of the future of public administration, a model that is almost completely different from the one we know today.

Literature review

In order for an electronic strategy to be formulated and applied consistently in the areas of government interest, a comprehensive analysis of all the methods that must be "borrowed" from the private sector and implemented in the public one should be provided (Dragicevic & Bosnjak, 2019). D. Lițan (2016) says that "for the implementation of e-Government IT systems, the main beneficiaries of the services, of the services provided by public agencies must be taken into account.

The current state of research from Corporate Governance point of view and e-government methodologies, in the specialized literature, has a general format, addressing topics from the category of public administration relation with the citizen, announcing a new form of administration. public, a more transparent one, encouraging the relationship between the citizen and the state, by eliminating bureaucracy, but in terms of online recruitment, in the digital environment, all publications are limited to simple recruitment by accessing candidates, online platforms for recruitment, by submitting the CVs either in the private or public environment, so far the idea of digitizing the entire recruitment chain does not exist, a process which no longer presents digital elements in the initial phase. The field of e-government methodologies adopted by the state and analyzed in several studies carried out by different stakeholders, does not affect sensitive topics such as the recruitment and selection of candidates for the positions of the Boards of Directors of Public Enterprises. We note that in the works "Information systems of e-government type or electronic governance: between present and future" and "mGovernment - an image for the future of the Public Administration", the author D. Lițan (2016), does not address the problem of digitalized recruitment from the Public Administration, limiting -is only for services for citizens.

There have been more changes in governance in the last five years than in a generation, the failures of 2001-2002 being very different from the financial crisis of 2008-2009. There is a conflict between accessible and effective short-term solutions that will make it difficult to answer long-term challenges. Social trends, such as aging and environmental trends, such as climate change, may require actions that are not commercially viable, but which will potentially reduce monetary costs and the long-term social and social impact (Stern et al., 2006). In such cases, the state must intervene to allow or stimulate such activities.

In her work, e-Government Information Systems or Electronic Governance: Between the Present and the Future, (D. Lițan , 2013) says that "the advantage of an e-Government solution is, besides, the reduction of costs, it is possible to simultaneously promote two concepts: e-

government and e-democracy ", D. Lițan proposes" the integration of the two types of applications, developing a single computer system, the effort thus becoming smaller."

Modeling a process of digitized recruitment and selection of the future members of the Board of Directors of Public Enterprises, where several models of software programs secured and adapted to the needs of the Public Administration, such as be DM Software (decision making software), oriented towards Corporate Governance with a view to transparent and decentralize the recruitment and selection process will be developed.

Transparency and economic profitability are the decisive factors in reporting, the digitized character of information transmission represents a new facet of the Public Administration, reporting is a starting point for research, as important data can be obtained on the consequences of decisions at the level of public authority, as well as the resignations of the top management bodies, executive and non-executive at the level of Public Enterprises. The synopses that appear in the management of these Public Enterprises, can be eliminated by adoption of measures such as the Waiting List, criteria of good governance and performance enhancement, in order to obtain more value in the Public Enterprises.

The need for complete data and the efficient and rapid regulation and management of a substantial part of the public administration are inevitable steps to obtain transparency from public authorities and institutions, thus reducing the lack of honesty of public authorities, poverty, corruption, violations of the law, unemployment and communication dysfunctions. This transparency is needed and becomes as a way of improving the general performance of the government. If the measures that have been adopted so far, in order to eliminate corruption, are not sufficiently effective to obtain the best results, as stipulated by the policy of "good practices" in the administration, the need for decentralization at central level, for to face the current challenges, of a company that wants to be revolutionized in order to resonate with the trends of the competitive markets and the alignment with the requirements of the European Union, with the development of information and communication technology, the adoption of the e-government vision and the application of the conditions on which this concept depends and outlines a new version of public administration oriented to services with intense exchange of information between all stakeholders, decentralization process and citizen orientation.

The solution most commonly used in these contexts is to prioritize the strategy of the Supervisory Public Authority in terms of improving the coordination and strategic planning on the reorganization of the companies under its subordination, through the institutional reform and consolidation of the Corporate Governance system.

The study of the experiences in the field of Corporate Governance in other European countries, helps to outline internal processes that are currently taking place in Romania, making present essential research, both for understanding the process and for developing theoretical analyzes on this field.

The problem that has been posed to most Public Enterprises has been in terms of a negative impact, the consequences on the activities that generate losses and the follow-up of the costs evolution lead to a reorganization plan of the performance management, due to the budget losses. A proposal of an electronic governance may be the answer to these gaps.

Starting from an simple Applicant Tracking System (ATS) software, and evolving to an entire employment digital system, all the way up to the final candidate from the Short List, will ensure the recruitment and selection process to be transparent and decentralized, since it eliminates the human factor fully. This will transform the way we know to hire governing bodies,

evolving to a Corporate Governance that is sustainable. The current trend in industries attaches great importance to Sustainable Development.

„Sustainability (<engl. Sustainable) s. F. Quality of an anthropic activity to be carried out without exhausting the available resources and without destroying the environment, thus without compromising the possibilities of satisfying the needs of the next generations. The 1992 Rio de Janeiro World Environment Conference has paid particular attention to this concept, which involves establishing a balance between growth and environmental protection and finding alternative resources. When it comes to the overall economic development of a country or region, the term synonymous sustainable development is usually preferred”. Source: DEX (2009).

Thus, we remain at the term of sustainability process for Corporate Governance, because at present it is not adopted, and the current tendencies of orienting the company towards the effects that can «compromise the possibilities of satisfying the needs of the next generations», have a special importance in the decisions we make in present, this proposal coming as a measure of accountability of the members in their actions, presenting an integral profile.

So far, the specialized works in the field of e-government methodologies adopted by the state and analyzed in these researches, have a general format, addressing topics from the category of public administration relation with the citizen, announcing a new form of public administration, a more transparent one, encouraging the relationship between citizen and state, by eliminating bureaucracy, but in terms of online recruitment, in the digital environment, all publications are limited to simple recruitment by accessing candidates, online recruitment platforms, by submitting CV - either in the private or the public sector, so far the idea of digitizing the entire recruitment chain does not exist, a process that no longer presents digital elements in the initial phase.

Thus, we get to ask ourselves: What major research has raised questions that have caused scientists to be concerned about public administration and its digitization? Is this transposition in the digital environment of a service outsourced by the state in order to fight corruption? , is this methodology ultimately effective?

We note that in the works "Information systems of e-government type or electronic governance: between the present and the future" and "mGovernment - an image for the future of the Public Administration", the author D. Litan does not address the problem of digitalized recruitment from the Public Administration, limiting -is only for services for citizens.

Adding a new selection way, in order to elaborate an optimal composition of the governing bodies, the RACI matrix selection method, introducing the electronic selection and applying the criteria for an algorithm which will obtain the best score.

This innovation brought to light, is not only limited to the digitization of the recruitment of the future members of the Boards of Public Enterprises, instead we want to bring profound changes in the application of the framework of corporate governance until the end, introducing a new initial stage in the process. The proposal in this direction provides for a new initial stage in the recruitment process, namely the Waiting List.

In the specialized literature, about 27,900 works on "corporate governance" in state-owned companies have been published since the year 2000 and by 2010, an impressive number, and from 2010 to the current year - 2019, have been published 506 papers on the same subject. The year 2000 is taken as a reference year, because it represents the year in which several aspects related to the nomination and remuneration of the directors and representatives in the General Shareholders' Meetings were legislated at the European Union level.

Methodology

From a quantitative point of view, the study of the implementation of corporate governance, provides for questioning the personnel directly involved in the process and observing the behavior of the shareholders, reflecting the cash flow, an indicator of the consequence of the performance of the public enterprises, a reference that is in the attention of the shareholder.

The transition from the classical methods of recruiting and selection process, to the digitalization of the entire processes regarding corporate governance, is bringing the actual transformation of the system, of recruitment of the future members of the Boards of the public enterprises, such a revolution of the public authorities, which are currently in charge of this endeavor, has as a consequence the shaping of the future of public administration, a model that is almost completely different from the one we know today.

The qualitative and quantitative methods used and how the research has been designed and performed.

Obtaining official data from Public Undertakings is a proof of transparency itself, with the expected results automatically achieving the objectives and providing answers to research questions. Along with these, I expect research results to be used by those who want to be aware of new trends in emancipation of top management and to get an overview of how to apply the principles of good practice governance in the EU member countries and making a comparison with the way of implementation in Romania. At the same time, the substantiation of some technical performance indicators reflecting the niche activity of Public Enterprise is an integral part of this research and has as a starting point the key performance indicators used in the current situation of monitoring the performance of Public Enterprises.

HR departments are poorly equipped technologically. Many HR teams are administrative departments that still work with paper and Excel. Digital personnel files are as much a dream of the future as using the cloud. The faster the available knowledge grows, the less sufficient it is to send employees for further training once a year according to the waterfall can principle. But this is still the case today. Companies therefore need to invest significantly more in their workforce to keep pace with digital development.

Furthermore, cloud-based platforms are gaining ground, gradually replacing companies' own on-site systems. The cloud is a simple and inexpensive alternative to inhouse software, that was often expensive, cumbersome and not updatable. Cloud technology is also a competitive factor for HR. The prerequisite for the sustainable operation of HR software is an upgrade of the core technology: legacy systems need to be replaced by an integrated cloud platform and a solid digital infrastructure. Compared to legacy systems, the cloud enables simple scaling as the company grows or evolves. In addition, new functions can be tested and activated in the shortest possible time. Cloud applications also mostly offer defined interfaces for connecting further applications, allowing the company to easily assemble the right application portfolio. The best way to select the right software is to set up a digital HR team that tests new solutions based technologies in order to implement innovative services for recruiting or further professional development within the company. Digitization and digital transformation in human resources must be aligned with the goals of the organization. This calls for long-term measures that require intensive discourse with all participants and should be implemented iteratively. There will be no

final state in which HR becomes merely an IT service that can be handled on a smartphone. Rather, constant adaptation to our way of life, the talent market and competition will enable a more productive, efficient and healthy working environment.

McKinsey Quarterly, Managing talent in a digital age, March 2016: "Online labor platforms make it easier to find and harder to retain talented people. They give companies a real opportunity to transform the way they recruit, develop, and engage their employees. Software leaders contend with a growing array of challenges as the shift to subscription business models and to the cloud prompt changes across the organization. New commercial models, AI and digital technologies raise the competitive bar, even as companies need to deal with rising talent gaps and cyber security threats.(Paul Roche,Senior Partner, Silicon Valley office, McKinsey & Company)

Results and discussions

The improvements in digital connectivity based on innovation brings change in operational efficiency, cost reduction, quality of services, convenience, innovation and learning in private and public sectors with the potential for the sustainable development, challenges the eGovernment initiatives, such prove stands in a given example „E – Government for developing counties: Opportunities and challenges”, where „Think small, be agile and fast, begin with feasible pilot projects, tailored to specific” contexts and „build up steadily the qualifications necessary for facing hindrances, with previous preparation to make the required changes on the road, agility and flexibility assure the success.” (Ndou, 2004, p.17).

The actors involved in the recruitment process according to the regulations and principles of good governance are divided into two sectors, the private and the public, in which the public sector hires an independent expert to ensure the transparency of the recruitment and selection process of the future members of the Board of Directors of Public enterprises.

The roles of the two actors involved in the selection process of the future members of the Board of Directors, devote all their attention to observing a cumbersome process, which does not foresee the possible appeals of the competitors in the recruitment process and also it is noted how important the role of the independent expert is. In this stage, centralizing the decision-making power, a role that can easily be replaced by a smart methodology of recruitment in a digitized and secure way.

Also, in order to develop an optimal composition of the governing bodies, a well-known method of selection is the RACI matrix method, offering diversity elements and strategic supervision requirements of the Public Enterprise, for the members of the Board of Directors and General Managers, review of the indicators. and increasing the number of selected indicators, by substantiating the sustainability indicator. The current trend in industries attaches great importance to Sustainable Development, "Sustainable development follows and tries to find a stable theoretical framework for decision making in any situation where there is a human-environment type report, each one concerning the environment, the economic environment or the social environment" (Brown, 2001).

In Table 1 we can observe the necessary activities to conduct in order to meet the expectations regarding the implementation of digital corporate governance process, issuing the new elements, we can observe the steps within the process.

Table 1. Reliable goals

Activities	Issue	Expected Results
Establishing indicators that reflect the competencies and qualifications of the members of the Board of Directors and the General Directors at the level of each Public Enterprise under the supervision of the Authority, the members who must have adequate knowledge, skills and experience to be able to understand the activity performed according to the competences their.	Resize the matrix by selecting administrators.	Introducing a new KPI: Sustainability Indicator-capacity of decisions making that take into account future consequences.
At the international level there is a tendency of intense digitization, affecting the area of recruitment beyond the initial stage, reaching the development of specialized recruitment software through algorithms to determine the best solutions and eliminate the human factor from the process.	Digitalized recruitment in accordance with the requirements of Corporate Governance, DM Software.	DM Software focus on the core responsibilities of this new executive role - the transformation of traditional operations using digital processes. DM Software for recruiting process aim to generate new opportunities, from the adoption of digital technologies. That could take any form from the replacing paper forms with a digital equivalent.
Within the process of selection and recruitment of the top management of the Public Administration, there are according to the legislation in force two stages, the Initial one and the final one, the Long list of candidates, respectively the Short list of candidates. Following the latter selection, at the end of the selection, a Mandate Agreement is concluded between the public guardianship authority and the latter. After the conclusion of the contract, the new members of the Board of Directors assume that, within 90 days, I will produce and submit to the guardianship public authority a Management Plan, during which they either resign by submitting their resignation, or they are dismissed from the position on reason for not presenting this Management Plan. This is evident in all the public enterprises in Roamania, with the adoption of new legislation in the field of corporate governance.	Adding a new list in the selection, Waiting List.	Introducing a new stage in the recruitment and selection process of the future members of the Boards of Directors, eliminates the possibility of centralizing the decisions of a single decision maker, after their revocation or resignation, namely the Waiting List, which will allow their immediate replacement, with a new format already pre-selected members and subject to Corporate Governance criteria.

Conclusion

Future study points of the present research will concern quantitative EUROSTAD data, in which we will study the statistical dimensions. We will also investigate the sustainability indicators presented by the OECD in different industries and compare these studies in order to substantiate the sustainability indicator. The cumulative study of these indicators makes it possible to research new directions of the sustainability of the top management.

In the future, I propose to model a process of digitized recruitment and selection of the future members of the Board of Directors of the Public Enterprises under the tutelage of the Public Authority, where I will study several models of software programs secured and adapted to the needs of the Public Administration, such as be DM Software (decision making software), oriented towards Corporate Governance with a view to transparent and decentralize the recruitment and selection process.

References

- Banca Mondială, 2016, 2018a, 2018c.
- Brown, L. (2001). *Eco-Economy: Building an Economy for the Earth*, seria Planurilor B 2001;
- Ciobanu, A. (2006). *Analiza performanței întreprinderii*.
- DEX (1993-2009). Definition of „Sustainability”.
- Dragicevic, Z., & Bosnjak, S. (2019). Agile architecture in the digital era: trends and practices. *Strategic Management*, 24(2), 12-33.
- Eurostat, Institutul Național de Statistică. AMECO;
- Gheorghe FILIP, Ovidiu STOICA, (2008). *The Transition to e-Government. The Romanian Case*.
- Henrik Gudmundsson, Ralph P. Hall, Greg Marsden, Josias Zietsman, (2015). *Sustainable Transportation: Indicators, Frameworks, and Performance Management*, pg.122;
- Hotărârea nr. 722/2016 pentru aprobarea Normelor metodologice de aplicare a unor prevederi din Ordonanța de urgență a Guvernului nr. 109/2011 privind guvernanța corporativă a întreprinderilor publice;
- Innes, Judith E., Judith Gruber, (2005). *Planning Styles in Conflict: The Metropolitan Transportation Commission*, *Journal of the American Planning Association* 71 (1), p. 177.
- Institutul European de Guvernanță Corporativă „ECGI”. *Celei mai bune practici de guvernanță corporativă*- <https://ecgi.global/> ;
- Lițan, D. (2016). *mGovernment – o imagine pentru viitorul Administrațiilor Publice*.
- Lițan, D. (2013). *Sisteme informatice de tip e-Government*.
- Legea nr. 111/2016 pentru aprobarea Ordonanței de urgență a Guvernului nr. 109/2011 privind guvernanța corporativă a întreprinderilor publice, Definiții;
- Lionel Chaty, (1993). *Regard rétrospectif sur l'analyse d'une politique publique : le rapport Serieux, entre évaluation et outil de modernisation*, pg. 133-144;
- Michael C. Jensen, (2005). *Value maximization, stakeholder theory, and the corporate objective function*;
- Moșneanu, D. (2014). *Eseu Dezvoltare Durabilă*, Academia.edu.
- Ndou, V. (2004). *E – Government for developing counties: Opportunities and challenges*, p.17.
- Ordonanța Guvernului nr.15/1998 privind înființarea, organizarea și funcționarea Institutului European din România , aprobată prin Lege nr.307/1998 - STATUT, pg.3;
- Ordonanța de urgență nr. 109/2011 privind guvernanța corporativă a întreprinderilor publice;
- Paul C. PFAFFENBICHLER , Günter EMBERGER, (2003). *Are European cities becoming similar?*;

- Paul Pfaffenbichler, Sittha Jaensirisak, Paul Timms, (2008). "Ideal" decision-making processes for transport planning: A comparison between Europe and South East Asia, GuenterEmberger;
- Perri 6 , Diana Leat, Kimberly Seltzer , Gerry Stoker, (2002), Towards Holistic Governance: The New Reform Agenda (Government beyond the Centre);
- Reviewing National Ambient Air Quality Standards (NAAQS): Scientific and Technical Information- primary and secondary standards - <https://www.epa.gov/naaqs>;
- Robert S. Kaplan, David P. Norton, (1996), Strategic learning & the Balanced Scorecard;
- R. A. W. Rhodes, (1997), Understanding Governance: Ten Years On;
- Susan Lund, James Manyika, and Kelsey Robinson, Paul Roche
Senior Partner, Silicon Valley office McKinsey & Company, (March 2016). Article:
Managing talent in a digital age: Online labor platforms make it easier to find and harder to retain talented people, <https://www.mckinsey.com/industries/> ;
- Stern N. et al. (2006a, b); Stern (2007), The Stern Review of the Economics of Climate Change, pg.3, pg.34- 37;
- Strategia națională a Dezvoltării durabile a României 2030;
- Strategia Guvernului privind accelerarea reformei administrației publice, octombrie 2001, Parlamentul României, (HG 1006/2001)- Centrul de Cercetări Urbane și Regionale (CURS);
- VanSant, (1997), <http://www.gov.ro/engleza/index.html>: Buna guvernare.