



NATIONAL RESEARCH
UNIVERSITY

Centre for Studies of Civil Society and the Nonprofit Sector HSE University

EXPLORING THE DIGIT: CORPORATE GOVERNANCE IN THE CONTEXT OF DIGITALIZATION OF NON-PROFIT ORGANIZATIONS IN RUSSIA

Dmitry I. Malakhov
Alexandra Yu. Telitsyna

Moscow, 2021



NATIONAL RESEARCH
UNIVERSITY

Centre for Studies of Civil Society and the Nonprofit Sector HSE University

QUALITATIVE RESEARCH



RESEARCH METHOD

Representatives of the executive management of NPOs (N = 30) were interviewed (they have the right to act on behalf of a legal entity without a power of attorney):

- directors and their deputies,
- executive directors,
- presidents.

The interviews were conducted with obtaining consent.



RESEARCH METHOD

The NPO list was designed using the criterion of the greatest attraction of donations, according to the Monitoring of the State of Civil Society. It includes large and well-known organizations (foundations, charitable foundations, regional public organizations, interregional public organizations, etc.) working in the following areas:

- environmental protection,
- child protection,
- cultural support,
- caring for the elderly,
- formation of a safe urban environment,
- health protection,
- social services and social protection.



HYPOTHESIS

Our hypothesis: corporate governance is one of the most important factors of NPOs digitalization



RESULTS OF QUALITATIVE RESEARCH

The main characteristics of digital transformation, which can be influenced by corporate governance bodies:

- Openness to new technologies and search for innovations;
- High level of motivation and support from top management;
- High level of digitalization of business processes.
- Organization management based on data analytics (e.g. CRM);
- Application of the principles of culture and the constant development of the competencies of employees;
- Carrying out systematic work on the development of the entire digital ecosystem of the organization;
- The digital direction is included in the overall development strategy of the organization



RESULTS OF QUALITATIVE RESEARCH

The most common references in the use of digital technologies relate to the use of:

- distance programs,
- communication platforms,
- social networks,
- search systems,
- analysis and storage of information,
- electronic document management,
- the presence of an electronic digital signature,
- an organization's website,
- equipment for conducting distance learning.



RESULTS OF QUALITATIVE RESEARCH

The main factors for the success of digital transformation: the presence of a strategic plan, clear management of transformations, the implementation of the values and principles of "digital culture".

Without exception, all respondents noted the importance of the participation of members of **corporate governance bodies** in the formation of an organization's development strategy



NATIONAL RESEARCH
UNIVERSITY

Centre for Studies of Civil Society and the Nonprofit Sector HSE University

QUANTITATIVE RESEARCH



SAMPLE DESCRIPTION

We ask the following question:

Does the existence of supervisory board/board of trustees affect digitalization of NPOs?

We use a survey of NPOs which was conducted in 2018 in Russia;

Leaders of 1000 NPOs were interviewed face-to-face

This survey is representative on All-Russian level



DEPENDENT VARIABLES

“What software and IT channels are used by your organization and its employees?” Responders were given 7 answer options, and could choose any combination of the following:

1. “CRM programs (automatization of the system of interaction with clients and customers by means of collecting and analyzing data, improving business processes and analyzing outcomes)”
2. “A system for planning and setting tasks,”
3. “Chats, social media groups for employees and volunteers,”
4. “Cloud and remote services for common data storage,”
5. “Corporate portals,”
6. “Other (specify),”
7. “None of the above.”

Responders could select any number of answers. By adding up the number of answers we created variable *general IT*



DEPENDENT VARIABLES

“What software and IT channels does your organization use to communicate with its target audience?” Responders were given 7 answer options, and could choose any combination of the following:

1. “Website,”
2. “Social media (Facebook, Odnoklassniki, Vkontakte, etc.),”
3. “Mobile apps,”
4. “Volunteer search platforms,”
5. “Email mailing lists,”
6. “Other (specify),”
7. “None of the above.”

Responders could select any number of answers. By adding up the number of answers we created variable *communication IT*



DEPENDENT VARIABLES

“How is your organization represented online?”

There were 12 answer options:

1. “The organization has its own website,”
2. “The organization has social media accounts,”
3. “Audit results are posted on the organization website,”
4. “Employees regularly participate in themed forums/on blogs/ in groups/ on social media,”
5. “The NGO posts information and publications on themed websites, in online editions,”
6. “Information about the NGO is available through themed online catalogs or databases, reference guides,”
7. “The organization regularly posts themed video or audio content on specialized hosting platforms,”
8. “The organization sends out regular newsletters,”
9. “The NGO is advertised online,”
10. “The organization forwards news for posting on the website of the Social Information Agency,”
11. “Other (specify),”
12. “The NGO is not represented online.”

Responders could select any number of answers. By adding up the number of answers we created variable *online representation*



DEPENDENT VARIABLES

<i>General IT</i>	Proportion of all observations, %
0	32.14
1	34.99
2	20.51
3	8.56
4	2.96
5	0.74
6	0.11
Number of observations	946

<i>Communication IT</i>	Proportion of all observations, %
0	19.22
1	31.04
2	28.26
3	15.01
4	4.42
5	2.06
Number of observations	973

<i>Online representation</i>	Proportion of all observations, %
0	13.11
1	29.10
2	26.42
3	15.58
4	7.22
5	3.72
6	1.96
7	1.34
8	1.03
9	0.52
Number of observations	969



REGRESSOR OF INTEREST, ENDOGENEITY, AND INSTRUMENTS

“Does your organization have a supervisory board/board of trustees? A “Yes” answer counted as a 1, a “No” as a 0.

In our models, we have a problem of endogeneity: 1) simultaneous causality 2) omitted variable bias.

Based on regulatory requirements, we use an instrumental variable: fund/ non-fund separation.

Due to regulatory requirements all funds should have a board of trustees.

Control variables: activity direction, socially oriented, founders of NPOs, membership NPOs, legal forms of NPOs

We use TSLS and Poisson models



MAIN RESULTS

The existence of a supervisory board/board of trustees affects positively and significantly all three dependent variables: *general IT* increase - by 1 point, *communication IT* - by 0.5, *online representation* - by 2

Combining these findings with results from Malakhov, Yakobson (2021), where it is shown that existence of boards improves informational openness of NCOs, boards could affect two main characteristics of NCOs: openness and effectivity



NATIONAL RESEARCH
UNIVERSITY

www. <https://grans.hse.ru/>

Phone.: +79032206238
+79057552384

Address: d.malakhov@gmail.com
atelitsyna@hse.ru