BUSINESS CLOUD AND CORPORATE GOVERNANCE: MAKING HIGH QUALITY DECISIONS & SUSTAINABLE GROWTH

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Abstract

The financial crisis has been forcing technologists to develop the account information system through the cloud computing in order to minimize and control the corporations' expenses and to add value through certain factors, thus the Business Cloud becomes a strong need due to the new technology implementing in the business world, and it is proposed as a new term beside Corporate Governance, since these terms have been argued as growth tool in the global business in the light of the high competition among regional and international corporations, also, corporate governance is a management-set that deals with issues in the long term to grant sustainability. The article represents the effective implications of adopting Business Cloud and Corporate Governance, and the integration relationship among them, especially, the Global Business may drown again in a global financial crisis.

Key words: Business Cloud Computing, Corporate Governance, Transparency and Disclosure, High quality decision, Stakeholders

JEL Classification: M4, M2. M1

1. Introduction

Recently, the management modeling has been massively adapted in order to include new issues that strongly important for stakeholders, in addition, the financial crisis has been affecting each element of the business world to open the door for new terms and motivates researchers and technicians to develop theories and application. In the light of that, disclosure and transparency are exclusively defined as main issues that must be handled beside the cost; due to that, an important topic has been shown again called the management cost. These efforts can be represented in two new terms called Corporate Governance and Business Cloud Computing. Accordingly, the business world is transferred to a virtual world that enables different groups of stakeholders to access to the business information to control and monitor the companies' activities. Business Cloud is widely discussed nowadays since it becomes a solution key for stakeholders' conflicts; in addition, Corporate Governance is wide discussed as a core element of that key. That may introduce a question that if corporate governance and business cloud computing are attending to achieve the main the goals and service the interests of stakeholders since the conflicts of these interests are behind the revolution in the business world. Lots of regulations and terms has been issued and discussed in order to reduce these conflicts and to reduce the agency cost as well. The structure of corporate governance distributes the rights and responsibilities between stakeholders, besides that, it sets procedures of making decisions, so the importance of corporate governance rises in the business world due to its function to separate the ownership and management and to sustain the balance between the interests of stakeholders.

2. Business Cloud Computing:

Business Cloud bases on cloud computing and business information technologies that provide information regarding the activities of a certain company, accordingly, this information is used widely by managers and administrators besides other stakeholders. Therefore, the internet is the essential part of the virtual world and that affects in its turn on the business world, besides, the new technologies have affected the production expenses (Knorr; 2008). Logically, applying cloud computing brings several advantages for stakeholders certainly for end-users, and accordingly, cloud computing has adapted over time to be formatted in different categories; infrastructure as a service (IaaS), platform as a service (PaaS) and software as service (Saas) (Rouse; 2015). Simply, cloud computing is online computing instead of using written documents and later applications and software to be used on computers, for example, the online banking is cloud computing (Rouse; 2015).

The definition of cloud computing is related on the technicians, who determine the computing style based on online services to provide information for stakeholders (Gartner Research; 2008). That means; the capacity of online computing to share information defines the cloud computing, additionally, it can be considered as the model that allows "on-demand network access" throughout a pool of computing resources that can minimize the efforts of customers and management besides other stakeholders (Grance and Mell; 2009 & Cloud Security Alliance; 2009). Due to that, the information technology services are represented in the could computing to provide an open access for data and application that assess stakeholders to obtain information through a dynamic online applications. The benefits of cloud computing can be pointed as the following (Grance and Mell; 2009):

1- Accessibility and Mobility: employees are allowed to access to online application.
2- Maintenance: sustain equipment in a good condition, and tracking maintenance software and upgrading it.
3- Date Recovery: backing up and storing the data in different location to ensure that the data will not be lost.
4- Security: permanently online monitoring all the data.
5- Minimal IT Staff: providing end-user support which reduces management and support costs.
6- Costs: no expenses for business sharing and servers.
7- Flexibility: in payments and changing data.

The pervious points are so important since they enable employees to access to different information and data of their organizations besides other stakeholders, and that is strongly wanted to develop business nowadays (Whitton; 2011).

3. Corporate Governance:

Corporate governance is a set of regulations, practices that are applied in a directed and controlled company. Base on the stakeholder theory, the conflicts of interests between stakeholders are based on the separation between ownership and control, and sharing information with others groups of stakeholders, in the light of that, the agency cost is increased by managers on the account of stakeholders through controlling companies and shared information. Focusing on transparency and sharing information, corporate governance codes extremely focus on two important points; separating among responsibilities and disclosure. Since 2002 governance as a term become a pressing topic that introduces the Sabranes-Olexy which was issued to regain the mistrust caused of Enron and WorldCom through treating several points included disclosure and transparency.

In addition, the internal mechanism of corporate governance monitors the companies' activities to correct them on the time. That serves the internal objectives of companies and the interests of the internal stakeholders, and these objectives content smooth operations and clear reports in the light of ensuring independence of directors and separates the responsibilities. The external mechanisms service the interests of the external stakeholders such as regulators and states, therefore, the adequate debt management and legal issues are concerned by these mechanisms (Davoren; 2014). Consequently, transparency and disclosure are the core stone of governance mechanisms achieving an important objective of corporate governance.

The relationship between governance and transparency supposes to be apparent since governance mechanisms monitor the companies' performances beside the responding capacity of correcting the poor performance, and transparency goes directly to the ability of equity market to monitor the companies' performances (OECD; 200). Besides that, financial information must be provided by the management to reduce the capital cost but "delivering information to investors is easy, but delivering credible information is hard" (Benard; 2000), in plus, the corporate governance disclosures clarify that companies should publish public or online the governance statements.

4. Business Cloud and Corporate Governance

Nowadays, companies are looking for new model of corporate governance that communicates with the new technology, besides that, asymmetric shared information is strongly related to the agency problems due to the shareholder theory that generates several conflicts between stakeholders (Jensen; 1986 & Myers and Majluf; 1984).

In addition, corporate governance is applied to hold the balance between social and economic objectives and between individual and collection objectives, in the light of that, the governance framework encourages the affective use of the company's resources, and equally, this framework requires effective accountability for the resources' stewardship. Overall, the advantages of applying corporate governance can be pointed out as the following:

1- The processes are developed.
2- Making decisions without emotional influences.
3- Running anti-corruption operations.

4- Company’s standards are improved.
5- Sustaining and attracting shareholders.
6- Build a trustable relationship among stakeholders.

Connecting that with Business Cloud computing; essential areas are highly related to corporate governance as the following (Cassells; 2012):

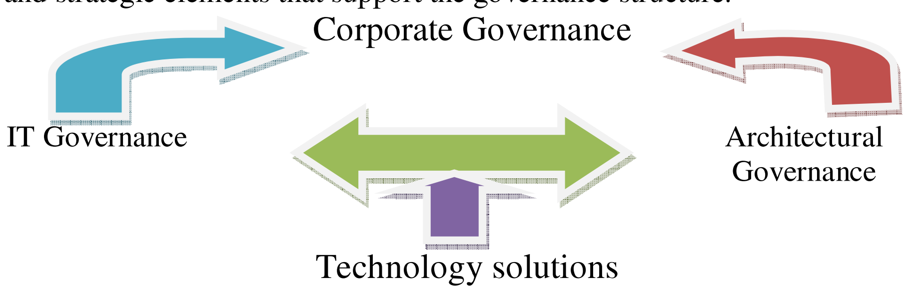
a- Strategic Alignment: to ensure that business and IT plans are related through defining and maintaining valid IT value.
b- Value Delivery: to execute the value of computing value through the delivery costs, besides that, to ensure that IT delivers achieving their objectives in the light of the company’s strategy.
c- Resource Management: concerns about optimal investment and proper management to contribute in the developing IT system.
d- Risk Management: it is evaluated by the governance officer and it requires a clear understanding of the company activities, also, it ensures the transparency about risk management.
e- Performance Management: to track the strategy implementation, resource usage, procedures that are employed to achieve measurable goals used in a conventional accounting system.

Overall, cloud computing risk management is adapting as companies increasing adopt cloud storage services and cloud computing applications with higher attention on the confidentiality of data. In other words, cloud computing can called as IT governance framework and since this framework is not applied correctly; it will lead to stakeholder dissatisfaction, lack of information, affecting the business value and increase the expenses. Due to that, this framework can attract new investors and increase the company value if it is implemented correctly. Cloud computing help companies to change the cost model in order to make the IT budge flexible, also it offers a rapid prototyping to enable a quicker delivery of the company value. Thus, selecting the right IT strategy mixed with modern technologies can increase the delivered value for less money, but another issue can be raised by resource management.

The company’s resources must be well managed to increase the business value and that requests cloud computing, which uses high developed application such as using additional network bandwidth (Maches; 2010). Besides that, risk management is a critical topic between corporate governance and cloud computing since topics like protecting data and business sustainability are highly concerned. That requests from technologists to understand the risk of each vendor service level, besides, they should examine security application to reduce the potential risks of applying cloud computing. Finally, cloud computing and corporate governance have to ensure alignment with company's objectives, thus, strategic alignment ensures the need of high collaborating between governance directors and technologists.

5. Conclusion

Corporate governance is a critical topic and becomes more complex through employing cloud computing, also, it assure alignment with company's objective where cloud computing does not have a significant role unless technologists understand the objectives and determine the affective application beside develop certain technology. Thus, cloud computing can be presented as the maximum benefits of governance investment. The cloud computing offers value delivery, resource management, risk management, performance measurement and strategic alignment, which are core objectives of corporate governance. In the light of that, the elements of cloud computing value are economic, architectural and strategic elements that support the governance structure.



Corporate governance in the light of Cloud computing

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