

ONLINE AND HYBRID ANNUAL GENERAL MEETINGS: EMBRACING THE EVOLUTION

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Abstract

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Annual general meetings (AGMs) are evolving rapidly due to, among other things, multiple new digital solutions (Randøy et al., 2022), the COVID-19 pandemic, and legislative/regulatory changes (Nili & Shaner, 2022; Härmand, 2021). This paper aims to analyze stakeholders' experience with AGMs in 2021 and 2022, the challenges and opportunities of online and hybrid AGMs, and stakeholders' expectations for the future format of AGMs. The research employs two questionnaire-based surveys of Icelandic-listed companies' shareholders, board members, chief executive officers (CEOs), and compliance and investor relations officers. All stakeholder groups consider hybrid and online AGMs efficient and environmentally friendly. Technical difficulties with voting processes are of no significant concern. Hybrid and online AGMs are considered to lead to broader attendance by a diverse group of shareholders, but not necessarily of small shareholders. Concerns exist regarding the adequate discussion of contentious proposals, management oversight, and fulsome interaction between attendees. The originality of the research stems from analyzing the views of four stakeholder groups, i.e., shareholders, board members, CEOs, and compliance and investor relations officers, regarding online and hybrid AGMs. This approach allows for a comprehensive understanding of the challenges and opportunities of these AGM formats.

Keywords: Annual General Meetings, Corporate Governance, Digital Transformation, Online AGMs, Hybrid AGMs

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1. INTRODUCTION

The rapid evolution in digital technologies, the effects of the COVID-19 pandemic, and changes in legislation and regulation have fundamentally affected annual general meetings (AGMs) worldwide. Digital technologies have dramatically transformed

the economic landscape and how we communicate and do business (Alshhadat et al., 2023; Randøy et al., 2022; Härmand, 2021; Hall et al., 2024). These new technological developments allow for online or hybrid AGM formats, meaning participants do not need to be physically present at a set location to participate in an AGM or other meeting.

Restrictions due to the COVID-19 pandemic made physical AGMs impossible in most countries during the pandemic. In connection with new technology, the recent pandemic-linked restrictions have given organizations worldwide a unique opportunity to take significant strides in the digitalization of corporate governance.

Governments have quickly amended or adopted legislation to help businesses conduct their activities remotely and online (Zetzsche et al., 2022). Some countries had established online or hybrid AGM procedures years before the COVID-19 pandemic (Gao et al., 2020), while others had legal frameworks that did not allow for online or hybrid AGMs before the pandemic. Regulators and policymakers needed to adapt or adopt legislation and other guidelines to make online and/or hybrid AGMs possible (Härmand, 2021; Zetzsche et al., 2022).

From theoretical and regulatory perspectives, AGMs serve as a governance mechanism for shareholders to receive updates on company developments, to discuss and challenge management and directors, to consider corporate proposals and vote on them, and to review the company's performance (Brav et al., 2024; Gao et al., 2020; Nili & Shaner, 2022; Schwartz-Ziv, 2021). AGMs are one of the core instruments for executing shareholders' rights; therefore, the legislation and regulations concerning AGMs are rather detailed at the European Union (EU) level and in member states of the EU (Härmand, 2021; Zetzsche et al., 2022) as well as countries in the European Economic Area (EEA), such as Iceland. AGMs can also serve as an ideal speech situation, as Catasús and Johed (2007) argued, making AGMs a powerful setting for exercising shareholders' rights.

This paper aims to analyze stakeholders' experience with the transformation of AGM formats, using Iceland as a case study. The purpose of an AGM, according to Nasdaq Iceland and the Norwegian Confederation of Business, is to 1) facilitate shareholder participation in the governance of companies, (2) provide a secure voting procedure, and (3) facilitate dialogue between shareholders, boards, and management (Nasdaq Iceland and the Norwegian Confederation of Business, 2021).

Two online questionnaires were sent out, the first in 2021 and the second in 2022, to explore the challenges and opportunities of the online and hybrid AGM formats according to different stakeholders (chief executive officer — CEO, board, shareholders, and compliance officers). The study further explores their views on how AGMs will be held in the future and what digital solutions are indicated to increase meeting effectiveness and better outcomes. This paper captures the experience and views of a broad range of stakeholders during a dramatic transition.

Analyzing how stakeholders, particularly shareholders, CEOs, boards of directors, and compliance officers, assess these AGM formats is relevant from an Icelandic perspective and beyond. For several years, companies worldwide have used new AGM formats, such as online and hybrid. In most instances, the shift from a physical to an online or hybrid format must happen under near-crisis conditions. This, however, also meant that their decision to conduct an AGM was often based on minimal experience and/or research on which formats best fit the purpose of AGMs.

Research is still scarce when analyzing the effectiveness and efficiency of the new AGM formats due to the rapid pace of the transition. Our paper contributes to the literature on different AGM formats and fills a gap in the literature.

The paper is structured as follows. Section 2 presents a brief overview of related literature. Section 3 describes the data and methodology. Section 4 demonstrates the results of data analysis. Section 5 closes the paper with a conclusion.

2. LITERATURE REVIEW

Annual general meetings are a legal requirement for most types of companies and are important to corporate governance practice (Nasdaq Iceland and the Norwegian Confederation of Business, 2021). The meetings function as a primary platform for the different stakeholders to engage with the management level of a company to discuss and reach common decisions (Apostolides, 2010). In this respect, the companies' owners and shareholders are the primary stakeholders (Tricker, 2019). The fundamental issues AGMs are supposed to deal with are, amongst others, presenting, discussing, and agreeing on a company's financial statements, balance sheets, income statements, and cash flow statements. The shareholders' role is to review these financial performances and assess financial soundness. Strategy is another major matter to be discussed and decided on at AGMs. Then, shareholders vote at AGMs to elect the board of directors or other governing body members. This is a major governance matter, where this is how shareholders have a say in boards' nominations. On behalf of the shareholders, boards oversee the company's management and strategy. Another vote has to do with deciding on the auditors of companies. Auditors are important to corporate governance, where they are supposed to review and approve companies' financial records and provide their independent assessment of the soundness of the records. Hence, auditors are supposed to be external agents, providing other external stakeholders like shareholders vital information about a company's financial health. Even though boards act on behalf of shareholders, key decision-making takes place at AGMs (Sjöstrand et al., 2016). As such, AGMs act as platforms for discussion and decision-making on major issues like mergers or acquisitions, large-scale investments, and all decisions made on companies' bylaws. It is, therefore, of vital importance that AGMs are conducted in a transparent and accountable way. All shareholders are supposed to be allowed to engage, whether with boards and/or management, asking questions, participating in a dialogue, and voting. This would be called shareholder engagement and is an important part of good corporate governance. This brings about the importance of communication at AGMs, where those meetings are the means for the effective engagement of stakeholders (Apostolides, 2010).

Contemporary literature differentiates between three major AGM formats: physical, online, and hybrid. The physical format is the traditional way of conducting AGMs — management, the board, and shareholders come together in one location to meet and run the AGM. The online, or virtual, format is held via the Internet using software solutions for

digital communications. This format allows all members of top management, the board, and shareholders to attend virtually. The idea is that attendees of a virtual AGM will be able to interact, ask questions, vote, and participate in real-time, as they would at a physical meeting (Härmand, 2021). Additionally, a face-to-face AGM meeting can create improvisation and unexpectedly raise critical questions by attendants in an otherwise very structured setting (Catasús & Johed, 2007). A hybrid AGM combines physical and online meetings; participants can attend the meeting either online or physically. This removes the need for participants to be in the exact physical location but lets them join in person. Given the greater flexibility to accommodate shareholder preferences regarding how to attend the AGM, the hybrid format can potentially ensure higher attendance and engagement than the other formats (Härmand, 2021).

Online and hybrid AGMs require a real-time broadcast of the meeting, two-way communication of participants, and the possibility of exercising voting rights in person or by proxy before or during the AGM (Härmand, 2021). There has been some debate regarding the practice of online AGMs during the past decade (Brochet et al., 2023; Gao et al., 2020). One view suggests that the online format makes AGMs more accessible, transparent, and efficient to meet the corporate governance needs of shareholders. Lower costs associated with not having to travel may facilitate shareholder participation (Gao et al., 2020). In contrast, physical AGMs typically require shareholders to attend meetings on-site, which can reduce shareholder participation. Gao et al. (2020) also state that critics of online AGMs assert that such meetings are of limited value because: a) online participation is a poor substitute for “looking management in the eye”; b) large shareholders will most likely attend the meeting anyway, whereas minority shareholders will still lack the incentive to participate because of their small stake in the firm; and c) even if minority investors actively participate in online meetings, too much intervention by minority investors may be value-destroying (Jensen (1993), and Lipton and Rosenblum (1991), for a discussion of minority investors’ participation in AGMs).

Shareholder attendance and participation are vital components of a successful AGM and corporate governance in general (Brochet et al., 2023; Gao et al., 2020; Easterbrook & Fischel, 1983; Pound, 1991; Schwartz-Ziv, 2021; Shleifer & Vishny, 1986) argued that the incentive for a shareholder to take an active role in corporate governance depends on the shareholder’s ownership and monitoring costs. Shareholders are more likely to monitor a firm’s management decisions if they are larger investors and their cost of monitoring is low, or both (for the disadvantages of shareholders with small shareholdings in corporate governance (Williamson, 1964; Grossman & Hart, 1980; Khalfan & Wendt, 2020).

Shareholder participation in annual meetings has been low among listed firms because of the diffused ownership structure and the inconvenience of physically attending meetings. For example, Gao et al. (2020) found that online AGMs in China increased shareholder participation from 2005 to 2017, mainly regarding minority investor participation. The effect was even more

pronounced when the cost of physically attending was higher. Furthermore, the impact of online AGMs on shareholder participation was more significant for firms with dispersed ownership.

They also found that online AGMs likely increased shareholder value because of more active communication between managers and shareholders and, consequently, better corporate governance and lower costs of running large AGMs online than physically. The improved governance due to online AGMs relates to “a higher likelihood of a proposal being vetoed, higher executive pay-performance sensitivity, fewer earnings manipulation, and less tunneling by controlling shareholders” (Gao et al., 2020, p. 1031). Analyzing the use of different AGM formats in Iceland and how stakeholders, in particular shareholders, CEOs, boards of directors, and compliance officers, assess these formats is interesting and relevant from an Icelandic perspective and a broader international point of view. Companies worldwide have been using AGM formats, such as online and hybrid, which most have not been used to before. In most instances, the shift from a physical to an online or hybrid format must happen very quickly. This, however, also means that their decision on how to execute an AGM was in many instances not based on a lot of experience or even academic research on the degree to which the different formats fit the purpose of AGMs. Research is still scarce when it comes to analyzing the effectiveness and efficiency of the new AGM formats due to the rapid pace of the transition. Our paper contributes to the literature on different AGM formats and, hence, addresses the current gap in the literature.

3. DATA AND METHODOLOGY

Two questionnaire-based surveys of shareholders, board members, CEOs, and compliance and investor relations officers of Icelandic-listed companies were applied, the first in March 2021 and the second in May 2022. The first survey focused on the stakeholders’ assessment of online AGMs because the online format was used in 2021 due to COVID-19 restrictions. The questionnaire was fundamentally revised for the survey in 2022 because, in that transition year, many Icelandic companies used a hybrid format for their AGMs. Even though this means that a comparison of 2022 and 2021 is complicated, the overall approach and the questions included still allow an insightful comprehensive assessment of the participant’s views.

Participants received e-mails where links to online surveys were provided. The e-mail addresses were obtained from the Chamber of Commerce Iceland, Nasdaq Iceland, and the Association of Icelandic Employers. While the lists of potential participants in 2021 and 2022 included largely the same individuals, the two lists are not identical. First, some potential participants changed jobs, meaning they might have participated in 2022 in a different role or as another type of stakeholder than in 2021. Second, we updated the list for 2022 to account for changes in positions. Overall, 66 and 73 respondents participated in the surveys, respectively.

The questionnaire in March 2021 included six sections: 1) background questions; 2) questions on

decision-making regarding the AGM format due to COVID-19 restrictions; 3) questions related to the online meeting format; 4) open-ended questions regarding alternative meeting formats; 5) a special section for compliance officers regarding which legal issue must be evaluated when changing the format to an online AGM; and 6) a special section for shareholders regarding the possibility of a separate shareholder pre-meeting before the AGM. When reporting the results from the 2021 survey, we focus on the responses in the third and fourth sections of the questionnaire, i.e., participants' experience in online and physical AGMs.

The May 2022 questionnaire included three sections: 1) background questions; 2) questions on online, hybrid, and physical AGMs; and 3) questions on expectations about AGM formats in the future. The background questions mainly asked about the primary role in which the respondents attended AGMs in 2021 and 2022. Subsequent questions asked whether or not they had participated in a hybrid AGM in 2021 and/or 2022 (similarly for online AGMs) and if so, how they assessed various items related to the AGM on a five-point Likert scale, ranging from 1 = "Strongly disagree" to 5 = "Strongly agree", including questions regarding shareholder attendance, the interaction between participants, monitoring of the CEO, the efficiency of the voting process, etc. The items were based on the purpose of AGMs as discussed above and required by regulation. Regarding the questions related to power balance during the AGMs, participants were asked to assess the power of shareholders, boards of directors, and top managers during the AGM on a scale from 1 = "Far too little power", to 5 = "Far too much power".

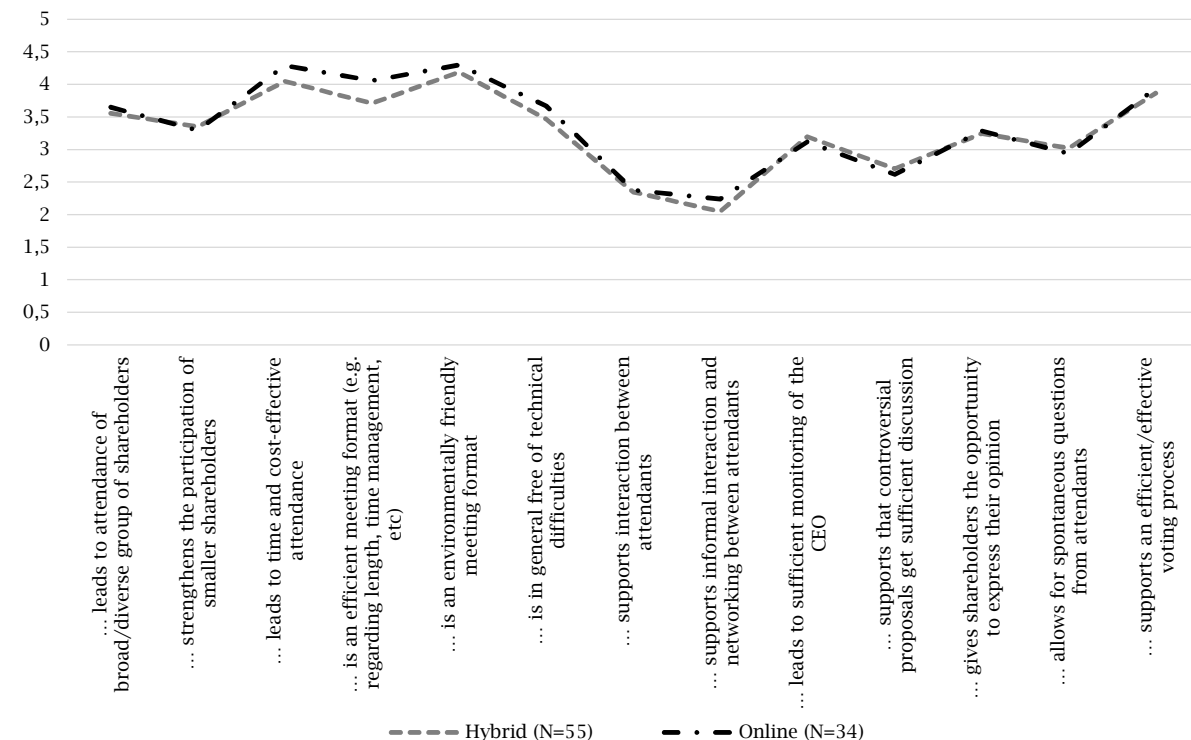
Two open-ended questions were added on each AGM format's primary strengths and weaknesses (online, hybrid, physical). The final two questions asked about the AGM format that participants in the survey thought would be used in the near future and which format they consider the best format for AGMs.

An alternative research methodology that could be used in the future to explore the research questions would be to conduct in-depth interviews with the various stakeholder groups.

4. RESULTS AND DISCUSSION

Out of the 73 respondents of the 2022 survey, 55 had participated in a hybrid AGM, and 34 had participated in an online AGM. Figure 1 displays the respondents' assessment of the hybrid and online format on a scale from 1 = "strongly disagree" to 5 = "strongly agree" in the 2022 survey. The responses are very similar for both formats. Both for the hybrid and the online form, participants agree most to the statements that the format is environmentally friendly, results in time and cost-effective attendance, supports an efficient/effective voting process, is an efficient meeting format, and results in attendance of a broad/diverse group of shareholders. The results are also similar for hybrid and online forms for the items that the participants agree the least with, such as informal interaction and networking between attendants, interaction and networking between attendants, controversial proposals getting sufficient discussion, and spontaneous questions from attendants.

Figure 1. Participants' assessment of hybrid and online AGMs



Note: Mean values; 1 = "Strongly disagree", 5 = "Strongly agree".

Responses by stakeholder group are presented in Table 1 (hybrid AGMs) and Table 2 (online AGMs).

CEOs and board members were seen to agree to remarkably similar degrees to the statements. CEOs

were, though, more convinced than board members that the hybrid format is environmentally friendly and efficient regarding length and time management. Moreover, CEOs reported fewer technical difficulties, while board members were more convinced that the hybrid format led to time and cost-efficient attendance. Shareholders were less confident than others that the hybrid format strengthens the participation of smaller shareholders, encourages controversial proposals to get sufficient debate, and leads to appropriate oversight of the CEO. Shareholders largely agreed that hybrid is a compelling meeting

format with an efficient and effective voting process. Compared to the other groups, compliance officers agreed more that hybrid AGMs promoted attendance of a broad group of shareholders, supported participation of small shareholders, led to time and cost-effective attendance and interaction between attendants, and led to acceptable oversight of the CEO. They also agreed that the hybrid format allowed sufficient discussion of controversial proposals, allowed shareholders to express their opinions, and allowed for spontaneous questions from attendants.

Table 1. Stakeholders' view toward hybrid AGMs

<i>The hybrid AGM format</i>	<i>CEOs</i>	<i>Board</i>	<i>Shareholders</i>	<i>Compliance officers</i>	<i>All respondents</i>
	<i>N = 11</i>	<i>N = 19</i>	<i>N = 6</i>	<i>N = 12</i>	<i>N = 55</i>
"... leads to attendance of broad/diverse group of shareholders"	3.36 (0.81)	3.53 (0.96)	3.50 (1.64)	3.83 (1.03)	3.56 (0.98)
"... strengthens the participation of smaller shareholders"	3.27 (0.79)	3.32 (0.95)	2.83 (1.33)	3.67 (1.30)	3.35 (1.08)
"... leads to time and cost-effective attendance"	3.55 (1.13)	3.89 (0.99)	4.00 (1.10)	4.42 (0.67)	4.05 (0.97)
"... is an efficient meeting format (e.g., regarding length, time management, etc.)"	3.64 (0.67)	3.37 (1.34)	4.17 (1.17)	4.00 (1.21)	3.71 (1.15)
"... is an environmentally friendly meeting format"	4.27 (0.47)	3.89 (0.68)	3.83 (1.60)	4.33 (0.65)	4.19 (0.80)
"... is in general free of technical difficulties"	3.55 (0.93)	3.26 (1.10)	3.67 (0.82)	3.42 (1.31)	3.47 (1.03)
"... supports interaction between attendants"	2.27 (0.79)	2.05 (1.03)	2.33 (1.75)	2.58 (1.24)	2.35 (1.14)
"... supports informal interaction and networking between attendants"	1.91 (1.04)	2.05 (0.97)	1.83 (1.17)	2.17 (1.11)	2.05 (1.01)
"... leads to sufficient monitoring of the CEO"	2.82 (0.87)	2.89 (0.83)	2.67 (1.37)	3.92 (0.99)	3.20 (1.04)
"... supports that controversial proposals get sufficient discussion"	2.55 (0.93)	2.53 (0.77)	2.17 (1.33)	3.17 (0.84)	2.71 (0.98)
"... gives shareholders the opportunity to express their opinion"	3.09 (0.94)	2.95 (0.91)	2.83 (1.17)	3.83 (0.94)	3.25 (1.06)
"... allows for spontaneous questions from attendants"	2.73 (0.90)	2.79 (1.08)	2.83 (0.98)	3.58 (1.12)	3.02 (1.11)
"... supports an efficient/effective voting process"	3.45 (0.82)	3.42 (1.02)	4.50 (0.55)	4.42 (0.67)	3.87 (0.94)

Note: This table shows the 2022 survey results for the participants' view of hybrid AGMs regarding the items listed in the first column on a Likert scale from 1 = "Strongly disagree" to 5 = "Strongly agree". Columns two to five include the responses from CEOs, members of the board of directors (board), shareholders, and compliance officers, respectively. The last column presents the results across all respondents, also including respondents who do not categorize themselves as belonging to one of the four other groups. In total 55 out of the 73 survey respondents had participated in a hybrid AGM in 2021 and/or 2022 and answered the corresponding questions on hybrid AGMs. We report mean values with standard deviations in parentheses.

The differences in the responses between the different stakeholder groups for online AGMs are largely similar to the differences for the hybrid format. Compliance officers are even more strongly convinced than other groups that the online format fulfils the requirements. However, it is necessary to

interpret the results for the stakeholder groups with caution due to the small sample size for each group, which did not allow to meaningfully conduct tests of equality between groups to conduct tests of equality between groups meaningfully.

Table 2. Stakeholders' view toward online AGMs (Part 1)

<i>The online AGM format</i>	<i>CEO</i>	<i>Board</i>	<i>Shareholders</i>	<i>Compliance officers</i>	<i>All respondents</i>
	<i>N = 6</i>	<i>N = 12</i>	<i>N = 6</i>	<i>N = 4</i>	<i>N = 34</i>
"... leads to attendance of broad/diverse group of shareholders"	3.00 (0.63)	3.75 (0.62)	3.83 (1.60)	4.25 (0.50)	3.65 (0.88)
"... strengthens the participation of smaller shareholders"	3.33 (1.21)	3.45 (1.04)	2.83 (1.21)	4.25 (0.96)	3.30 (1.13)
"... leads to time and cost-effective attendance"	3.83 (0.98)	4.08 (0.79)	4.33 (0.82)	5.00 (0.00)	4.29 (0.84)
"... is an efficient meeting format (e.g., regarding length, time management, etc.)"	3.67 (1.03)	3.91 (0.94)	4.00 (0.89)	5.00 (0.00)	4.06 (0.97)
"... is an environmentally friendly meeting format"	4.33 (0.82)	4.18 (0.75)	3.83 (1.47)	5.00 (0.00)	4.30 (0.92)
"... is in general free of technical difficulties"	3.33 (1.03)	3.64 (0.67)	3.33 (1.21)	4.50 (0.58)	3.67 (0.92)
"... supports interaction between attendants"	2.33 (1.34)	2.33 (0.65)	2.50 (1.48)	2.75 (0.96)	2.38 (1.10)

Table 2. Stakeholders' view toward online AGMs (Part 2)

The online AGM format	CEO	Board	Shareholders	Compliance officers	All respondents
	N = 6	N = 12	N = 6	N = 4	N = 34
"... supports informal interaction and networking between attendants"	2.50 (1.22)	2.17 (1.03)	2.00 (1.55)	2.25 (0.96)	2.24 (1.18)
"... leads to sufficient monitoring of the CEO"	2.83 (0.75)	3.08 (0.67)	2.83 (1.60)	4.25 (0.96)	3.12 (1.04)
"... supports that controversial proposals get sufficient discussion"	2.50 (0.84)	2.45 (0.90)	2.67 (1.63)	3.50 (0.58)	2.62 (1.02)
"... gives shareholders the opportunity to express their opinion"	2.83 (0.98)	3.25 (0.75)	3.00 (1.27)	4.50 (0.58)	3.29 (0.97)
"... allows for spontaneous questions from attendants"	2.83 (0.98)	2.92 (1.24)	2.67 (1.51)	3.25 (0.96)	2.94 (1.18)
"... supports an efficient/effective voting process"	3.40 (1.34)	3.64 (0.92)	4.33 (0.52)	5.00 (0.00)	3.94 (0.95)

Note: This table shows the 2022 survey results for the participants' view of online AGMs regarding the items listed in the first column on a Likert scale from 1 = "Strongly disagree" to 5 = "Strongly agree". Columns two to five include the responses from CEOs, members of the board of directors (board), shareholders, and compliance officers, respectively. The last column presents the results across all groups of respondents, also including respondents who do not categorize themselves as belonging to one of the four other groups. In total 34 out of the 73 survey respondents had participated in an online AGM in 2021 and/or 2022 and answered the corresponding questions on online AGMs. We report mean values with standard deviations in parentheses.

The results on the power balance in hybrid and online AGMs are presented in Panel A and Panel B of Table 3, respectively. On average, shareholders are generally assessed as gaining too little power, with even less strength in online AGMs than in hybrid AGMs. No single participant states that shareholders obtain too much power. The influence of the board of directors in hybrid and online AGMs is considered appropriate or a bit too high. None of the single

participants thinks that the board has too little weight. The same response pattern is observed for the influence of top managers. Among the groups of respondents, compliance managers were convinced to the most significant degree that the power balance between shareholders, boards of directors and top management is appropriate in hybrid and online AGMs.

Table 3. Stakeholders' view on how much power various stakeholders get in hybrid and online AGMs

Panel A: How much power do shareholders; boards of directors and top managers get in hybrid AGMs?						
Participants	CEO	Board	Shareholders	Compliance officer	Other	Total
Shareholders	2.73 (0.47)	2.79 (0.54)	2.50 (0.55)	2.92 (0.29)	2.86 (0.38)	2.78 (0.46)
Boards of directors	3.09 (0.30)	3.16 (0.50)	3.33 (0.50)	3.00 (0.00)	3.14 (0.38)	3.13 (0.39)
Top managers	3.00 (0.00)	3.26 (0.56)	3.33 (0.52)	3.00 (0.00)	3.00 (0.00)	3.13 (0.39)
Panel B: How much power do shareholders; boards of directors and top managers get in online AGMs?						
Shareholders	2.50 (0.55)	2.55 (0.52)	2.33 (0.82)	3.00 (0.00)	2.67 (0.82)	2.53 (0.61)
Boards of directors	3.33 (0.52)	3.00 (0.00)	3.33 (0.52)	3.00 (0.00)	3.50 (0.84)	3.22 (0.49)
Top managers	3.17 (0.41)	3.00 (0.47)	3.50 (0.84)	3.00 (0.00)	3.33 (0.82)	3.19 (0.59)

Note: This table shows the 2022 survey results for the participants' views on the power balance in hybrid AGMs (Panel A) and online AGMs (Panel B). They assess the power of shareholders, boards of directors and top managers on a five-point scale from "Far too little power" to "Far too much power". We report mean values and standard deviations in parentheses. A mean value of 3.0 corresponds to an appropriate amount of power. Columns two to six include the responses from CEOs, members of the board of directors (board), shareholders, compliance officers, and others, respectively. The last column presents the results across all respondents. In total 55 and 34 out of the 73 survey respondents had participated in a hybrid and online AGM, respectively, in 2021 and/or 2022 and answered the corresponding questions on hybrid AGMs.

As shown in Table 4, about two-thirds of the respondents think that AGMs in the near future will be held using the hybrid meeting format. Only 7% believe that AGMs will be kept fully online, while 23% think that AGMs will be held as physical meetings. Among the group of compliance officers,

80% believe that hybrid AGMs will prevail, but only 20% think so for the physical and none for the online AGMs. Even though the majority of CEOs also mention that AGMs will be held as hybrid meetings, 36% still think that meetings will be held physically.

Table 4. Stakeholders' view on which AGM format firms will use for AGMs in the near future

Format	CEO		Board		Shareholders		Compliance officer		Other		All respondents	
	N	%	N	%	N	%	N	%	N	%	N	%
Fully online meeting		0%	2	11%	1	11%		0%	2	17%	5	7%
Hybrid meeting	9	64%	12	63%	6	67%	12	80%	7	58%	46	67%
Physical meeting	5	36%	4	21%	2	22%	3	20%	2	17%	16	23%
I do not know		0%	1	5%		0%		0%	1	8%	2	3%
Total	14	100%	19	100%	9	100%	15	100%	12	100%	69	100%

From the 2021 survey, we report the results of the open-ended questions on opportunities and challenges with online and physical AGM formats. Table 5 and Table 6 present the results. Similar questions in the 2022 survey yielded similar responses and were not reported. Participants saw both opportunities and challenges with the physical

AGM format. Opportunities lie primarily in the richness of communication and opportunities for network building, both of which can foster trust. The other side of the same coin presents challenges of this format as those attending meetings might be less willing to express their opinions. Some do not attend because of the strict meeting format, travel

time, and/or expenses. Opportunities with the online AGM format address some of the challenges with the physical ones, e.g., travel, providing a “buffer”

between participants that might aid conversation, and putting minor shareholders more at ease while participating.

Table 5. Open-ended questions about opportunities and challenges with physical AGM format according to different stakeholders in 2021

<i>Opportunities with physical AGM format</i>	<i>Challenges with physical AGM format</i>
• Can “read the room” better.	• Attendance is poorer.
• Communication is richer and more direct, one can read into body language, ask questions, initiate inquiries or comment on issues discussed, and more impromptu questions if needed.	• Accessibility is hindered (travelling time cost, and timing).
• Conventional dialogue between shareholders and management.	• The formal set-up is tiresome.
• Shareholders can ask more challenging questions and challenge the management and board effectively. The power balance between various stakeholders is more balanced.	• Length of the meeting (too long) and time-consuming.
• Shareholders can interact (networking, and informal discussion, which grants shareholders an opportunity to express their views and exchange opinions.	• Some may find it hard to state their opinion or communicate in a big physical meeting.
• Physical meetings are more “dynamic”.	• Smaller stakeholders do not attend.
• Building trust.	
• Attention to the meeting — attendees are not multitasking.	

Table 6. Open-ended questions about opportunities and challenges with online AGM format according to different stakeholders in 2021

<i>Opportunities with online AGM format</i>	<i>Challenges with the online AGM format</i>
• Better attendance, higher attendance numbers.	• Security risk.
• Accessibility, convenience, easier access, reduced cost, and reduced travelling hindrances.	• Costly.
• Equal access for all shareholders, local vs travelling.	• The danger of technical difficulties.
• Accurate and quick voting. The smooth voting process, and effective voting system via mobile.	• Lack of personal communication and interaction.
• Efficiency, less meeting time, shorter meetings, more to the point, and time-saving.	• The disconnect between shareholders and management.
• Communication: Some may find it easier to write down questions rather than speak up in the meeting.	• Less dynamic in conversations.
• Will increase the participation, voice, and power of smaller and younger shareholders. Smaller shareholders’ participation will increase.	• Shareholders lack know-how regarding questioning and voting.
• More people will write questions or speak up.	• The shift in the power balance in favour of the board/management.
• Environmentally friendly.	• Less dialogue and discussion (more formal speeches)
	• Attendants are distracted by other matters
	• “Can’t read the room”/more difficulty sensing the atmosphere of the meeting.
	• More formal set-up.
	• Staying in control of the meeting and discussion (meeting management).

5. CONCLUSION

This paper aimed to analyze stakeholders’ experience with transforming AGM formats. The participants in this research are generally satisfied with their experiences with online and/or hybrid AGMs. The survey respondents state that the online format makes AGMs more accessible, transparent, and efficient in meeting the corporate governance needs of shareholders which is in line with Gao et al. (2020) findings. They consider hybrid and online AGMs efficient and environmentally friendly. With regard to the required possibility of exercising voting rights as one core element of AGMs, as pointed out by Härmand (2021), technical difficulties or problems with voting processes are of no significant concern from the survey participants’ point of view. Hybrid and online AGMs are considered to promote the attendance of a diverse group of shareholders, but not necessarily of small shareholders which is also included in the criticism presented by Gao et al. (2020). Concerns exist about sufficient discussion of controversial proposals, oversight of the CEO, and interaction between attendees, this means the participants do not really

see more engagement and interaction as a positive effect of online or hybrid formats as proposed by Härmand (2021). Lower costs associated with not having to travel may facilitate shareholder participation, whereas physical AGMs typically require shareholders to attend meetings on-site, which can reduce shareholder participation.

Critics of online AGMs assert that such meetings are of limited value because online participation is a poor substitute for “looking management in the eye”. They point out that large shareholders will most likely attend the meeting anyway. In contrast, minority shareholders will still lack the incentive to participate because of their smaller stake in the firm (Gao et al., 2020).

Based on the survey responses, the hybrid AGM format seems to be the AGM format that will dominate in the future. Shareholders who prefer to attend physically can do so. In contrast, shareholders, primarily those with small shareholdings for whom physical attendance might be too expensive or burdensome, can benefit from online access to hybrid AGMs. Therefore, the hybrid AGM format appears to be the most inclusive format. However, it does not fully solve the cost-benefit obstacle

shareholders with small ownership portions face in corporate governance. The hybrid AGM format is, though, the most complex format because two groups of participants — those who attend physically and those who are online — need to be integrated into the flow of the meeting. Some might fear a reduction of meeting efficiency and effectiveness if many shareholders with a small share of the voting rights attend online, ask questions, and intentionally or unintentionally bring a disruptive element to the meeting. Given the rapid evolution of communication technology, AGM formats will continue evolving rapidly, and some of the challenges might be solved along this development.

Online and hybrid AGMs will be on the rise. Some countries still did not allow online or hybrid

AGMs when COVID-19 hit but are changing the law so such formats will be allowed. Participants of this research are, in general, satisfied with their experiences of online and/or hybrid AGMs. Still, there are obstacles or challenges that more experience might solve. Online and hybrid AGMs require a real-time broadcast and two-way communication of participants. According to the very core of an AGM, there must be an effective way of exercising voting rights. The survey participants, who are from Iceland, responded that the online format makes AGMs more accessible, transparent, and efficient to meet the corporate governance needs of shareholders. Further research should though examine how this develops in the future and investigate developments in other countries as well.

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