



Corporate Governance Professionals in Georgia: Institutional Evolution and the Emergence of a New Legal Profession

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Abstract

This article examines the development of corporate governance professionals in Georgia as part of the country's broader institutional transformation since the early post-Soviet transition. While corporate governance scholarship has traditionally focused on formal structures such as boards, shareholders, and regulatory frameworks, this study shifts attention to the individuals and functions responsible for sustaining governance processes within corporations. Using a qualitative institutional analysis, the article traces the evolution of governance-related roles through four stages: weak institutionalization in the 1990s, the emergence of internal governance coordination during the 2000s, the differentiation of governance roles under the influence of international capital markets between 2010 and 2022, and the increasing complexity of governance frameworks following the adoption of the new Law on Entrepreneurs in 2022. The analysis draws on legislative developments, regulatory frameworks, and corporate governance practices, with particular attention to the banking sector as a leading driver of governance innovation. The article argues that corporate governance professionals in Georgia have emerged gradually as a response to increasing legal and organizational complexity rather than through formal legal recognition. While governance roles have become more structured and visible within corporate practice, they do not yet constitute a fully institutionalized profession. Instead, they represent an emerging field shaped

by institutional demand, regulatory development, and the need to translate legal frameworks into operational governance processes. The Georgian case demonstrates how professional roles can develop through institutional evolution and highlights the importance of governance-related expertise in supporting corporate decision-making. At the same time, the findings suggest that the future development of governance professionals remains contingent on broader structural factors, including market development, regulatory practice, and the continued maturation of corporate governance systems.

Keywords: Corporate governance; governance professionals; company secretary; legal professions; institutional development; emerging markets; Georgia; corporate law; professionalization; corporate governance reform

1. Introduction

Corporate governance in Georgia has changed significantly since the country's transition to a market economy in the early 1990s, following the collapse of the Soviet Union. Over the past three decades, governance practices have developed alongside legal reforms, economic growth, financial sector expansion, and the growing integration of Georgian companies into international capital markets. Within this broader process, a new role has gradually emerged: the corporate governance professional - a specialist working at the intersection of law, governance structures, institutional design, and corporate decision-making.

Corporate governance is commonly defined as the system by which companies are directed and controlled (OECD, 2023). Within this system, it is helpful to distinguish between different forms of professionalism. As Evetts explains, "occupational professionalism is a discourse constructed within professional occupational groups and incorporates collegial authority" (Evetts, 2010, p. 9). Governance roles in corporations, however, tend to reflect organizational professionalism. They are shaped more by internal structures, accountability requirements, and regulatory expectations than by formal professional closure. This distinction is particularly important in emerging and transitional contexts, where professional boundaries are still evolving.

For the purposes of this article, a "corporate governance professional" is an organizational actor responsible for the design, coordination, and maintenance of governance structures and processes - especially those involving management, boards, and shareholders. The role is distinct from, although often overlaps with, legal advisory, compliance, and administrative functions. Lawyers focus on interpreting and applying legal rules. Compliance officers are typically part of management and monitor

adherence to regulatory requirements and internal controls. Company secretaries represent a more institutionalized form of governance work, particularly in jurisdictions where the role is formally recognized. In Georgia, governance responsibilities often cut across these categories, which creates both flexibility and some conceptual ambiguity.

Despite their growing importance in practice, governance professionals remain at an early stage of development, particularly in post-Soviet jurisdictions such as Georgia. Research in the region has mostly focused on traditional legal professions - judges, advocates, prosecutors, and notaries - while governance-related roles have received little attention. At the same time, much of the corporate governance literature focuses on legal frameworks and board structures, rather than on the actors who maintain governance systems within organizations.

Georgia provides a useful case for examining how such roles emerge in a changing legal and economic environment. Since the early 1990s, the country has moved from the transplantation of foreign corporate law models towards a more complex governance landscape shaped by domestic regulation, international capital markets, and European legal approximation. This is similar to broader patterns seen in transition economies, where governance systems develop through the interaction of legal reform, market development, and organizational change.

This article examines the evolution of corporate governance professionals in Georgia and asks two main questions: how has this role developed since the early post-Soviet transition, and what factors have shaped its development?

The central argument is that the development of governance professionals in Georgia is best understood as a process of institutional evolution. It has not emerged primarily through formal recognition in law or the direct transplantation of international models. For simplicity, this process can be described in four broad stages: (i) legal transplantation and institutional formation in the 1990s; (ii) rapid economic expansion in 2000s; (iii) organizational maturity and internationalization in 2010s; and (iv) the adoption of the new Law on Entrepreneurs in early 2020s.

These stages are not strictly sequential. Elements of earlier phases continue alongside later developments, and the boundaries between them are not clear-cut. The framework is therefore a heuristic tool, not a strict model. Institutional evolution may be necessary for the emergence of governance professionals, but it is not sufficient on its own. Outcomes depend on factors such as market structure, regulatory intensity, and organizational demand.

As governance systems become more complex, regulatory expectations increase, and companies integrate more deeply into international markets, demand grows for individuals who can coordinate

governance processes. This is consistent with institutional theory, which suggests that professionalization and institutionalization often develop together rather than in sequence. As Suddaby and Viale note, “projects of professionalization and institutionalization occur simultaneously” (Suddaby and Viale, 2011, p. 426).

A similar argument appears in the sociology of professions. Abbott shows that professional groups emerge through claims over specialized areas of expertise (Abbott, 1988, p. 2). As governance becomes more complex, organizations require individuals who can translate legal rules into operational processes, define delegation and escalation mechanisms between boards, management, and shareholders, and sustain corporate decision-making through clear lines of accountability that prevent any single body from dominating. Over time, this dynamic can give rise to professional roles, even in the absence of formal legal recognition (Abbott, 1988, p. 8).

This article does not argue that governance professionals in Georgia already form a fully developed profession. Instead, it shows how the role has gradually developed key features of professionalization, including specialized expertise, greater importance within organizations, and growing institutional recognition.

The article contributes to three areas of literature. First, it contributes to corporate governance scholarship by shifting attention from formal structures to the actors who operate them. Second, it contributes to the sociology of professions by examining how new professional roles emerge outside traditional pathways of legal recognition. Third, it contributes to the study of post-socialist institutional development by showing how new roles can develop through gradual institutional change rather than formal design.

The article does not aim to measure the governance profession empirically or to claim that it is already fully institutionalized. Instead, it offers an analytical account of an emerging field shaped by institutional development. At the same time, the development of governance-related roles remains uneven and subject to structural constraints, including variations in governance maturity across companies, limited formal recognition, and the evolving nature of corporate governance practice in emerging markets.

2. Methodology

This article adopts a qualitative, institutionally grounded approach to examine the development of corporate governance professionals in Georgia. The analysis focuses on the interaction between legal frameworks, regulatory developments, and evolving corporate practices, and how these have shaped governance-related roles within Georgian corporations. In this context, the effectiveness of transplanted legal frameworks depends not only on their origin but also on how they are received and adapted. As Berkowitz et al.

observe, “the ‘transplant effect’ is a more analytically significant predictor of legality than the supply of a particular legal family” (Berkowitz et al., 2003, p. 168). This highlights the importance of institutional context in shaping governance practices.

The primary legal sources include the Law on Entrepreneurs of Georgia (1994 and 2022), the Law on Securities Market (1998), the Law on Commercial Bank Activities (1996), and the Corporate Governance Code for Commercial Banks adopted by the National Bank of Georgia in 2018. The analysis also considers broader regulatory developments, particularly in the banking sector, which has often served as a leading area for the introduction and diffusion of more advanced governance standards.

The study follows a historically informed developmental approach. It identifies key stages in the evolution of corporate governance and examines how these stages have influenced the emergence, specialization, and gradual professionalization of governance roles. In doing so, it places the Georgian experience within the broader literature on legal professions and institutional transformation in post-socialist and emerging-market contexts.

Methodologically, the article combines doctrinal and institutional analysis. Legal rules are treated not only as formal norms, but also as instruments that shape organizational practices and professional expectations. The analysis therefore proceeds on two levels. First, it traces the development of the formal legal framework. Second, it examines how this framework has influenced the practical roles of those responsible for governance within corporations. This dual perspective is particularly relevant in Georgia, where governance roles have developed only partly through formal legal recognition and more significantly through evolving institutional demand.

The analysis relies primarily on legal and regulatory sources, institutional documents, and informed observation of professional practice. It does not employ quantitative methods. Instead, it uses a qualitative approach that interprets legislative developments, regulatory frameworks, and observable corporate practices as indicators of changing governance structures and roles. The study does not include systematic empirical data on the distribution, training, or career paths of governance professionals. Its conclusions should therefore be understood as analytically grounded but indicative rather than definitive.

The analysis is also informed by the author’s involvement in expert processes related to the 2022 company law reform, as well as by professional experience in governance roles. This provides additional context on the institutional objectives and practical implications of legislative changes. At the same time, the analysis remains grounded in publicly available legal and regulatory materials.

Several assumptions should be made explicit. First, the article does not assume that governance professionals in Georgia constitute a fully institutionalized profession comparable to law or medicine. Rather, it examines an ongoing process of professionalization at its very early stage. Second, the Georgian case is treated as analytically useful, but not necessarily representative, given the country's relatively rapid reform trajectory, strong financial sector, and early integration into international capital markets. Third, although increasing institutional complexity is associated with the emergence of governance roles, the analysis does not assume a deterministic relationship. Whether such roles develop depends on whether organizations internalize governance functions or continue to rely on external legal and advisory support.

3. Institutional Foundations of Corporate Governance in Georgia

The development of corporate governance in Georgia has been closely linked to the country's broader economic transition and legal reforms following independence. Research shows that governance institutions typically evolve alongside changes in corporate structures, capital markets, and regulatory environments, rather than emerging suddenly through isolated legal reforms (Cheffins, 2015, p. 2). International assessments similarly suggest that Georgia has gradually built a governance framework aligned with many international standards, although its effectiveness has depended largely on enforcement and market practice (World Bank, 2005, pp. 5–6). This is similar to a broader pattern in transition economies, where enforcement often matters more than formal legal rules (Berglöf and Claessens, 2006, p. 125).

The first Law on Entrepreneurs, adopted in 1994, established the basic legal framework for corporate entities and introduced core governance mechanisms across different business forms. Influenced by continental European legal traditions, particularly German company law, it represented an early attempt to introduce structured governance models into the Georgian system. However, as research on legal transplants shows, formal adoption alone is not sufficient to ensure effective governance without supporting institutional development (Pistor, Raiser and Gelfer, 2000, p. 329).

Although the 1994 law introduced key concepts - such as supervisory boards, fiduciary duties, and basic internal governance mechanisms - it remained relatively high-level. It provided only a limited basis for practical implementation. As later acknowledged in the explanatory materials to the 2022 reform, the law did not fully address the increasing complexity of corporate relations, leaving important aspects of governance practice underdeveloped.

Over time, the law was amended repeatedly as policymakers responded to changing economic conditions and international standards. A key turning point came in 2008, when deregulation reduced the level of legislative detail and left important aspects of corporate governance outside effective statutory regulation. As noted in the explanatory materials to the later reform, this created uncertainty for both market participants and courts, particularly in resolving governance-related disputes.

At the same time, developments in capital market regulation introduced more advanced governance standards. The Law on Securities Market (1998) established disclosure and governance requirements for listed companies and market participants. Although initially limited in scope, it introduced important mechanisms related to transparency, disclosure, and fiduciary duties. Over time, amendments strengthened investor protection and supported the gradual development of capital market institutions. As widely recognized in the literature, disclosure and transparency are central to modern governance systems, as they enable investors and other stakeholders to assess corporate performance and governance quality (World Bank, 2005, pp. 8–10; OECD, 2023, pp. 67–68).

The banking sector has been another important driver of governance development in Georgia. The Law on Commercial Bank Activities established a governance framework for financial institutions and evolved through successive amendments that introduced increasingly rigorous requirements. The National Bank of Georgia played a central role in this process, adopting a proactive supervisory approach and promoting higher governance standards within banks.

Further progress was made through regulatory initiatives. In particular, the Corporate Governance Code for Commercial Banks adopted in 2018 introduced a comprehensive framework aligned with international best practices. Requirements related to the suitability and qualifications of bank administrators also raised governance expectations. As a result, banks became institutional leaders in governance development and, importantly, key environments where governance roles began to take a more structured and specialized form.

Judicial practice and legal scholarship have also contributed to the development of corporate governance in Georgia. Courts have increasingly addressed company law disputes, helping to clarify principles such as fiduciary duties, shareholder rights, corporate veil lifting, partner expulsion, and squeeze-out mechanisms. At the same time, legal scholarship has expanded its focus on corporate governance, supporting the conceptual development of the field.

Taken together, these legislative, regulatory, judicial, and academic developments created the institutional environment in which corporate

governance practices - and the roles supporting them - could emerge and evolve. Importantly, this process did not involve the formal creation of a distinct governance profession. A limited exception can be seen in banking regulation, where the company secretarial function is formally recognized, albeit at a high level. More broadly, governance roles developed gradually through the expansion and differentiation of responsibilities within corporate organizations. This institutional context provides the foundation for understanding how governance professionals in Georgia have become more specialized and strategically important over time.

4. Legal Transplantation and Weak Institutionalization (1990s)

While the staged framework used in this article provides a clear structure, alternative periodizations are possible. For example, the deregulatory phase of the late 2000s could be treated as a separate stage, marked by reduced legal detail and greater reliance on internal governance arrangements. Similarly, the period following the EU–Georgia Association Agreement in 2014 may be seen as a phase of accelerated regulatory convergence. The four-stage model used here prioritizes analytical clarity over historical detail and should be understood as a heuristic rather than a strictly linear account. Research on institutional change shows that transformation often occurs gradually, where “incremental shifts often add up to fundamental transformations” (Mahoney and Thelen, 2010, p. 2). In practice, the stages identified in this article may overlap and reflect dominant trends rather than clear-cut transitions.

The first decade after independence was marked by the simultaneous creation of a legal framework for corporate activity and the early emergence of corporate governance as both a legal and practical field. Although key legislation introduced formal governance structures, governance practices remained weakly developed. More broadly, governance in post-socialist economies reflects changing relationships between the state and private actors (Grosman, Okhmatovskiy and Wright, 2016, p. 226).

A defining feature of this period was the large-scale privatization of state-owned enterprises following the collapse of the Soviet economic system. The process was rapid and often lacked the gradual institutional transition typically associated with the development of market-based governance systems. As a result, many companies emerged with formal corporate structures in law but with limited internal governance capacity. Firms often lacked effective oversight mechanisms, transparent decision-making procedures, and reliable corporate documentation, which constrained the functioning of governance systems in practice (World Bank, 2005, pp. 6–7).

Although the Law on Entrepreneurs adopted in 1994 introduced corporate forms such as joint stock companies and limited liability companies, many of these entities existed largely as formal legal constructs. Institutional governance structures were often weak or absent, and companies frequently lacked basic corporate procedures, reliable shareholder registers, and properly maintained documentation. In many cases, corporatization took place through formal registration rather than through the development of functioning governance institutions.

These conditions created persistent governance challenges. Newly privatized companies often operated without clearly defined decision-making structures, internal control mechanisms, or established governance practices. Corporate records were frequently incomplete or unreliable, and even identifying shareholders could become difficult over time. The effects of these early weaknesses remain visible, including in post-2022 efforts to align legacy companies with updated legal requirements, where missing documentation and incomplete records continue to create practical difficulties.

Within this context, governance-related activities were limited to basic procedural functions, such as organizing meetings, maintaining corporate records, and ensuring minimum compliance with legal requirements. A distinct corporate governance profession had not yet emerged. Instead, these functions were typically performed by administrative staff, legal assistants, or members of executive offices responsible for coordinating documentation and communication related to corporate decisions. These activities were largely procedural and reactive, reflecting the limited development of governance institutions at the time.

Early governance actors in Georgia can therefore be understood as informal governance administrators rather than fully developed professionals. Their role focused on procedural coordination and record-keeping, rather than on the design, oversight, or strategic development of governance systems. However, these early functions provided the operational foundation for the more specialized roles that emerged later.

In this sense, the 1990s represent the formative stage of corporate governance development in Georgia. The basic legal framework was established, initial governance practices began to take shape, and early governance-related roles appeared within corporate structures. While limited in scope, these developments created the conditions necessary for the later evolution and professionalization of governance functions.

5. Deregulation and the Rise of Internal Governance Coordination (2000s)

The first decade of the twenty-first century was a period of significant institutional change in Georgia's economic and governance landscape. Following the Rose Revolution of 2003, the country introduced wide-ranging reforms aimed at improving the business environment, reducing corruption, strengthening public institutions, and supporting private sector growth. These reforms contributed to rapid economic expansion, increased entrepreneurial activity, and the development of companies operating in a more stable and predictable environment. This trajectory reflects broader patterns in transition economies, where corporate governance structures evolve alongside market liberalization and institutional reform (Grosman, Okhmatovskiy and Wright, 2016, p. 226).

At the same time, deregulation was a central part of the reform agenda. During the mid-2000s, policymakers reduced regulatory barriers to improve the investment climate and attract foreign capital. While this approach supported economic growth, it also had important implications for corporate governance. As later noted in the explanatory materials to the 2022 reform, the 2008 amendments simplified the Law on Entrepreneurs to such an extent that key aspects of corporate governance were no longer addressed in by legislation.

This dual effect is key to understanding governance during this period. Deregulation increased flexibility but also created a governance gap. Companies still needed structured decision-making processes, reliable documentation, and internal accountability mechanisms, but these were no longer clearly defined by law. As a result, responsibility for governance shifted from the legal framework to the corporation itself, increasing the need for internal coordination.

As companies grew and became more complex, they began to develop more structured internal governance mechanisms. This is widely seen as an important stage in the development of governance systems in emerging markets (World Bank, 2005, p. 8). Changes included more formal procedures for board and shareholder meetings, improved record-keeping, and clearer processes for documenting and implementing decisions. These developments are closely linked to broader trends in transparency and accountability, which are central to modern governance systems (OECD, 2023, p. 67). Compared to the largely informal practices of the 1990s, governance processes became more systematic and embedded within corporate structures.

This shift was accompanied by the emergence of more clearly defined governance-related functions within companies. Responsibilities that had previously been carried out by administrative personnel increasingly

migrated toward legally trained professionals, reflecting the growing need for interpretation and application of corporate law. This development was driven by a dual institutional gap: on the one hand, legislative frameworks did not sufficiently address key governance issues; on the other hand, established market practices capable of filling this gap had not yet developed.

As a result, new roles began to form around the coordination of board activities, the maintenance of corporate documentation, and the management of shareholder relations. The expansion of private capital and the growing scale of corporate operations, combined with underdeveloped governance mechanisms, contributed to an increase in conflicts both among shareholders and between shareholders and management. These tensions further reinforced the need for individuals capable of structuring and formalizing corporate decision-making processes.

At the same time, early compliance functions began to emerge, particularly within the financial sector, where interaction with regulators became more frequent and the importance of internal control systems increased. Although these functions remained closely linked to legal departments, they signaled the gradual differentiation of internal governance structures within corporations.

From an institutional perspective, such differentiation represents an early stage of professionalization. As organizational complexity increases, functions that were previously diffuse and informal tend to become more specialized, eventually giving rise to distinct professional roles. In the Georgian context, this process marked a transition from administrative governance support toward the emergence of governance-related legal expertise as a recognizable, though still evolving, professional field.

Another important factor was the growing international exposure of Georgian professionals. Increasing numbers of lawyers, economists, and business practitioners were educated and trained abroad, particularly in Europe and North America. On their return, they introduced international governance concepts and practices, which gradually influenced both corporate behavior and professional expectations. As a result, governance practices during this period were shaped not only by domestic developments but also by the diffusion of international standards.

Judicial practice also became more active during this period. Courts increasingly addressed company law disputes, helping to clarify principles related to fiduciary duties, shareholder rights, and governance structures often unaddressed by the legislation. The gradual development of case law contributed to a more predictable legal environment and reinforced the need for corporate actors capable of structuring decision-making processes in a legally consistent way.

This period represents a critical transitional stage in the evolution of corporate governance in Georgia. As corporate operations became more complex, governance responsibilities were increasingly internalized within companies, particularly in the context of reduced regulatory guidance following deregulation. At the same time, growing exposure to international practices contributed to the gradual diffusion of more structured governance approaches, expanding both the scope and importance of governance-related functions. In functional terms, governance roles evolved from informal administrative support toward more structured, legally oriented positions. Although still largely operational, these roles increasingly required legal interpretation, procedural coordination, and the management of emerging governance challenges within corporate structures. Governance thus shifted from a residual administrative function to an internally organized corporate capability, laying the institutional foundations for its subsequent development into a more specialized and strategically significant professional field.

6. Internationalization and the Emergence of Governance Roles (2010s)

Corporate governance practices in Georgia became significantly more sophisticated during the period between 2010 and 2022. This transformation was driven by a combination of institutional maturation, legal reform processes, and increasing integration into international capital markets. As corporate governance literature suggests, governance frameworks tend to evolve in complexity as firms expand, access external financing, and operate under heightened scrutiny from investors and regulators (Cheffins 2015, 6; OECD 2023, 23–24; World Bank 2005, 10).

A first important development was the consolidation of domestic institutional capacity. Courts, regulatory authorities, and administrative bodies became more experienced and consistent in addressing corporate and commercial matters. Judicial practice concerning fiduciary duties, shareholder rights, and governance obligations developed further, contributing to a more predictable legal environment. In parallel, the ongoing work on the new Law on Entrepreneurs, initiated in 2013, stimulated extensive professional discussions and training initiatives. These processes contributed to the gradual diffusion of more advanced governance concepts within the legal and business community, even prior to the formal adoption of the new legislation.

A second and more transformative development was the increasing influence of international capital markets. The inclusion of major Georgian banking groups in the FTSE 250 index exposed them to international investors, foreign governance frameworks, and heightened disclosure and

accountability requirements. As listed entities, these institutions were required to adopt governance arrangements consistent with international standards, including independent board structures, specialized board committees, enhanced disclosure practices, and formalized internal governance procedures. Access to capital markets, as widely recognized, is closely associated with stronger governance standards and improved transparency (World Bank 2005, 10–11).

These developments had a direct impact on internal organizational structures. Large corporations, particularly in the financial sector, began to build more structured governance infrastructures, including dedicated legal, compliance, and governance functions. Initially, governance responsibilities remained largely embedded within legal departments. However, as governance frameworks became more complex and procedural requirements expanded, purely legal expertise proved insufficient. The need emerged for roles focused not only on legal interpretation, but also on the coordination of governance processes, the organization of board and committee work, and the maintenance of governance systems over time.

It is within this context that the first clearly identifiable corporate governance professionals began to emerge in Georgia. These roles developed out of legal functions but gradually differentiated themselves through a distinct focus on governance architecture and board effectiveness. Governance practitioners were no longer limited to interpreting legal norms; they increasingly became responsible for structuring decision-making processes, coordinating board activities, managing governance documentation, and facilitating communication between boards, management, and regulators.

A particularly important development during this period was the emergence and institutionalization of company secretarial functions. Influenced by international governance frameworks, particularly the UK Corporate Governance Code, leading Georgian institutions introduced dedicated governance roles responsible for supporting board effectiveness, ensuring procedural integrity, and coordinating governance processes. Notably, TBC Bank became the first Georgian company to establish an in-house company secretarial function staffed by professionals holding the Chartered Governance Professional qualification of the United Kingdom and Ireland, widely regarded as a leading international benchmark in the field. This market-driven development was reinforced at the regulatory level through the Corporate Governance Code for Commercial Banks adopted by the National Bank of Georgia in 2018, which formally recognized governance-related functions within the domestic framework. Together, these developments contributed to the institutionalization of governance

roles and accelerated the transition from legally embedded support functions toward a distinct governance profession.

At the same time, regulatory expectations regarding corporate governance became more sophisticated. Supervisory authorities introduced requirements relating to board independence, fit-and-proper assessments, internal control systems, and governance processes. These developments significantly increased the complexity of governance frameworks and reinforced the need for specialized expertise within organizations.

The increasing complexity of governance frameworks had a direct impact on the role of governance professionals. Their responsibilities expanded to include advising boards on governance matters, coordinating internal governance structures, facilitating communication between boards and executive management, and overseeing governance reporting and disclosure processes. The effectiveness of such roles depends not only on formal responsibilities but also on their capacity to influence board processes and support decision-making (Kakabadse, Khan & Kakabadse 2016, 340; Mallin 2013, 3–4).

The expansion of board committee structures further reinforced the need for dedicated governance coordination. Audit, risk, remuneration, and nomination committees required structured processes, documentation, and ongoing oversight. Governance professionals increasingly acted as central coordinators of these mechanisms, ensuring that governance procedures were consistently applied and aligned with regulatory and institutional expectations. In this respect, the governance function became essential to the effective operation of corporate governance systems within organizations (IFC 2016, 3–5; CIPC 2017, 4).

Overall, this period represents a decisive phase in the transition from legally embedded governance roles to a more distinct governance profession. While earlier stages were characterized by administrative or lawyer-led support functions, the developments between 2010 and 2022 led to the emergence of governance professionals as specialized actors with a clearer functional identity within corporate structures. Their role combined legal knowledge, governance coordination, regulatory interaction, and responsibility for the effective operation of board and committee processes. In leading institutions, particularly in the banking sector, these developments were accompanied by formal recognition of governance-related roles, including the company secretarial function. This period therefore laid the institutional foundation for the broader consolidation and expansion of the profession in the following stage.

7. **Legislative Complexity and the Institutionalization of Governance Functions (2020s)**

The most recent stage of corporate governance development in Georgia began with the entry into force of the new Law on Entrepreneurs on 1 January 2022. This reform represents the most comprehensive modernization of Georgian company law since the 1990s and is closely connected to the country's commitments under the European Union–Georgia Association Agreement signed in 2014. As reflected in the explanatory materials, the reform aimed to strengthen the legal framework governing entrepreneurial activity, regulate internal corporate relations in greater detail, and improve transparency.

It is widely recognized that strengthening corporate governance frameworks requires more than legislative reform alone. Effective governance depends not only on formal rules, but also on the ability of institutions and corporate actors to apply those rules in practice. In this respect, recent developments in Georgia have combined legislative reform with regulatory oversight, institutional development, and professional capacity building. The adoption of the new Law on Entrepreneurs, alongside developments in securities regulation and governance codes for banks and listed companies, has contributed to a more coherent and structured governance framework (EBRD 2024, 5).

The 2022 reform replaced a relatively concise and fragmented legislative framework with a significantly more detailed and systematic company law regime. The explanatory materials made clear that the previous law could no longer adequately address the growing complexity of corporate relations and that limited statutory guidance had contributed to legal uncertainty and disputes. The reform therefore introduced clearer rules and strengthened the internal governance architecture of companies.

A central objective of the reform was the approximation of Georgian company law to European Union standards. The legislation implemented a number of EU directives covering key areas of corporate governance, including disclosure and transparency, capital maintenance, shareholder rights, corporate restructuring, and cross-border requirements. Through this process, Georgian corporate law incorporated a broader set of governance principles developed within the European legal framework.

From the perspective of corporate practice, the most significant impact of the reform lies in how it reshapes the internal organization of governance. The law introduces more detailed rules on corporate organs, fiduciary duties, shareholder decision-making, and procedural safeguards, particularly in situations where company charters remain incomplete. It also strengthens disclosure and registration systems, including enhanced publicity requirements and the use of electronic communication tools. In addition, the

introduction of standard charters - based on comparative practice - provides ready-made governance structures that can improve consistency and reduce uncertainty in corporate arrangements.

These developments increase the structural complexity of corporate governance. As legal requirements become more detailed and interconnected, companies face a greater need to organize governance processes in a consistent and reliable manner. This includes the structuring of internal decision-making mechanisms. While these functions are not uniformly formalized as a distinct role, they require sustained attention within corporate organizations.

In this context, the reform does not directly create new professional roles, but it increases the practical need for individuals capable of interpreting corporate-governance requirements and ensuring their effective implementation. This includes translating legal rules into operational processes, organizing governance structures, and maintaining clear lines of accountability between boards, management, and shareholders. The expansion of legal complexity therefore indirectly strengthens the importance of governance-related functions within companies.

The implementation of the reform has also required significant adjustment across the legal and business community. Training initiatives supported by international organizations have helped prepare judges, lawyers, notaries, regulators, and corporate practitioners to work with the new framework. This broader professional adaptation has strengthened the institutional environment in which governance-related functions can continue to develop. Within this evolving setting, governance responsibilities are becoming more visible and more structured within corporate practice.

In this sense, the 2022 reform can be understood as a structural driver of increasing governance complexity rather than a direct source of professionalization. By introducing a more detailed and formalized governance architecture, the law raises the practical demands placed on companies and, indirectly, on those responsible for maintaining governance systems. This dynamic reflects a broader pattern identified in the literature on professions: as specialized areas of activity become more complex, they generate a need for more structured and specialized forms of expertise, which over time may evolve into more clearly defined professional roles.

At the same time, it remains too early to draw definitive conclusions about the long-term development of governance professionals in Georgia. The law does not formally recognize a unified governance profession across all sectors, and the extent to which governance roles will continue to evolve into a distinct professional field will depend on how companies respond to increasing regulatory and organizational complexity in practice. The 2022 reform should therefore be seen not as an endpoint, but as a structural

condition that may shape the future trajectory of governance professionalization in Georgia.

8. Structural Constraints on Governance Professionalization

Despite significant improvements in the legal and regulatory framework, the development of corporate governance professionals in Georgia continues to face several structural constraints.

First, the broader institutional and market environment remains relatively limited in its ability to sustain advanced governance practices. The Georgian Stock Exchange remains the country's only organized securities market, and relatively low liquidity and modest market capitalization constrain the role of capital markets in driving governance standards (EBRD 2024, 9). More broadly, in emerging economies, corporate governance systems typically evolve gradually through the interaction of legal reform, regulatory practice, and market development. Where capital markets and enforcement mechanisms remain underdeveloped, the demand for specialized governance expertise tends to grow more slowly (OECD 2023, 19–20; World Bank 2005, 12).

Second, the absence of comprehensive formal recognition of governance roles continues to shape the development of the profession. Georgian company law does not establish the position of company secretary as a statutory corporate organ. Although elements of the role have been introduced through sector-specific regulatory frameworks - particularly in banking and listed companies - this recognition remains partial. Governance responsibilities are often distributed across legal, compliance, and administrative functions, which limits clarity of professional identity and slows the consolidation of governance roles into a distinct field. In jurisdictions where the role is formally recognized, such as through statutory company secretary frameworks, governance responsibilities tend to be more clearly defined and institutionally embedded (CIPC 2017, 2).

Third, the development of professional capacity remains uneven. While corporate governance has gained visibility, particularly in leading institutions and at the postgraduate level, specialized education and training pathways remain relatively limited. The field continues to rely on a relatively small pool of practitioners, practical experience, and internationally supported training initiatives. This limits the speed at which governance-related expertise can diffuse more broadly across the corporate sector.

Fourth, governance maturity varies significantly across companies. Leading corporations, particularly regulated financial institutions and internationally exposed issuers, operate according to relatively advanced governance standards. By contrast, many companies continue to treat corporate governance primarily as a formal legal requirement rather than as

an active system of oversight and accountability. This unevenness constrains the broader development of governance practice and reduces the demand for specialized governance roles outside leading sectors.

Finally, the historical legacy of weak institutional infrastructure continues to affect corporate governance practice. As highlighted in the context of the 2022 reform, deficiencies in corporate documentation, incomplete shareholder records, and overly general company charters have created persistent challenges in the application of governance rules. The effectiveness of corporate governance frameworks depends not only on formal legislation but also on the strength of enforcement mechanisms, including regulatory supervision, judicial capacity, and internal corporate discipline (World Bank 2005, 12–13). Where these elements remain uneven, the development of governance-related functions is correspondingly slower and less consistent.

Taken together, these constraints suggest that the development of corporate governance professionals in Georgia remains uneven and incomplete. While legal reform and institutional development have created conditions that support the emergence of governance-related roles, structural factors continue to limit their consolidation into a clearly defined profession. As a result, governance functions are likely to continue evolving incrementally, shaped by the interaction between legal complexity, market development, and institutional capacity.

Conclusion

The development of corporate governance professionals in Georgia reflects the broader institutional evolution of the country's corporate governance system. While corporate governance scholarship has traditionally focused on boards, shareholders, and regulatory frameworks, this article has highlighted the importance of the individuals and functions responsible for sustaining governance processes within corporations. By examining the Georgian experience, it shows how governance-related roles emerge gradually in response to institutional development, increasing regulatory complexity, and the growing need to organize corporate decision-making in a structured and reliable way.

The Georgian case demonstrates a clear developmental trajectory. In the 1990s, governance-related functions were largely informal and administrative, reflecting weak institutional conditions and limited practical application of corporate law. During the 2000s, economic growth and deregulation increased the need for internal coordination of governance processes, leading to a gradual shift toward more structured, lawyer-led roles. In the 2010s, exposure to international capital markets, developments in the banking sector, and legal modernization contributed to the emergence

of more clearly defined governance-related functions within corporate organizations. Since 2022, comprehensive company law reform has introduced a more detailed and structured governance framework, increasing the complexity of corporate governance and, in turn, the practical need for those capable of organizing and maintaining governance systems in practice.

From a theoretical perspective, this evolution is consistent with broader understandings of how professional roles develop. As areas of activity become more complex and require sustained coordination, they tend to generate demand for more specialized forms of expertise. In this sense, governance-related functions in Georgia are moving beyond purely administrative or legal support and toward a more distinct area of practice. However, this process remains incomplete. Governance professionals in Georgia do not yet constitute a fully institutionalized profession in the classical sense. The role lacks a clearly defined jurisdiction, standardized pathways of qualification, and formal recognition across sectors.

This conclusion has broader implications for the study of legal and quasi-legal professions. It suggests that professional roles may emerge not only through formal legal recognition, but also through the practical demands of institutional development and organizational complexity. In Georgia, governance-related roles are not created directly by law, but are shaped by the increasing need to translate legal frameworks into functioning governance processes within corporations.

At the same time, the findings should be interpreted with caution. The Georgian experience reflects a specific institutional trajectory, influenced by rapid reform, financial sector development, and international integration. As discussed, a number of structural constraints continue to shape the development of governance-related roles, including limited capital market depth, uneven governance practices across companies, the absence of comprehensive formal recognition, and constrained professional training pathways. These factors suggest that the development of governance professionals remains uneven and context-dependent.

Overall, the emergence of corporate governance professionals in Georgia is best understood as an ongoing process rather than a completed transformation. The increasing complexity of corporate governance frameworks creates conditions in which more structured and specialized roles may continue to develop. However, the extent to which these roles will evolve into a clearly defined profession will depend on how companies, regulators, and the broader legal community respond to these structural constraints. In this respect, the Georgian case illustrates how institutional change can generate the conditions for professionalization, while leaving its final form open to future development.

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