

DEVELOPMENT OF THE NATIONAL CORPORATE GOVERNANCE SYSTEM IN UZBEKISTAN ON THE BASIS OF INTERNATIONAL STANDARDS

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Abstract. *This article studies the corporate governance system in our country, identifies problems and unresolved issues in the field of corporate governance, and, on this basis, studies the scientific research and theoretical and methodological foundations of foreign and local scientists in accordance with modern international standards to develop a national corporate governance system.*

Keywords: *National corporate governance, international standards, economic stability, international market, competitiveness, digital governance, monitoring and evaluation*

Reforms related to the development of the corporate governance system in Uzbekistan are mainly aimed at implementing measures such as introducing modern corporate governance methods into the national corporate governance system, radically increasing the efficiency of joint-stock companies, attracting foreign investment to them, ensuring their openness and attractiveness, and creating favorable conditions for strengthening the role of shareholders in the strategic management of enterprises. Great work is being done to radically change the principles and approaches in the corporate governance system, giving it a true character typical of a market economy.

In particular, in 2014, the new edition of the Law “On Joint-Stock Companies and Protection of Shareholders’ Rights” was adopted, the “Program of Measures to Fundamentally Improve the Corporate Governance System” was approved by the Decree of the President of the Republic of Uzbekistan No. PD-4720 dated April 24, 2015 “On Measures to Introduce Modern Corporate Governance Methods in Joint-Stock Companies” and the tasks and measures set out in it were implemented, the

Corporate Governance Code [3] was adopted and its recommendations were implemented in the activities of joint-stock companies.

The main program for the development of our country, the “Strategy of Actions on Five Priority Areas of Development of the Republic of Uzbekistan in 2017-2021”, identifies the introduction of modern standards and methods of corporate governance as one of the priority areas for the development and liberalization of the economy in the coming years. In addition, the “Strategy of Innovative Development of the Republic of Uzbekistan in 2019-2021”, adopted by the Decree of the President of the Republic of Uzbekistan No. PD-5544 dated September 21, 2018, also defines and implements measures to develop corporate law and introduce modern principles of corporate governance.

In terms of the development strategy and effective management of joint-stock companies, the Development Strategy of New Uzbekistan of the President of the Republic of Uzbekistan Sh. Mirziyoyev for 2022-2026 is important [2]. The Head of our state, speaking at the meeting, emphasized that our radical change in the principles and approaches to the corporate governance system has made a great contribution to ensuring its compliance with real market relations and abandoning conservative views, but at a time when the organization of joint-stock companies and corporate management of work are considered the main method in the world, the work being carried out in this regard is not satisfactory, and there are still many tasks that need to be completed. It was noted that the corporate method is an important condition for the transition to a market economy, that it is vital to study the experience of developed countries in this regard, and that the issues of attracting young specialists who have thorough knowledge of the industry and can apply modern management and marketing methods in practice are especially relevant.

The research of the economist A. Berlin, who conducted research on corporate governance, examined the issues of choosing a strategy in managing corporations and developing enterprise management, and managing investment activities. In the research of M. Hessel, “Corporate governance is the interaction of owners and other

interested parties in assessing and controlling the activities of the enterprise.” Based on the report of Sir Adrian Cadber, author of the Corporate Governance Code (1992), which included proposals for reforming the corporate governance system, corporate governance (from the English word Corporate Governance) is a system that ensures the implementation of management and control of the activities of the company.

In the Republic of Uzbekistan, a number of scientists Sh. Zainutdinov, D. Suyunov, B. Berkinov, M. Khamidulin, N. Rasulov have studied the theoretical and methodological foundations of some aspects of the corporate governance system. In particular, in the research conducted by M.B. Khamidulin on corporate governance, “Corporate governance is a set of actions taken to achieve the company's goals based on the current standards and certain principles of management that protect the rights and interests of the owners of entities included in the corporate form of property.”

The above scientists and other scientists have studied the theoretical and methodological foundations of some aspects of the corporate governance system. However, it is clear that the issue of implementing the corporate governance system in joint-stock companies has not been covered and there is not enough research to improve the effectiveness of corporate governance in our republic. It should be noted that, although corporate governance reforms are being implemented at a rapid pace in Uzbekistan, a number of unresolved problems have arisen in the corporate governance system. The main problem is joint-stock companies in which the state is the main shareholder. The need for further development of corporate governance is associated with the possibility of achieving positive results with its help:

- increase the investment attractiveness of the company;
- attract investors ready to invest financial resources for the long term;
- increase the efficiency of activities;
- reduce the costs of obtaining bank loans;
- increase the market value of the enterprise; facilitate access to capital markets;
- improve the reputation and image of the company.

In addition, the introduction and active application of the basic principles of corporate governance in the practice of the organization can have a direct economic effect. By improving the existing corporate governance system, local business structures can expect to receive an additional premium to the price of their shares, the amount of which varies from 20 to 50%. Currently, the main tasks of improving the corporate governance practices of Uzbek companies are:

- dissemination of international experience;
- active participation in the regulatory and legal regulation of the protection of the rights and interests of owners;
- focus on attracting investments.

Thus, corporate governance is of particular importance in modern conditions. The specific features of the corporate governance system are largely determined by general economic factors, state policy, the level of competition, the specifics of the legal and economic environment, business ethics, and the corporation's awareness of its social responsibility to society, for example, in the field of ecology.

The basic principles applied in our republic today are based on internationally recognized standard principles. The management system of a joint-stock company must ensure the implementation of corporate governance principles. Unfortunately, one of the existing problems today is that the management and managers of most joint-stock companies have not sufficiently studied advanced foreign experience in corporate business management, as well as the lack of a comprehensive approach to this problem by the bodies of control and management of the enterprise, which negatively affects cooperation processes. These control and management bodies do not sufficiently take into account the specific aspects of the implementation of joint-stock company management processes.

From the above, it follows that today there is no single model of corporate governance that can be applied to all companies in the country. Currently, the national model of corporate governance in Uzbekistan is undergoing stages of improvement. Many generally accepted principles of corporate governance are reflected in national

legislation. However, the practice of their implementation and traditions of corporate behavior are just beginning to take shape. Many issues related to corporate behavior are not covered by the law and are not of a legal nature, but of a moral nature. Therefore, it is advisable to develop a code of corporate conduct, taking into account foreign experience and the characteristics of the national practice of corporate governance. It should lay the foundation for the formation of ethical standards in the field of corporate governance and corporate culture. This will also contribute to increasing the investment attractiveness of national companies.

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