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**SECTION 31. Economic research, finance,  
innovation, risk management.**

## WAYS TO DEVELOPMENT CORPORATE GOVERNANCE INSTITUTIONS IN UZBEKISTAN

**Abstract:** In the given article considered ways of improving institutional basis of corporate governance, problems related with shareholders rights and benefits, efficiency issues governance bodies activities, transparency and accuracy of corporate information of stock companies in Uzbekistan.

**Key words:** governing bodies, general meeting of shareholders, supervisory board, audit commission, corporate secretary, profitability ratio.

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### Introduction

Decree of the President of the Republic of Uzbekistan "On Measures to Increase the Role and Value of Private Sector in the Economy of Uzbekistan" of January 24, 2003, and Decree of the Cabinet of Ministers of April 19, 2003 "On Measures to Improve Corporate Governance of Denialized Entities" implementation and improvement. [13]

The introduction of corporate methods and principles in the companies of Uzbekistan is one of the pressing issues of increasing the effectiveness of organizational and organizational-organizational mechanism of corporate governance, development of the company's development strategy, based on the interests of the business.

### Literature review

Berkinov B.B. [1], Hodiev B.Yu. [2], Kaplan R.S., Norton D.P. [3], Meskon M. [4], Zainutdinov Sh.N., Ashurov Z.A. [5], Mansurov O.B. [6], Mazur I.I., Shapiro V.D., Olderojje N.G. [7], Qosimova N. [8], Khoshimov AA, Suyunov D.X., Hamidullin MB, Zaynutdinov Sh.N., Rakhimova DN, Nurimbetov R.I. and other scientific works of the formation of corporate management in our country, the effectiveness of the organizational-economic mechanism has been studied [1].

Foreign scientists Bobobekova D. [9], Brendan D. Bannister and Richard B. Higgins [10], Brown,

L.D. [11], Higgins Richard [12] and many other corporate managements.

The Corporate Governance Mechanism is described by national researchers as follows: "The Corporate Governance Mechanism is a set of elements that promote the company's (or corporation's) social, economic, legal, and organizational relationships that are needed to achieve its goals."

### Analysis and results

The Movement Strategy for five key priorities for further development of the country in 2017-2021 is that it is important to step up the management activity of joint-stock companies in the conditions of liberalization of the economy. Consequently, according to world practice, stock companies are separated from the ownership of the joint stock companies. Owners have transferred their property rights to rational managers. Management of managers is entrusted with institutions that are part of the corporate governance body. General meeting of shareholders is a supervisory (or board of directors) board, auditing commission, corporate secretary, corporate governance institutions. The improvement of corporate governance institutions in these business entities is recognized as one of the ways of sustainable development of our economy. Another important aspect of institutional governance is the commitment to transparency and

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accountability, accountability and accountability. [13]

Taking into account the above, improving the corporate governance institutions in the business sector of the country is crucial to ensuring the sustainability of the national economy. The introduction of corporate governance institutions has the potential to address the top priorities, such as the protection of shareholders' rights and interests, the formation of clearly defined powers of public administration bodies, enhancing investment attractiveness, and ensuring timeliness and validity of information.

With the introduction of such management institutions, the increase in production volumes, quality improvements, rational use of funds, labor productivity, raising the level of profitability of the society by attracting the necessary funds for investment and innovation projects. This is because the results of effective corporate governance institutions implemented on business entities are reflected both nationally and globally.

For example, in the context of business entities, effective corporate governance will provide a high return on business entities for the benefit of shareholders and all stakeholders. Country-wide effective corporate governance institutions allow the private sector to develop the stock market and the entire economy. Effective global corporate governance can minimize the risk of emergence and development of the financial and economic crisis.

Attraction of corporate governance institutions to business entities as well as investments in the national economy will help to strengthen the basis of long-term economic development and competitiveness in various fields.

This can be further explained by the following:

Practical introduction of transparency and transparency in business activities, full use of accounting and audit principles, good corporate management in the process of placing contracts and other types of business activities eliminates corruption in business entities.

Corruption worsens resources of economic entities, loses its competitiveness and returns investors to invest in economic entities.

Implementation of corporate governance institutions will increase the quality of management of business entities. It will allow managers of economic entities and supervisory boards to develop a well-thought-out strategy for business entities, and reward business managers with associated business results.

Implementation of this practice on corporate governance will help to attract investments to business entities on mutually advantageous terms and to increase the overall effectiveness of the business entities.

- The transparent attitude towards investors and lenders, the corporate governance institutions, even shares of joint-stock entrepreneurship, will help prevent financial crises even in countries where stock markets are inactive. Implementing the principles of bankruptcy regulation will also allow for quick response to failures in business entities.

Otherwise, certain bankruptcy propagation, especially the lack of enforcement mechanisms, can lead the beneficiaries to the rest of the assets of poor economic entities. This practice is widespread in the implementation of privatization programs in many transitional economies.

This has led to extremely negative results as interests of minority shareholders with corporate governance institutions.

In countries with weak protection mechanisms, many business entities are controlled by dominant investors, and these countries do not have large holdings.

In countries where the aim is to attract local or foreign investors, the presence of corporate governance institutions can play a major role in attracting potential investors. In general, such investors can serve as an important source of long-term investments in the national economy.

It strengthens the current trust of corporate governance institutions and ensures high returns from investments made to the country, which, in turn, stimulates employment and economic growth in the national economy. Taking into account the interests of business entities within the framework of effective corporate governance institutions, social work relations in the business entities are set. Corporate Governance Institutes are guided by the principles of relationships with managers of business entities (including labor legislation, compliance with occupational health and hygienic standards, hiring, remuneration, staff upgrading, availability of specific procedures, participation in trade union activities respect for workers' rights, and so on. Taking into account the social-labor relations of corporate governance institutions helps businesses solve employment problems in the national economy.

Today, there are more than 600 joint-stock companies operating in Uzbekistan. In our country there are legislative acts governing corporate governance in these corporate structures. They have been developed taking into account common corporate governance principles and practical experience accumulated in foreign countries.

According to international experts, corporate governance institutions in Uzbekistan comply with international standards. The ever-growing world economy shows the need for a new approach to corporate governance practices, due to the increasing demand for competitiveness of business entities. In this context, the Organization for Economic Co-operation and Development is pleased to announce

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the main principles of corporate governance institutions of the European Bank for Reconstruction and Development (EBRD), recommendations on corporate governance issues of the Group of Companies, corporate governance principles of the Basel Committee on Banking Supervision, and publication of corporate governance information from the UN Conference on Trade and Development Good Practice Recommendations and Conclusions and Requests of the Financial Sustainability Council Joint Stock Companies Monitoring (with the Director ) The formation of the new members of the Council, their rights and obligations, the powers of the company to ensure fairness, transparency, accountability, responsibility, and the responsibility should be improved. It is recommended that special assignment committees be established for award assignment and risk management. The goals and objectives of the organization of these committees are explained in detail in their scientific works by foreign and domestic researchers.

At present, corporate governance institutions are widely practicing the principles of the Global Corporate Governance Principles recommended by global governance principles. International Corporate Governance Network The International Network of Corporate Governance was established in Washington in 1995 by institutional investors, their representatives, companies, financial intermediaries and other stakeholders who are interested in developing world practice. The organization recognizes and acknowledges the principles of IHTT, recognizing them as the minimum standards of corporate governance institutions for companies and investors in the world.

The main objective of the international corporate governance network is to promote effective corporate governance and effective governance standards for the development of world-class markets and sustainable economies. The Role and Responsibilities of the International Council on Corporate Governance The Board should take responsibility for the best and long-term interests of the company, with careful and careful consideration for its shareholders, with consideration of interested parties, including creditors. [13]

In the modern corporations, joint-stock companies, the Director (in Latin words, Direktor-Directorate) is the head of the managing company, the director of the company, when describing the board of directors. The director is a senior executive in the organization, and he has the authority to choose an organization's development strategy, work with manpower, and track down the financial flows of business entities.

### Conclusion and suggestions

The recommendations of the corporate governance code adopted in our country should be

compulsory for corporate executives and all stakeholders, and that such corporate code should enhance the company's positive standing before the public and foreign investors. The Corporate Governance Code establishes criteria for independence for members of the Supervisory Board.

1). Individuals, who have not worked in the affiliated joint stock companies and affiliated enterprises for the last five years;

2). Individuals, not affiliated with JSC, its subsidiary and affiliated undertakings;

3). Individuals without a contractual right to service the joint-stock company, its affiliated and affiliated business entities;

4). Persons who are not controlling entities of the joint-stock company;

5). Persons who are not connected with the civil law agreement with the Sole Shareholder and are not employees of a parent company or a large shareholder of the joint-stock company;

In our opinion, the criteria to be taken into account when selecting members and members of the Supervisory Board are to be clarified as to the diversity of the members of the Council and the Executive Directors (gender, nationality, and social origin). Membership of non-executive directors should be reviewed periodically. The Board of Directors shall determine the procedure for nominating and electing members of the Board of Directors, the Board of Directors shall provide candidates for membership in the Board of Directors, shall have the exclusive right to vote for each Director, and shall regularly evaluate the effectiveness of their activities by the Corporate Secretary, Board Committees and the performance of individual Directors .

Members of the Supervisory Board should adopt a high standard of business ethics so that their views, mission, and objectives are justified, and that they reflect its values, strategies and business processes of the company, including the risk management system and the structure of the award structure.

In general, it is necessary to focus on the following aspects of corporate governance and institutional development.

1. To upgrade the legislative framework in line with international standards for corporate governance

2. Ensuring the quality of internal audit and supervision.

3. Implementing criteria for determining the openness and transparency of information.

4. Determine the role of the Board of Directors (Directors) and ensure its independence.

Here are the expected economic benefits from the introduction of corporate governance principles:

- Increase of effectiveness of joint-stock companies activity.

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- Reduced transaction costs and time spent on attraction of foreign investments.

- Long-term value of corporate assets and their increase.

The introduction of the above mentioned ideas into the practice of corporate governance will serve as a key factor in increasing the investment activity

of business entities, as well as reducing the risk of financial and economic crises in the global arena in achieving the stability of economic growth within the national economy.

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