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Ways Of Using Foreign Experience in Improving Corporate Management in Uzbekistan

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Abstract. This article describes the modern system of corporate governance, its foreign experience, development trends in corporate governance practices and models in the world. In particular, the article discusses new views and reforms of corporate governance in the countries of the world in the 21st century, and also provides recommendations on the usage of best practices for improving corporate governance in Uzbekistan.
Key words:corporate governance, modern corporate governance, shareholder, corporate governance models, corporation, current trends in corporate governance.

Introduction. In the world economy, corporate governance determines the socio-economic development of the society, currently corporate governance is changing and improving in the countries of the world. Corporate governance is a system of relations between the company's managing directors, its supervisory board, shareholders, as well as all interested parties. Also, corporate governance creates a system in which the goals of the company are established, and the means of achieving these goals and controlling the results of the company's activities are determined.Globally, the role of modern corporate governance in promoting shareholder interests and increasing stock value is invaluable. Modern corporate governance is a key issue in creating an efficient market economy based on the rule of law. Abuse or abuse of corporate power by managers, owners and controlling shareholders harms domestic and foreign investors.

Therefore, to improve the practice of corporate governance, it is required to introduce modern standards and principles that establish fair corporate relations, as well as foreign best practices and practices of corporate governance.

Analysis of literature on the topic.

Today, mature and modern experience in the practice of corporate management, as well as the study of established skills, are urgent issues in the world.

Scientists of our country N. Ormanov and A. As Ismailov noted, "Achieving the effective development of corporate management requires deep understanding and understanding of its true essence, research of scientific-theoretical approaches that allow it to be formed as a scientific field" [1] .

The great success of strategic management during the 20th century has shown that almost all corporate structures need management. "However, while management was the focus of the 20th century, corporate governance is the focus of the 21st century"[2], the father of corporate governance - Bob Tricker in his works.

After Sir Adrian Cadbury, one of the foreign scholars, in 1992, in the report of the "Committee on Financial Aspects of Corporate Governance", defined the term "Corporate Governance" as "a system of managing companies and controlling their activities" [3], the term corporate governance became widespread.

In the evolution of the concept of corporate governance from its early days to the present, setting goals, strategies and policies, controlling management and ensuring accountability are important for every corporate entity.

The role of sound corporate governance in promoting the interests of shareholders and increasing the value of shares throughout the world is immeasurable. It also has an impact on the development of economic, cultural and even religious approaches. The important role of directors of the supervisory board in the activities of corporations was a huge turning point for the corporate governance system.

For example, the Australian academic Fred Hilmeroz states in his report that "the main role of the board is to ensure the continuous and effective pursuit of above-average performance, taking into account the risk of corporate governance... this does not negate the additional role of the board to protect shareholders"[4].

American economists A. Burley and G. Minz, who greatly contributed to the development of corporate management, interpreted the following in their research.“The rise of the modern corporation has led to the accumulation of economic power that can compete on equal terms with the modern state—economic power and political power, each strong in its own sphere. The state, in some respects, tends to regulate the corporation, and the corporation, as it grows more powerful, makes every effort to avoid such regulation. In the future, the economic immunity characterized by the corporation may not only be on an equal footing with the state, but may also replace it as the dominant form of social organization” [5].

Also, scientists of our country Z. Ashurov, F. Jalilov, B. Urinovlar explains the expression of modern corporate governance as follows: "It is a certain system of interaction between the management of the organization, its shareholders and the board of directors. Its main purpose is to exercise control over corporate activities. Modern corporate management based on international standards and focused on the implementation of the company's goals and development strategy allows to ensure the financial strength of the company and its long-term ability to operate as a profitable organization, and also helps to strengthen the competitiveness of the country as a whole"[3].In the establishment of an effective corporate governance system, it is important to prevent the abuse of company property, to use more independent directors, to prevent the dominance of the executive body in decision-making, and to separate the duties of the chairman of the supervisory board from the executive director, and to protect the rights of shareholders, especially minority shareholders.

Research methodology. The basis of the research methodology is a systematic analysis by the author of the foreign practice of modern corporate management and improvement in Uzbekistan, materials on the analysis of selected literature. Also, scientific research methods such as generalization, comparison, and analysis were widely used in the research process.

Analysis and results. Introduction of international corporate governance standards and principles in the development of corporate governance in Uzbekistan, studying the features of corporate governance in the countries of the world, foreign experience and practice are among our main tasks.

The use of foreign methods in the management of corporate structures in our republic sustainably develops the activities of joint-stock companies and maximizes their profitability. Based on the experience of developed countries such as USA, Great Britain, Australia, Canada, Germany, Austria, Netherlands, Scandinavian countries, France, Japan, China, India, South Korea, and Russia, we should set priorities based on the experience of developed countries such as the USA, Great Britain, Australia, Canada, Germany, Austria, the Netherlands, Scandinavian countries, France, Japan, China, India, etc. Corporate governance systems, models and practices in these countries differ from each other. This situation is explained by the development of the country's economy, historical customs, culture and traditions of the society, corporate legal norms, and differences in the management of company activities. Currently, economists distinguish the main models of corporate governance, such as Anglo-American, German (continental), Japanese and family.

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Anglo-American, German (continental), Japanese models are the basis for various structures of internal management. These models can reflect the evaluation of the efficiency of joint-stock companies and the improvement of the corporate management system. There are a number of main elements of corporate management models: the main participants of the joint-stock company; interaction forces between key actors; share ownership procedure based on the model; the ability to attract financial resources; composition of the supervisory board; corporate legal framework; information disclosure requirements; shareholder corporate relations.

"There are five recognized basic models of corporate governance in world practice. Including: American model; united kingdom (based on generally accepted principles) model; two-tier continental European model; Japanese model; Bob Tricker, the father of corporate management, interprets the Asian model based on family"[2]. The characteristics of the American and United Kingdom models are close to each other, the two-tier continental European model is based on the German model, and the Japanese model includes some features of the American and German models.

In the twentieth century, one of the main areas of business was management, which means that management consultants, management theories and management flourished. Although theories of organization have been created, the board of directors has rarely been involved in the organizational processes of the company. Strategic planning, financial management and marketing, all developed. Corporate governance has come into focus with the dawn of the twenty-first century. Globally, sound corporate governance is recognized to promote shareholder interests and increase stock value.

As a result of the use of codes, principles and best corporate governance practices in the management of companies, they have been trained and developed knowledge skills to evaluate the performance of directors in many enterprises. In the United States, corporate governance was regulated and successful corporate governance began to take shape.

Later, Enron, one of the largest US companies, failed. Despite the fact that the general meeting of shareholders meets all the requirements of the listing rules, the company collapses.Unlike large US corporations, Enron had influential, experienced independent directors, the necessary management committees, and even separated the duties of chairman of the board and CEO. However, further research has shown that top management has changed corporate strategy in energy delivery. For a while it gave good results. But the board's inability to understand the new strategy changed the company's risk profile from relatively low-risk energy. Enron collapsed as a result of changing financial market conditions. Shareholders were deprived of capital and some executives were jailed for fraud.

Arthur Andersen, an accounting firm among the international five firms, changed clients after Enron collapsed, other partner firms joined, and the "big five" became the "big four". At the same time as the United States, companies in many developed countries also faced management problems. Marconi, British Rail, Independent Insurance and Tomkins organizations in Great Britain; HIH Insurance in Australia; Par-malat in Italy; In Germany, however, many companies such as Vodafone Mannesmann all had management problems.

The company's regulatory authorities have launched investigations into each case. US state-owned companies such as Vast Management, Worldcom and Tyco have also collapsed due to corporate governance issues.

In US companies, more shareholder rights were protected and only independent directors could serve on audit and remuneration committees. Effectiveness of corporate management has increased as a result of publication of information on internal control and financial control in annual reports.

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In the early years of the 21st century, as a result of low interest rates, high liquidity of financial markets and weak monetary policy in the countries of Europe and the United States, real estate loans increased, housing prices rose, and it was necessary to borrow more to buy real estate. Personal debt on credit cards has increased as home prices have risen. Trading with other financial institutions around the world, lenders have consolidated loan assets into securities to reduce their holdings.Gradually, housing prices began to fall, banks foreclosed on their debts, further reducing housing prices. The complexity of using financial instruments in trading with securities, the fact that banks value external directors led to the bank's exposure to risk and the further decrease of trust in the bank. Due to the failure of some banks to fulfill their obligations, depositors wanted to get their money back.The Central Bank has started allocating funds to support banks. In 2007, a large financial institution, large insurance and credit organizations were rescued by the US government. During these years, banks in other countries also faced liquidity problems. Norzen Rosk Bank in Britain, Bank of East Asia in Hong Kong, banks in Iceland also failed. The US government invested 700 billion US dollars to buy shares in banks. The UK government nationalized three existing banks.
As a result of the global financial crisis, corporate governance was exposed to risks, and some problems such as the presence of independent directors on the board and management control were revealed. As a result of independent auditors certifying the risks in the financial statements of banks without disclosure, the credit rating agencies have faced financial disaster in obtaining loans.
In order to ensure comprehensive regulation of the financial sector, high accountability and transparency, the US government adopted the Consumer Protection Act. Issues such as the introduction of boards in public companies, the consideration of company risks by committees, the annual election of directors, and the introduction of a corporate governance code were discussed, but not implemented.
In the United Kingdom, amendments to the UK corporate governance code have been proposed to protect shareholder rights, ensure board structure and improve efficiency.The board's responsibility for corporate risk strategy was highlighted. Corporate governance codes published by Great Britain were quickly adopted by other countries of the world. Meanwhile, two other corporate governance reports were published by the South African Institute of Directors. In the second decade of the 21st century, countries focused on recommendations such as corporate social responsibility (CSR), ethics, director remuneration, principles of corporate governance when developing their corporate governance codes.
In 2004, due to the global financial crisis, the principles of corporate governance were published by IHTT.
Later in 2015, the G20/IHTT published a new version of the Corporate Governance Principles. The principles of corporate governance of the G20/IHTT are not mandatory, but have a recommendatory nature, and can be used by governments to evaluate and improve existing national legislation, as well as by corporations to create a corporate governance system and develop "best practices" in the field of corporate governance.The G20/IHTT Corporate Governance Principles consist of the following principles:
1. Provide a basis for an effective corporate governance system.
2. Rights of shareholders, equal treatment with them and main functions of ownership.
3. Institutional investors, stock markets and other intermediaries.
4. The role of stakeholders in corporate management.
5. Disclosure of information and transparency.
6. Obligations of the Council.

In 2016, the practice of non-financial information disclosure was introduced at the initiative of the European Union and the UK government. Also, in 2010, Great Britain demanded an

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increase in the number of women in leadership positions and aimed to increase the weight of women to 33% on the boards of its companies by 2020. The UK's Corporate Governance Code has been revised in 2018, emphasizing the Code's recommendations on relationships between companies, shareholders and other stakeholders contained in the Companies Act 2006.

Recommendations include creating a corporate culture that aligns with company strategy and valuing diversity, valuing the board, having the board consider stakeholder interests, and creating a diverse board through expanding board nominations. The companies' long-term strategy includes proposals such as business models and financial strategy, establishment of principles of board accountability, annual re-election of the chairman of the board, focus on the competence and independence of non-executive directors, evaluation of the board with the help of external experts at least every three years.

In 2016, the Corporate Governance Report published by the Institute of Directors in South Africa was recognized as “Outstanding”. The report proposed the introduction of a committee that would ensure the ethical and social responsibility of management bodies. As a result of applying this report in the management of corporate participants of private and public sectors, commercial and non-commercial organizations, it is necessary to ensure comprehensive development of the corporate management system.

These analyzes highlight cultural influences and cross-country interactions to explore the future development of corporate governance in different countries and cultures.

Conclusion: Currently, improving the corporate management system and eliminating the factors affecting it are important issues, and a number of regulatory documents are being adopted in our country. Also, using foreign experience in improving corporate governance, in order to facilitate compliance and implementation of IHTT principles of corporate governance and to ensure equal treatment with all, including minority and foreign shareholders, the Law of the Republic of Uzbekistan "On the Protection of Joint-Stock Companies and Shareholders' Rights" Law No. ORQ-370 was adopted.

World practice shows that it is important to further develop the corporate governance system, to effectively manage business entities owned by shareholders:

It is the responsibility of the board and its audit committee to engage an independent accounting firm to audit the financial statements prepared by management and to express an opinion on those statements based on generally accepted accounting principles;

The responsibility of an independent accounting firm is to ensure that it is truly independent, has no conflict of interest, employs highly qualified personnel, and performs its work in accordance with generally accepted auditing standards;

Management's responsibility is to manage the corporation effectively and ethically to produce value for shareholders;

The responsibility of management under the control of the board of directors and its audit committee is to develop financial statements that fairly reflect the financial status and results of the corporation's activities;

The corporation has a responsibility to treat its employees fairly.

In conclusion, it can be said that in the development of corporate governance in our country, using foreign experience, we should encourage the operation of transparent and honest markets and the effective distribution of resources, compliance with the law and effective control and strengthening the practice of law enforcement, maintaining financial reports in accordance with the principles of transparency, society's commitment to good corporate governance. it is necessary to ensure that it functions with contribution.

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