

World Experience In Corporate Governance

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Annotation: This article highlights the features, privileges, areas for improvement of corporate governance in the world countries, the state of corporate governance in our country as well as the importance of using foreign experience. At the same time, it is emphasized that, in this model, the main goal of the owners is to make a profit due to the increase in the value of corporate shares.

Keywords: corporate governance, shares, Joint Stock Company, investors, private investors, liquidity, board of directors, supervisory board, strategic management

The management processes of enterprises and organizations are becoming more complex due to the rapid development of the economy. In this context, there is a growing demand for various areas of management.

Corporate governance relations in the countries of the world are determined by the legislation, customs, traditions of the population, human relations, natural conditions and other factors in the country.

This is the reason why the method of corporate governance is fundamentally different in each country. There are 3 principal models of corporate governance in the world.

Anglo-American model of corporate governance

This model is run by the board of directors. 24-30% of the shares are concentrated in their hands. These shares are not for sale. The shares are in the hands of managers for a long time. The rest 70-80% of the shares are active shares. From time to time, these shares are put for sale.

The peculiarities of the Anglo-American model of corporate governance are as follows.

- Most of the share capital is invested by small investors (based on English traditions);

- Shares not owned by individuals are mainly concentrated in the hands of institutional investors;
- The stock market is characterized by high efficiency and liquidity;
- Protection of shareholders' rights is at a high level;
- Strong corporate governance with the involvement of directors.

The main goal of the owners (under this model) is to make a profit by increasing the value (price) of the corporate shares. Therefore, stock associations play the main role in the Anglo-American model. The characteristics of the Anglo-American method of corporate governance are directly related to the features of equity ownership in the United States.

The Anglo-American model is used in the United Kingdom, the United States, Australia, New Zealand, Canada, and many other countries.

German model of corporate governance

This model differs significantly from the Anglo-American model. This model is also known as the two-tier board model. The Supervisory Board (Board of Directors) makes the executive body.

In German model the functions are strictly distributed.

- 70-80% of shares are in the hands of actual (permanent) owners and managers, and they are not for sale. The remaining 20-30% of the shares are sold at retail.
- Share capital is made by large investors and the system of mutual ownership of each other's shares is widely developed.
- Representation of the company's employees on the Supervisory Board is significant.
- Long-sighted investor management.
- The stock market is small and liquidity is insignificant.

The difference between the German model and the Anglo-American model is that a large part of the share capital is owned by other companies, with more than half of the total capital included in each other's share ownership system.

The German model of corporate governance is practiced by Germany, Austria, Switzerland, the Netherlands, Belgium, as well as several countries in Western and Northern Europe.

The Japanese model of corporate governance

The Japanese model (also called network model) is not similar in content to either the British model or the German model, but includes some features of both models.

- There are no independent directors; all members of the Board of Directors are representatives of the governing body.

- The position of mutual ownership of shares of companies that are members of a single industrial group, consisting mainly of large investors, plays a key role.

- Inter-personal relations are crucial.

The Japanese model, as in the German model, has the opposite ownership of the shares of the company, which is linked by mutual business relations, and which is reflected in the formation of these business groups.

Entrepreneurs who belong to this group usually sell their shares to other members of the group.

In the Actions Strategy for the five priority areas of development of the Republic of Uzbekistan for 2017-2021, the President of the Republic of Uzbekistan Sh.M.Mirziyoev stated that the introduction of modern standards and methods of corporate governance in the companies is the main task of strengthening the role of shareholders in strategic management.

The main task is to implement reforms aimed at reducing state participation in the economy, protection of private property rights, encouraging the development of small business and private entrepreneurship.

State-owned shares of many large JSCs in the country, in particular, 51% shares of Dehkanabad Potassium Plant JSC, 51% shares of Kungrat Soda Plant JSC, 100% shares of Tashkent Wine Trade JSC, 100% shares of Namangan Wine Trade JSC, 25% shares of Fergana Meat and Dairy JSC, 25% shares of Asaka Oil JSC, 26% shares of Bakhmal Silver JSC, 31% shares of Urgench Oil and Gas JSC, 35% shares of Kukon Mechanical Plant JSC, 25% shares of Gulistan Oil Extract Plant JSC, 36% shares of Kagan Oil Extract Plant JSC were put to sale for private investors. However, they are not sold yet.

As of January 1, 2020, there are a total of 27 joint stock companies in Samarkand region.

The total number of shares in them is 41.6 million pieces or a total value of 71.6 billion sums. The total number of shareholders is 15,634.

Currently, one of the priorities set by the President Sh.M.Mirziyoev for corporate governance is to minimize the state share in joint-stock companies, to organize their sale to private investors and foreign investors.

In this regard, Samarkand region has 6 joint stock companies with a large state share. Sino JSC has state shares with a value of 669.5 million sums or 88.8%, Samarkand Winery named after Horvenko JSC has state shares with a value of 2.3 billion sums or 71.2%, Samarkand Marble JSC has state shares with a value of 47.2 million sums or 60.3%.

In his report for the first nine months of 2019, the head of state rightly criticized the ineffectiveness of state-owned property in joint-stock companies.

At present time, Kattakurgan Oil and Gas JSC's shares of 13.6 billion sums or 64.9%, and Samarkand Marble JSC's shares of 47.2 million sums or 6.9%, which belong to the state, are put on sale.

These state shares have not been sold for almost a year since the announcement of the sale.

The experience of corporate governance in the world countries shows that there is no state share in joint stock companies. All shares are in the hands of investors and private investors.

These stocks are active all the time and are of great benefit to the corporations.

Shareholders are also making huge profits.

If the state-owned shares in the joint-stock companies of our country passed to private investors, this would be of great benefit to the economy of our country.

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