

THE ROLE OF THE STATE IN THE INTRODUCTION OF CORPORATE GOVERNANCE METHODS IN JOINT-STOCK COMPANIES.

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Abstract The article considers the role of the state in the introduction of corporate governance methods in joint-stock companies. The issues of efficiency of state property management are also studied. The shortcomings in the development of social efficiency of joint-stock companies with state participation are considered. Proposals are given for the development and improvement of the corporate governance system.

Keywords: corporate governance, state, management efficiency, joint-stock companies, potential investors, owner, industry, finance, foreign investment, principles, society.

Introduction. Today in our country, large-scale enterprises have been reorganized into joint-stock companies. A number of joint-stock companies are expanding, in which corporate management methods have been introduced. Comprehensively developing enterprises with the participation of foreign capital, whose activities are based on corporate governance. They occupy an important place in determining the prospects for the domestic economy and perform important socio-economic tasks to expand production and create new jobs.

Today, increasing the efficiency of state property management is a rather urgent issue. The main reason is that the state plays two roles. The first role of the state as the main shareholder in the joint-stock company, in this case the state is the subject of corporate relations:

- the interests of the owner associated with the receipt of dividends;
- implementation of shareholder rights, protection of property rights.

The second role of the state acts precisely as a state, that is, it performs the functions of creating conditions for the formation and development of activities. Also, here the state is called upon to protect companies and their shareholders from any violations of the law.

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At the same time, there are currently a number of problems that do not allow state-owned enterprises to fully perform their functions and contribute to the socio-economic and technological development of the country, including:

- first, the presence of a conflict of interest in the process of corporate governance, which arises as a result of the participation in the management bodies of state enterprises of the heads of sectoral complexes of executive power and government bodies;
- second, the lack of a well-functioning system for managing investment processes in state-owned enterprises, which ensures the adoption of optimal management decisions, the rational and efficient use of material, technical, financial and labor resources;
- third, the lack of transparency of corporate governance, the lack of regular analysis of the financial and economic activities of state enterprises, the lack of effective control over the implementation and effectiveness of the tasks and functions assigned to them;

Insufficient social efficiency of the development of joint-stock companies with state participation is manifested in the extremely high differentiation of the level of wages, insufficient intensity of financing of social and infrastructural development programs.

Let's take a look in general, what is corporate governance in JSC?! Corporate governance in JSC is understood as a system of relations between the management bodies and officials of the issuer, holders of securities (shareholders, owners of bonds and other securities), as well as other interested parties, one way or another involved in the management of the issuer as a legal entity.

The corporate governance system is an organizational model by which a joint-stock company must represent and protect the interests of its shareholders. Summarizing the material, we can say that corporate governance is a cumulative activity, where:

- Protected the rights and interests of shareholders;
- Guarantees in making a profit;
- Compliance with regulations and laws.

Joint-stock companies with state participation have much to strive for in matters relating to corporate governance. Greater information openness is needed, as well as the improvement of the system for the formation of governing bodies and transparent reporting. To date, joint-stock companies, in which the state's share prevails, unfortunately, do not meet international standards in the field of corporate governance.

The topic is of particular relevance at the present time in modern conditions, when the role of the state in the economy remains dominant, which means that its participation is increasing in corporate relations. The state has always been an active participant in economic relations, but we will try to figure out whether this has a positive effect on the dynamics of development.

To date, there are a couple of unresolved tasks, namely, if we quote the words from the Presidential Decree, it is necessary to “Keep in the form of joint-stock companies enterprises with a state share that play a strategic role and importance for the development of the economy and infrastructure, ensuring their work strictly according to international standards of corporate governance, including requirements for transparency of activities, strict accountability of the executive body and the effectiveness of the management system.

The second task is the obligatory creation of favorable conditions for the wide attraction of foreign direct investment, a radical increase in the efficiency of joint-stock companies, ensuring their openness and attractiveness to potential investors, the introduction of modern corporate governance methods, and strengthening the role of shareholders in the strategic management of enterprises.

Insufficient control over the use of resources in the public sector. To date, enterprises with a state share prevails, and in many the state has a share of over 50%. The effectiveness of the development of the national economy, the quality of the implementation of social programs directly depend on the effectiveness of the management of state property, a significant element of which is state blocks of shares.

Joint-stock companies with a predominant share of the state in the statutory fund play a significant role in the national economy, occupying key positions in priority sectors.

As a rule, in state-owned enterprises there is not so strict control over the use of enterprise resources by employees. Statistics on the number of officials prosecuted for corruption crimes also show that 71% of all lawsuits are filed against employees of state institutions and enterprises.

In other words, a vicious circle of governance, in which, unfortunately, there is no augmentation of performance efficiency. State intervention increases the risks of becoming unprofitable joint-stock company. As a result, investments in productivity become unprofitable or even dangerous. Unfortunately, in such an unfriendly business climate, associated primarily with the huge share of the state in the economy, it is naive to expect an increase in investment.

In this regard, the country is taking consistent measures to introduce modern methods of corporate governance in enterprises with state participation, reform them and increase efficiency.

The presence of a number of systemic problems in the field of ownership of enterprises with state participation, which impede the effective organization of their activities:

- The ultimate goals of society are blurred, there is no plan for long-term prospects;
- The presence of enterprises with state participation, including in areas where the private sector is effectively functioning, as a result of which the principles of fair competition are violated;
- An opaque mechanism for the implementation by enterprises with state participation of the commercial and non-commercial goals of the state;

- Conflict of interest as a result of the performance of several functions by state bodies in relation to enterprises with state participation, namely the functions of the owner and regulator;
- Excessive number of civil servants in the supervisory boards of enterprises with state participation;
- Insufficient motivation and responsibility of members of management bodies, including members of the supervisory board and control bodies of enterprises with state participation;
- Impunity of civil servants for non-compliance.

In this regard, the Strategy for Ownership of Enterprises with State Participation of the Republic of Uzbekistan for 2020-2025 is of particular importance.

Methods and methodology. Modern market conditions of the world economy determine the general directions and mechanisms for improving the practice of corporate governance, and, accordingly, assessing its quality.

The assessment of corporate governance is influenced by the peculiarities of the development of the state, geopolitical factors, legislation and economic conditions. The assessment of the corporate governance system in joint-stock companies, in accordance with the Corporate Governance Code, is carried out in order to monitor the implementation of the Code's recommendations.

It should be noted that the quality of the corporate governance system largely determines the prospects for sustainable development of the domestic economy, ensuring effective economic growth based on the competitiveness of the main subjects. An objective assessment of the effectiveness of corporate governance plays an important role in the development of the company, attracting investments and stabilizing the composition of the main owners.

From the point of view of the best practice of corporate governance generally recognized in the world, based on the experience of developed countries, the supervisory board is a key element of the corporate governance system of a joint-stock company, whose activities have a decisive influence on all its effectiveness.

Therefore, it is not surprising that the recommendations are based on proposals relating to various aspects of improving the efficiency of the Supervisory Board.

In line with corporate governance best practice, the main components of the governance assessment process include the following:

- Assessment of the National Assembly of the overall effectiveness of its work, the performance by its members of their most important duties;
- Evaluation of the work of each committee;
- Evaluation of the work of the chairman of the Council;
- Evaluation of the individual work of each member of the Council.
- Evaluation of the work of the sole executive body.

Therefore, the evaluation of the work of the Supervisory Board is an important element of the corporate governance system.

Conclusions. It can be concluded that the most significant tool for improving the quality of management in JSCs with a predominant share of the state is to increase the role and efficiency of the supervisory board. Since today the Supervisory Board is competent in many powers, including decision-making in the company, but the state, being the sole shareholder, cannot fully rely on them, as practice shows in matters of managing the company and monitoring the implementation of management, the work of the Supervisory Board does not give a positive picture.

In fact, the improvement of corporate governance helps to increase the efficiency of JSCs and improve their external financing, which, accordingly, is one of the necessary conditions for sustainable economic growth. At present, in most developed countries, the system of relations between the main actors in the company is already clearly defined: shareholders, managers, directors, creditors, employees, suppliers, buyers, government officials, members of public organizations.

Within the framework of international law, there is an approach to determining the content of corporate governance, approved in the memorandum of the Organization for Economic Cooperation and Development (OECD) in 2004: “Corporate governance refers to the internal means of ensuring the activities of corporations and control over them.

One of the key elements for improving economic efficiency is corporate governance, which includes a complex of relations between the board (management, administration) of the company, its board of directors (supervisory board), shareholders and other interested persons "stakeholders".

In particular, according to V.V. Dolinskaya, corporate governance is “a system of organizational and property relations regulated by the rules of law, with the help of which a corporate organization realizes, represents and protects the interests of investors”O.A. Makarova [1].

A.I. Kilyachkov: "Corporate governance is a set of measures taken by companies to protect the interests of owners and, ultimately, to increase the value of the company and attract investment"[2].

In accordance with the definition specified by us, the subject of corporate governance are various groups of corporate relations, and the object, respectively, is the socio-economic efficiency of the development of society as a whole, which directly depends on the level of consistency and balance of such relations.

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Various issues of corporate governance are dealt with by such management bodies of the joint-stock company as the General Meeting of Shareholders, the Supervisory Board, and the Executive Body.

The basic principles of corporate governance include:

- objectivity, which implies the validity of the directions for the development of the corporate governance system of a particular joint-stock company in accordance with the general goals and objectives of its production and financial activities, and the existing resource constraints;

- consistency, which provides for the existence of a close relationship between various areas of corporate governance.

The development and improvement of the corporate governance system directly depends on the quality of the economic analysis of the existing corporate governance system in a particular JSC.

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