



**JOURNAL OF ADVANCED
SCIENTIFIC RESEARCH**

ISSN: 0976-9595

Editorial Team

Editorial Board Members

Dr. Hazim Jabbar Shah Ali

Country: University of Baghdad , Abu-Ghraib , Iraq.

Specialization: Avian Physiology and Reproduction.

Dr. Khalid Nabih Zaki Rashed

Country: Dokki, Egypt.

Specialization: Pharmaceutical and Drug Industries.

Dr. Manzoor Khan Afridi

Country: Islamabad, Pakistan.

Specialization: Politics and International Relations.

Seyyed Mahdi Javazadeh

Country: Mashhad Iran.

Specialization: Agricultural Sciences.

Dr. Turapova Nargiza Ahmedovna

Country: Uzbekistan, Tashkent State University of Oriental Studies

Specialization: Art and Humanities, Education

Dr. Muataz A. Majeed

Country: INDIA

Specialization: Atomic Physics.

Dr Zakaria Fouad Fawzy Hassan

Country: Egypt

Specialization: Agriculture and Biological

Dr. Subha Ganguly

Country: India

Specialization: Microbiology and Veterinary Sciences.

Dr. KANDURI VENKATA LAKSHMI NARASIMHACHARYULU

Country: India.

Specialization: Mathematics.

Dr. Mohammad Ebrahim

Country: Iran

Specialization: Structural Engineering

Dr. Malihe Moeini

Country: IRAN

Specialization: Oral and Maxillofacial Radiology

Dr. I. Anand shaker

Country: India.

Specialization: Clinical Biochemistry

Dr. Magdy Shayboub

Country: Taif University, Egypt

Specialization: Artificial Intelligence

Kozikhodjayev Jumakhodja Hamdamkhodjayevich

Country: Uzbekistan

Senior Lecturer, Namangan State University

Dr. Ramachandran Guruprasad

Country: National Aerospace Laboratories, Bangalore, India.

Specialization: Library and Information Science.

Dr. Alaa Kareem Niamah

Country: Iraq.

Specialization: Biotechnology and Microbiology.

Dr. Abdul Aziz

Country: Pakistan

Specialization: General Pharmacology and Applied Pharmacology.

Dr. Khalmurzaeva Nadira - Ph.D., Associate professor, Head of the Department of Japanese Philology, Tashkent State University of Oriental Studies

Dr. Mirzakhmedova Hulkar - Ph.D., Associate professor, Head of the Department of Iranian-Afghan Philology, Tashkent State University of Oriental Studies

Dr. Dilip Kumar Behara

Country: India

Specialization: Chemical Engineering, Nanotechnology, Material Science and Solar Energy.

Dr. Neda Nozari

Country: Iran

Specialization: Obesity, Gastrointestinal Diseases.

Bazarov Furkhat Odilovich

Country: Uzbekistan

Tashkent institute of finance

Shavkatjon Joraboyev Tursunqulovich

Country: Uzbekistan

Namangan State University

C/O Advanced Scientific Research,

8/21 Thamotharan Street,

Arisipalayam, Salem

THE POSSIBILITIES OF IMPLEMENTING A PRACTICE REPORTING SYSTEM THE POSSIBILITIES OF IMPLEMENTING A CORPORATE GOVERNANCE PRACTICE REPORTING SYSTEM IN ENTERPRISES WITH STATE PARTICIPATION IN UZBEKISTAN

Tashmatov Rustam Husanovich – Center for Research on Privatization and State Property Management at the Agency for State Asset Management of the Republic of Uzbekistan, Head of the Department, Doctor of Economics, tel.: (90)937-46-92, e-mail: rustam9837@mail.ru

Annotation. This article provides a justification for the relevance and necessity of forming corporate reporting at enterprises with state participation, reveals its structure, content and features, analyzes foreign experience in compiling corporate governance reports, and based on this, offers proposals for the implementation of a reporting system on corporate governance practices in business entities with state participation in Uzbekistan.

Keywords: corporate governance, corporate governance reporting, corporate governance principles, corporate governance code, joint stock company, compliance, supervisory board, financial statements.

Introduction

Due to the globalization of the world economy, there is an objective need to increase the requirements for reporting indicators provided by business entities, including those with state participation. The world community has realized the urgency of meeting the needs of groups of stakeholders for comprehensive information about the activities of business entities, which is disclosed not only in financial indicators, but also non-financial ones, including information on corporate governance practices.

The Republic of Uzbekistan faces the task of ensuring the full transition of enterprises with state participation to market conditions, the full implementation of modern corporate governance methods in their activities [2]. One of these methods is

the formation and disclosure of corporate reports in enterprises with state participation.

In this regard, based on the results of the analysis of international experience and trends in the introduction of reporting on corporate governance practices, this article provides recommendations for the preparation of a report on corporate governance practices in business entities with state participation in Uzbekistan.

Methods

The research was carried out by the method of comparative and comparative analysis of the practice of forming corporate reporting in enterprises with state participation.

The main part

Over the past few decades, senior management, shareholders and other stakeholders of major corporations around the world have often identified conflicts of interest. These conflicts have required corporate governance reporting, which provides structures to ensure that stakeholders are committed to good corporate governance and compliance with all applicable laws and regulations.

For the first time, the media and the public showed a purposeful interest in corporate governance practices after the high-profile collapses of large corporations in 2001 and 2002 [4] around the world (mainly in the USA, Great Britain, Switzerland, Australia, Canada). Nevertheless, interest in improving the corporate governance practice report peaked after the 2008 financial crisis.

Corporate Governance Practice Report – informing about the company's standards, policies and practices of corporate governance and providing a reliable overview of the company's business model and activities, structure, activities and results of operations [5].

This report usually includes information on corporate governance procedures, compliance with regulatory requirements, the activities of the company and the board of Directors, the composition of the board of directors and how effectively the company adheres to good governance practices.

The Corporate Governance Practice Report aims to provide shareholders with

information about how the corporation conducts business, in particular about the model, structure, activities and results of the corporation's activities.

In most large corporations, the corporate governance and compliance report is managed by the Chief Compliance Officer (CCO) [6]. The Compliance Director is responsible for setting corporate-wide standards and implementing procedures to ensure that the company's corporate governance and compliance programs can effectively identify, prevent, detect and correct problems of non-compliance with applicable laws, regulations, industry standards or company policies.

Compliance staff and the corporate secretary can hire or consult with experts in the field to compile a specific report, and often collect data across the organization through surveys and questionnaires.

In small companies that do not have a compliance director, responsibility for the report may fall on an employee of the legal department or another qualified employee. When choosing the head of the compliance report management team, it is best to find someone with experience in the specific business activities being audited and regulations related to the compliance initiative. It is also important to note that this manager may need to be temporarily relieved of his normal duties, as the compliance report may require additional time and effort.

The details of the compliance and corporate governance report may also relate to individual departments whose work with new regulations affects their business relationships or future plans. Finally, the company can use the lessons learned from the compliance report to explain to a wider range of employees the importance and necessity of following standard procedures and policies.

As annual reports continue to be the single most reliable source of information about the company's performance, the quality of corporate reporting remains a key indicator of the board's commitment to transparency and its sense of accountability to stakeholders.

Leading foreign companies have accumulated significant experience in disclosing information about their activities and, in particular, about the practice of their corporate governance in annual reports [7-13]. This experience is based on

compliance with both the requirements of national legislation and the recommendations of best practices, which are increasingly becoming international in nature.

The results of the analysis of the legislation adopted in our country have shown that reporting on corporate governance practices in joint-stock companies is not provided. For example, in the law "On Joint Stock Companies and Protection of Shareholders' Rights" [1], article 105 provides that "the company is obliged to keep accounting records and provide financial statements in accordance with the procedure established by law", that is, it is obliged to submit only statements reflecting financial activities.

The Corporate Governance Code [3], adopted in our republic, also does not provide for the formation of joint-stock companies reporting on corporate governance practices.

As shown by the analysis of the official websites of enterprises with state participation [14-17], in most cases companies provide financial statements, an audit report, a development strategy, etc. Based on this, it can be concluded that in our republic one of the most important areas is the preparation and presentation of corporate governance reports in compliance with the principles of corporate governance. To do this, it is necessary to form a form for this type of reporting, since the structure of the annual report is extremely important for both electronic and printed versions.

Based on the study of foreign experience, we have compiled the following structure of the corporate governance practice report, which can be applied in joint-stock companies with state participation (Table).

With regard to the realities of the Republic of Uzbekistan, it seems that the transition of reporting on corporate governance practices should be considered as a strategic medium-term perspective, since most organizations currently do not yet compile this type of reporting. It seems that the transition to meaningful and understandable reporting on corporate governance practices for most national companies may take 2-3 years.

Table.**The proposed structure and content of the report on the practice of corporate governance in business entities with state participation**

№	Structure	The main content
1.	Information on compliance with the Corporate Governance Code	Information is provided on the company's compliance with the principles of corporate governance (in case of non-compliance with some principles, an explanation of such non-compliance is given). It is also possible to present the results of the assessment of the corporate governance system. The structure of corporate governance is also given.
2.	The Supervisory Board, its composition and role	Information is provided on the members of the Supervisory Board of the company, their participation at the general meeting of shareholders, as well as activities within their powers.
3.	Evaluation of the effectiveness of the Supervisory Board	Information is provided on the organization of the evaluation of the effectiveness of the supervisory Board, their results and decisions on these results.
4.	Committees of the Supervisory Board	Information is provided on the establishment and activities of the committees of the Supervisory Board, based on the tasks and functions assigned to these committees.
5.	The Executive Body	Information is provided on the members and activities of the Executive Body, within the framework of the powers assigned to this body.
6.	External audit	Information is provided on the organization and conduct of an external audit and the results of this audit.
7.	Internal control and internal audit	Information is provided on the organization and conduct of internal control and internal audit, as well as the results of these activities.
8.	Risk management system	Information is provided on participants in the risk management process, improvement taking into account changing external factors and the development of best international practices, awareness of shareholders about events held in the company.
9.	Relations with shareholders	Information is provided on the holding of the general meeting of shareholders, issues on the agenda, as well as extraordinary meetings.
10.	Disclosure of information	Information is provided on the implementation of information policy, transparency of the shareholder structure, availability of information on the composition, remuneration of corporate governance bodies, transactions, and information disclosure channels.
11.	Dividend policy	Information is provided on the implementation of the dividend policy, the accrual of dividends, the amount of dividends paid, and the sources of dividend payment.
12.	Succession planning of management bodies	Information is provided on the development of regulatory documents on succession planning of management bodies, as well as the progress of work in this area.
13.	Business planning	Information is provided on the current results of doing business, the results of the implementation of the business plan.
14.	Prospects for further activities	Information is provided on the development strategy for the medium and long term, as well as forecast parameters for the implementation of this strategy.

This process should begin with the formation of an appropriate regulatory framework. In particular, in order to widely implement the report on corporate governance practices in business entities of Uzbekistan, it is necessary to introduce norms into the current legislation that would regulate this process.

Conclusion

In order to introduce reporting on corporate governance practices in Uzbekistan in business entities with state participation, legal support, amendments and additions to existing regulatory legal acts are required. When forming reports on corporate governance practices, business entities can use the structure and content of

reporting on corporate governance practices proposed by us as a basis. This will make it easier for them to work on the formation of such reports and reduce the time for its preparation.

Thus, today it seems urgent to study the foreign experience of including corporate governance practices in reporting, since this reporting is not conducted in business entities of the Republic of Uzbekistan (separate elements of this reporting are provided - the results of an assessment of the corporate governance system).

Suggestions

Based on the above analysis, the following suggestions can be given:

1. It is advisable to add the following paragraph to paragraph 12 of the Corporate Governance Code: "publish on the website a report on corporate governance practices, including information on compliance with the Corporate Governance Code, the activities of the Supervisory Board and its committees, as well as evaluating their effectiveness, the activities of the executive body, conducting external and internal audits and controls, risk management, relations with shareholders, disclosure of information, dividend policy, succession planning of management bodies, business and strategic planning."

2. The Agency for State Asset Management should develop and approve methodological recommendations for the preparation of a report on corporate governance in business entities with state participation in Uzbekistan. When forming these recommendations, we can take as a basis the structure and content of the report on corporate governance practices proposed by us.

Sources and literature used

1. Law of the Republic of Uzbekistan No. 223-I dated April 26, 1996 «On Joint Stock Companies and Protection of Shareholders' Rights» (in a new version) - <https://lex.uz/docs/14667>

2. Resolution of the Cabinet of Ministers of the Republic of Uzbekistan No. 166 dated March 29, 2021, «On approval of the Strategy for management and reform of enterprises with state Participation for 2021-2025» <https://lex.uz/docs/5351244>

3. The Corporate Governance Code (Approved by the minutes of the meeting of the Commission to improve the efficiency of joint stock companies and improve the corporate governance system dated 31.12.2015 No. 9).

4. https://translated.turbopages.org/proxy_u/en-ru.ru.acd0f5aa-655353e7-e6c577bd-4722d776562/https/en.wikipedia.org/wiki/List_of_corporate_collapses_and_scandals

5. <https://cpdonline.co.uk/knowledge-base/business/corporate-governance/#:~:text=A%20corporate%20governance%20report%20is,%2C%20structure%2C%20activities%20and%20performance.>

6. <https://medium.com/@commerceopen24/securities-and-exchange-board-of-india-sebi-4c33df895e87>

7. https://www.indiacode.nic.in/handle/123456789/2114?view_type=browse&sam_handle=123456789/1362

8. <https://ya.ru/search/?text=%2C+IndianOil+&lr=10335>

9. https://iocl.com/contents/AnnualReportenglish_2021-22/pdf/corporate-governance.pdf

10. <https://legalacts.ru/doc/polozenie-o-raskrytii-informatsii-emitentami-emissionnykh-tsennykh/?ysclid=loeb3k4epy207349712>

11. <https://cbr.ru/Crosscut/LawActs/File/5768>

12. <https://sudact.ru/law/pismo-banka-rossii-ot-27122021-n-in-06-28102/?ysclid=lujn8dsuqw713508790>

13. http://www.kmgep.kz/ar/2012/pdf/corporate_ru.pdf

14. <https://uztelecom.uz/uz/kompaniya-haqida-1/korporativ-boshqaruv/hisobotlar/korporativ-boshqaruv-tizimining-baholash-natijalari-2>

15. <https://uzbekgeofizika.uz/oz/menu/zakljuchenija-otsenki-sistemy-korporativnogo-upravlenija>

16. https://uzse.uz/abouts/financial_reports
<https://biokimyoz.uz/ru/menu/godovye-otchety-emitenta#>