

PROBLEMS AND WAYS TO IMPROVE CORPORATE GOVERNANCE AT THE LEVEL OF JOINT-STOCK ENTERPRISES OF THE ENERGY COMPLEX UZBEKISTAN

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ABSTRACT

In this article, we will talk about the problems in electricity and how to solve these problems from the roof of the corporate government in our country.

Keywords: Finance, tax, economics, government, development, wealth, accounting, financial statements, development.

1. INTRODUCTION

Volume Uzbekistan's GDP more than doubled and bringing the share of industry to economy of the republic up to 40%, involves the implementation of the country as a whole 657 large investment projects with a total value of about 40 billion dollars⁸⁵. The timely realization of such a grandiose programs for the modernization of the national economy is impossible without ensuring high rates of development of enterprises of the energy complex, providing the material basis for the development of not only the real sector, but the entire social sphere of the state. As a result of the years Independence of cardinal transformations of Uzbekenergo JSC, representing today the entire energy sector of the republic, has become multifunctional production association, including design, construction and installation, repair and maintenance organizations. The economic base of the energy complex of Uzbekistan is 42 power plants with a total installed capacity of more than 12 million kW, of which 10 thermal power plants with a capacity of 10.6 million kW (85.1%), 29 hydraulic power plants with a capacity of 1.4 million kW (11.4%) and others power plants with a capacity of 480 MW. Among the largest power plants republics include the Charvak HPP with a capacity of 620.5 MW, the Khodjикent HPP with a capacity of 165 MW, Gazalkentskaya HPP with a capacity of 120.5 MW. AT as a result of the implementation of an active innovation policy in 2016 in the energy complex of Uzbekistan completed the implementation of 12 major projects with a total value of \$2.2 billion. Among them, projects such as the "Expansion of the Talimarjan TPP with the construction two combined cycle plants with a capacity of 450 MW each", "Construction on Angren TPP of a power unit with a capacity of 130-150 MW with a

cogeneration selection for high-ash coal combustion”. The most important means of innovative development and improvement competitiveness of energy enterprises of Uzbekistan is a program cardinal technical and technological restructuring of all sub-sectors energy complex of the republic.

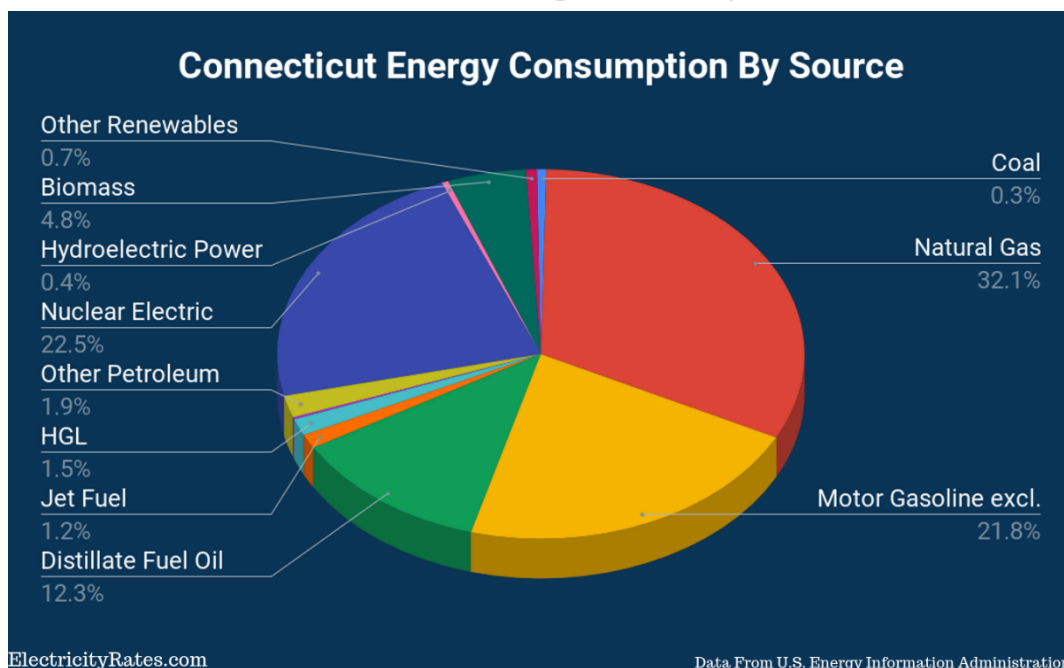
2. LITERATURE REVIEW

The material basis for the transformation into the life of the specified program of action is laid down in a large-scale program innovative development of the energy sector of Uzbekistan for 2017-2020, including more than 20 major investment projects related to construction of small hydropower plants for a total of 859 million dollars. USA86. However, its implementation requires the involvement of large volumes foreign and domestic investment, which will allow for cardinal modernization of the production apparatus of the industry. Solutions this complex and capital-intensive problem cannot be achieved without the introduction of modern methods of corporate governance at the enterprise level energy complex.

3. RESEARCH METHODOLOGY

Thus, the actualization of the problem of improvement corporate governance in joint-stock companies of the energy complex of Uzbekistan is due, first of all, to the need to improve production efficiency and ensure growth competitiveness of their products. Another important reason for the introduction of effective corporate governance systems is a growing need to attract significant volumes, both external and internal investments from the open financial market. Given the multifunctional nature and complexity of the impact corporate governance mechanism to improve sustainability and competitiveness of joint-stock enterprises of the energy complex, it is of interest to dwell in more detail on the theoretical aspects its functioning. In recent years, in the scientific and business circles of Uzbekistan, more and more attention is paid to the disclosure of the true economic potential of the corporate governance system, which is related to the processes expanding the scale of attracting foreign investment and the need to establish qualitatively new relations between all members of the corporate community. Development of corporate management as a powerful factor in activating innovative activity energy enterprises is directly related to this ability to provide significant impact on many areas of their activities, ranging from direction of the development strategy and management structure of JSC, ending content of its dividend policy. Despite the fact that the joint-stock form of ownership has a different socio-economic content and is used in the interests of mainly private individuals, some social groups or the state as a whole, in due to its economic nature and organizational structure, it is able to provide all of them with a number of significant advantages, which provides it with high prestige and provides large competitive Benefits. Noting the clear advantages of corporate

governance over traditional forms of enterprise management should be note that it



should be based on a systematic approach to the use all the resources available to the enterprise, as well as a powerful system of motivation labor of managers and staff of JSC. The most important condition for the impact of the corporate governance system for the sustainable innovative development of joint-stock enterprises Uzbekistan advocates the timely formation and provision of a clear functioning of the mechanism of effective counterbalances and checks, providing procedures for coordinating and combining the efforts of all members supreme and executive management bodies, as well as personnel enterprises to achieve the strategic goals of its sustainable development.

4. ANALYSIS AND DISCUSSION OF RESULTS

Another important reason for the effectiveness of the impact corporate governance on the growth of innovative activity of joint-stock companies enterprises is that it is able to cover almost all hierarchical levels and functional links of the joint-stock company, providing monitoring and control over the effectiveness of processes fundamental renewal for sustainable development. As of 01/01/2017 in the energy sector of the republic there were 27 joint-stock companies and limited companies responsibility, 24 of them with the state share. In 14 joint-stock companies energy industry appointed state attorneys, in 9 trust companies operate in limited liability companies managers, in 4 limited liability companies - the state share was transferred to management companies. Monitoring the activities of internal audit services at enterprises energy complex of Uzbekistan shows that as of 01/01/2016 out of 27 JSCs and LLCs in which it is necessary to implement the service internal audit, they are actually created only in 15 or 82%⁸⁷ Further institutional strengthening of the

mechanism corporate governance at the level of joint stock companies the energy complex of Uzbekistan was facilitated by measures to further reducing the direct participation of the state in their activities by deepening privatization and sale of large objects of state property by private foreign investors. In the period 2015-2016 at the enterprises of JSC "Uzbekenergo" such important regulatory documents as the "Model Regulations on Supervisory Board of the Joint Stock Company", "Regulations "On affiliated persons, on the procedure for maintaining their records and disclosing information in joint-stock companies"⁸⁸ Confirmation of significant shifts in the field of corporate management at the level of joint-stock enterprises of the industry is the fact that new chairmen were elected to 16 JSCs of the energy complex Supervisory Boards of JSCs, more than 40 percent of members were re-elected in 10 JSCs Supervisory Boards, and in 8 joint-stock companies more than 60 percent of members have been renewed audit committees. The whole set of factors and characteristics of the impact of corporate sustainability management of energy complex enterprises Uzbekistan can currently be divided into: a) micro-level factors that reflect the quality itself production processes and product prices, profitability production, as well as the sustainability of each joint-stock enterprise,

b) level factors that ensure sustainable improvement performance indicators for the use of existing production resources on the scale of the energy complex;

c) macro-level factors characterizing the general condition various segments of the financial market, the available investment climate, tax regime, tariff and customs policy, etc.

Significant impact on the nature of corporatization of this complex rendered by the fact that the centers of income generation operate on the basis of the same enterprises, and cost centers - operate on the basis of other enterprises in the industry. Finding ways to timely eliminate these imbalances should be the subject of special attention of the economic ministries and regulators of the financial market, which will increase the financial sustainability of JSCs and the effectiveness of the impact of corporate governance to expand the scope of their innovative development Considering that in the legislation of the Republic of Uzbekistan on corporate governance has already created a certain legal framework, extremely it is important to stimulate further steps towards the formation an effective mechanism for self-regulation and control of activities energy enterprises, including:

- creation of a network of private specialized information and analytical agencies that implement processes on market conditions determining the investment attractiveness of JSC;

- strengthening the institution of non-state self-regulatory organizations whose activities are aimed at consolidating efforts to protection of the rights and interests of

shareholders (committees for the protection of the rights of minority shareholders, various shareholder support associations). Considering that one of the most important factors influencing the influx of large investments in joint-stock enterprises of the energy complex of the republic, are the estimates of international rating agencies, a thorough analysis of the components international ratings and indices, starting active work on promotion of the image of Uzbekistan in the most common international indexes and rankings by providing objective, reliable and complete information on the requirements International Monetary Fund, International Finance Corporation and etc. Further institutional strengthening of the mechanism corporate governance at the level of joint-stock enterprises of real sector of the economy of Uzbekistan should have contributed to measures to further reducing the direct participation of the state in their activities by deepening privatization and implementation of large facilities state property to private foreign investors. Further development of corporate governance as a factor in improving investment attractiveness of energy enterprises of Uzbekistan in the eyes of foreign investors will be directly related to an increase in transparency of the financial information available about them, more complete disclosing the ownership structure of corporate structures, increasing the level of accountability of managers, as well as the quality of their dividend policy.

5. CONCLUSION AND SUGGESTIONS

The main tasks of corporate governance at the level of joint-stock companies enterprises should be to define strategic goals development of the joint-stock company, search for means to achieve them, as well as development of ways to control its sustainable development by forces qualified managers. However, for their successful implementation great efforts of all members of the corporate community are required, as well as support from the state, economic ministries, bodies branch and regional management. As a priority measure to improve efficiency corporate governance at the level of joint stock companies of the energy complex, the author proposes such measures as:

- increasing the efficiency of using the potential of science in business mastering the production of alternative types of energy, as well as introducing Energy saving technologies;
- formation of favorable economic conditions for import and implementation of knowledge-intensive technologies into the practice of energy enterprises technologies that allow increasing the volume of domestically produced energy;
- large energy companies of the republic should have access to productive from a long-term perspective nationwide projects financed from the targeted innovation budget government and long-term loans from IFIs;

- in order to attract foreign investment for financing major investment projects in the energy sector of Uzbekistan it is expedient to start preparing the issue of sovereign bonds or IPO programs based on one of the most stable and promising energy enterprises;

- accelerate the process of harmonization of currently formed national corporate governance standards with current international standards of corporate governance;

- expand the practice of inviting leading foreign experts to work as managers of large energy companies Uzbekistan;

- organize targeted internships for the most promising young heads of Uzbek energy enterprises on the basis of leading energy companies in the world. Timely and high-quality implementation of the above proposals should have a positive impact on the processes of institutional strengthening and functional development of the corporate governance system at the level of joint-stock enterprises of the energy complex of the republic, which will not only improve their sustainability and competitiveness, but also to raise the investment attractiveness of the entire economy of Uzbekistan.

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