

Corporate Governance Factors and Elements

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Abstract

In recent years, many works on corporate governance have appeared in the economic literature. Taking into account foreign experience, Russian companies are trying to build their own corporate governance systems. Since any field of activity is always associated with the need to influence an object in order to bring it to the desired state, this rule applies to any objects.

Keywords: *Corporate management, shareholding, management decisions, elements, parameters, corporation management, business evaluation, pressure on business.*

In recent years, many works on corporate governance have appeared in the economic literature. Taking into account foreign experience, Russian companies are trying to build their own corporate governance systems. Since any field of activity is always associated with the need to influence an object in order to bring it to the desired state, this rule applies to any objects: socio-economic, biological, technical, etc. Therefore, the management of socio-economic objects, like others, should be conceptually based on the availability of information about the final goal of management, the initial conditions of the operation of the object, its internal structure and external environment. Of course, the object's performance goal is the starting point for shaping the management process and studying its internal and external environment. If we consider this research topic in the context of the general conceptual principles of management, it should be noted that in the absence of a predetermined goal of the management of the corporation, it does not make sense to evaluate the quality of this management. Depending on the management goals, the initial conditions of the state of the corporation, i.e. "zero time moment", are chosen. The internal structure of the corporation reflects the laws and features of its operation.

The external environment provides an objective description of the environmental conditions of the corporation's activities, the parameters and structure of external objects that interact with the corporation to one degree or another. Reflecting the external environment as completely as possible increases the probability that the expected and actual consequences of decision-making in the process of managing the corporation will coincide.

Factors that significantly complicate corporate governance and, as a result, the assessment of the quality of corporate governance include:

- structure of shareholding property and possible conflicts of interests of business entities;
- the practical impossibility of accurately measuring the initial conditions of the quality of the corporation's management;

- lack of clear frequency of corporate management processes;
- irregularity of manifestation of positive and negative consequences of the adopted management decisions;
- the irregularity of the impact of environmental factors and the complexity of quantitative measurement of their impact;
- the probable nature of changes in corporate management goals and the parameters of the management process itself;
- the complexity of using average characteristics in corporate management due to the dynamics of the internal and external environment;
- Difficulties in formalizing the corporate management process due to the complexity of accurately describing its elements, parameters and relationships between them.

All of the above allows us to conclude that it is a flexible management mechanism, taking into account the characteristics and factors of corporate governance. It is about "the transparency of the ownership structure and the clear visibility of potential conflicts between the interests of the majority (or management) and other shareholders." In our view, it should not only be about the individuals who have control over the company and its assets. The problem must be broader: we must talk about the balance of economic interests of all business entities, which must be ensured by the ownership structure, because the structure of the corporation's management largely depends on the ownership structure. The first place to determine the quality of corporate governance is the board of directors or the supervisory board.

The quality of corporate governance largely depends on their relationship with the corporation's management, what their quantitative and qualitative composition will be, how the discussion of problems is carried out according to the scheme, who dominates the board of directors, etc. Quantitative and qualitative characteristics of the corporation's management (number, education, work experience, labor motivation, turnover, etc.) are equally important. Analyzing the opinions and perspectives of various experts on this problem, the author concludes that an objective assessment of the quality of management in the enterprise can be given only when the conflicts of economic interests (owners, top management and employees) within the enterprise are identified. It should be taken into account that these interests may be in conflict.

The economic interests of the owners (shareholders) who do not work in the enterprise are the valuation of the assets they own. The typical situation that has arisen in the Russian stock market over the last ten years can be considered, which, with certain exceptions, does not give a market value to the shares of most Russian enterprises, so their quotations are based on the state of production, the growth of its volume or does not depend on the decrease, profitability of assets, etc. In this regard, the so-called speculative investors cannot "objectively" evaluate the value of the company's shares with market instruments, because they are not listed on the stock market in most cases. The same shares issued by companies are valued in the narrow sector of interests of their "closest investors". They also control the company's assets and, in turn, seek to hide confidential information about their nominal and real value.

In economic literature, two main mechanisms of institutional pressure on business are distinguished:

- use of informal rules and regulations in business evaluation and selective application of sanctions against offenders;

- mobilization of various control bodies to put pressure on business

Thus, all of the above allows us to draw the following conclusions: first, corporate governance is a flexible management mechanism that takes into account the characteristics of the corporation as a socio-economic system; secondly, corporate governance includes four main elements that interact and interrelate: ownership structure and balance of economic interests, management structure, quality and reliability of financial and management information and corporate ethics and culture; thirdly, corporate governance and its quality are influenced by the external environment, which, in addition to traditional factors (suppliers, inflation, consumers, creditors, etc.), institutional support for corporate governance, external audit and control system, the system of interaction of regional authorities with business, and includes such factors as personnel training.

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