

APPROACHES TO IMPROVING THE METHODS OF EVALUATING THE EFFECTIVENESS OF CORPORATE MANAGEMENT IN JOINT-STOCK COMMERCIAL BANKS

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Annotation

This article discusses the concept of the effectiveness of corporate governance and the model for determining the effectiveness of corporate governance, proposed by foreign and international organizations (OECD), as well as the main indicators characterizing the effectiveness and methodology for determining the effectiveness of corporate governance. The author's approach is formulated to determine the effectiveness of corporate governance and key performance indicators.

Keywords: corporate governance, corporate governance efficiency, comprehensive indicators, corporate governance quality, performance indicators systems, financial indicators, risk management.

Introduction

Today, in the conditions of digitalization of the world economy, it is desirable to have a methodology for determining "complex indicators determining the effectiveness of corporate management" and a model for its implementation, which incorporates the needs of effective management of the activities of joint-stock commercial banks and the application of strategic and innovative innovations to management processes for long-term periods. The issue of "... it is necessary to introduce modern standards and methods of corporate management, to strengthen the role of shareholders in the strategic management of enterprises [1]" in the character strategy of the further development of the economy of our industry has an important place in solving this problem. In addition, in the Decree of the President of the Republic of Uzbekistan dated January 28, 2022 No. PF-60 "On the development strategy of the new Uzbekistan for 2022-2026", as part of the reforms implemented in the process of establishing the New Uzbekistan, there is a wide range of improvements in the activities of joint-stock companies, including their institutional and functional mechanisms. Comprehensive measures are being implemented. For example, in the "New Development Strategy of Uzbekistan for 2022-2026" of the Republic of Uzbekistan, "...in order to increase financial resources in the economy, to increase the turnover of the stock market from 200 million US dollars to 7 billion US dollars in the next 5 years, the state has a share completing the transformation processes in commercial banks,

by the end of 2026 the share of the private sector in the bank's assets up to 60% and the gradual liberalization of capital movements[2]" are defined.

According to the research conducted by the Organization for Economic Cooperation and Development (IHTT), the mechanisms for implementing the corporate governance code and rules were revised in almost 84 percent of joint-stock companies during 2015-2021, 10 percent used certain flexible mechanisms, and 6 percent did not change them [3]. Currently, according to experts' evaluations and results of empirical studies, the market value of corporations increases by 20-30 percent due to the improvement of corporate management efficiency. In addition, the formation of an effective corporate management system leads to an increase in the capitalization of the national stock market, the emergence of the possibility of using external sources of financing, and ultimately the development of business activities in the country and their competitiveness [4]. This, in turn, indicates the relevance of this emerging topic.

LITERATURE REVIEW

Today, there are scientific approaches to improving the methods of evaluating the effectiveness of corporate management in joint-stock commercial banks by improving the quality of corporate management, and various definitions are given by economists.

In order to improve the quality of corporate management in joint-stock companies, complex approaches that determine the effectiveness of using modern mathematical and statistical methods of evaluating financial investments in commercial banks have been proposed in many scientific studies. Including in D.S. Tagaverdieva's researches, the method of comparing the quality of corporate management with the benchmark, the evaluation based on the benchmarking system, the method of determining the capital value, the method of determining the final value of the property, and the evaluation methodologies based on attractive investment indicators for the quality of corporate management are proposed [5]. I. S. Rumyantsev proposed a methodology for quantitative assessment of corporate management efficiency. In the methodological approach, he proposed a mathematical apparatus for determining the activities of joint-stock companies based on financial results and increasing market values [6].

In N.A. Volkova's researches, it is recognized that the model for evaluating the effectiveness of the corporation's corporate management should be evaluated as a system of components, each of which is formed from economic indicators, taking into account both the economic characteristics of the enterprise and the quality composition of its employees [7]. N.W. Gorodnova offers a methodology and algorithm for comparative pairwise evaluation of management system options for corporate structures with state participation [8].

In the GMI (Governance Metrics International) methodology for evaluating corporate governance, the main elements include legislation on the composition of the board of directors, financial transparency and external control, shareholder rights, the possibility of controlling the ownership structure through the market, the powers of executive bodies and the existence of a corporate code of conduct [9].

Boards of directors are responsible for overseeing the organization's strategy, management decisions, regulatory compliance, and systems and processes that guide, control, and manage overall performance [10]. Board effectiveness has often been assessed in terms of financial metrics such as return to shareholders, return on investment or return on assets [11] effective boards. Also, the board of directors should be actively aware of the issues of effective control and opposition to strategic, compliance and operational decisions of the management [12]. Effective corporate governance should also focus on shaping, establishing and monitoring the organization's values and culture and ensuring that business decisions and practices comply with ethical, fair, societal and regulatory standards [13].

Many corporate failures, scandals, and ineffective business transformations are also believed to be due to ineffective management board [14].

"The word efficiency is literally (Latin - *efficientia*) meaning the ratio between the results achieved using resources. Or, in a broad sense, it is the process of efficiency, operations, projects that ensures the achievement of efficiency results, and the ratio of the achieved results to the costs is understood [15].

It is known that the modern joint-stock company will always have to operate in the process of changes. Until the period of the market economy, the attractiveness of the company and the presence of thousands of employees working in it were used to evaluate the attractiveness of the company, but at the beginning of the 1990s, the levels of economic indicators came to the fore, and such indicators included the company's profit, profitability, the volume of production of products or services. and it is necessary to recognize that indicators such as their quality and turnover have taken place.

Nowadays, when evaluating the company's activity, it is approached from the point of view of how interesting the company is for investors, i.e. how much money investors want to pay for the company's share or how much interest rate the company can get on loans, which rating company has determined the stability of the company and what rating level it can get, corporate governance including indicators such as its condition and effectiveness.

To improve the management system of joint-stock companies operating in our country today, to further increase its efficiency, to evaluate the effective system of corporate management, to introduce modern corporate management methods into the management process to ensure its effectiveness, for this, to study the experience of companies operating in developed countries, on this basis, modern methods of corporate management in Uzbekistan implementation is an important issue.

METHODOLOGY

A number of specific principles can be put forward in determining the methods of calculation of indicators representing the effectiveness of corporate management in commercial banks.

Including:

- 1) the use of indicators representing the effectiveness of management in corporate enterprises has acquired a relatively free description, and it is logically correct to select these indicators based on each individual case;

- 2) indicators can be expressed in absolute or relative form, which expands the possibilities of evaluating these processes;
- 3) independent content acquisition of indicators in each specific case limits the possibilities of making a holistic conclusion summarizing them in terms of quantity, etc.

ANALYSIS AND RESULTS

There are many views in the science of determining the effectiveness of corporate governance. According to S. V. Pavlova[16], one of the Russian economists, he explains the indicators that characterize the effectiveness of corporate management: the property structure of the joint-stock company (the structure of shareholders, shareholders with a control package, the ability of shareholders to support the company, information about owners, etc.); information openness and access to information for shareholders and other interested entities; implementation of the mechanism and policy of increasing the efficiency of the company's corporate management; system for managing corporate control and risk situations, production, financial, market research areas in the company; refers to indicators such as the presence of corporate conflicts in the company and the level of protection of shareholders' rights.

In the article Tagaverdieva D.S. entitled "Methods of increasing the efficiency of corporate management" [17], expressing the effectiveness of corporate management; It recommends indicators such as shareholder's rights, board of directors' activity, executive body's activity and structure, access to information, corporate social responsibility, company's financial policy.

In the article by Kashina E.V., Golovanova L.V., the effectiveness of corporate management consists mainly of financial indicators, the dynamics of profit (the profitability approach). The corporate governance system and its institutional mechanisms are also widely studied by the international community. Regarding the regulation of its modern trends, formation, and development activities, the corporate governance institutions of the European Bank for Development and Reconstruction of the Organization for Economic Co-operation and Development, the corporate governance recommendations of the Euroshareholders Group, the corporate principles of the Basel Committee on Banking Supervision, and the UN are among them.

In the Republic of Uzbekistan, many studies are being carried out on the formation of modern principles of corporate management and the creation of scientific and methodological foundations.

D. Kh. Suyunov [18] carried out scientific research on the introduction of modern models of corporate management, the study of the theories and concepts that form their basis, the identification of existing trends, the introduction of the compliance control system in corporate management into the corporate management system of Uzbekistan. There are opinions that "Compliance-control is a system that can control the compliance of the company's activities with the requirements of laws, norms, norms and standards and what

the consequences of non-compliance will lead to, and give appropriate advice and even take measures based on the current legislation [19]".

In addition, D.Kh.Suyunov researches include the introduction of modern standards of corporate governance to improve the effectiveness of corporate governance as the main research in improving the corporate governance system and its organizational and economic mechanisms in Uzbekistan: it is certainly possible to see the necessity of following the international standards of corporate governance[20]".

Or there are recommendations and objections developed by various independent international organizations in evaluating the effectiveness of corporate governance. According to the recommendations developed by the World Bank, regardless of any model chosen by the company, it is considered to be the indicators of the effectiveness of corporate governance [21]. These indicators include: 1. Transparency. It mainly expresses the openness of financial and other information characterizing the company's activities and the existence of an internal corporate control system over the activities of the company's management. 2. To ensure the protection of the rights and interests of all shareholders. In this case, all shareholders have equal rights, regardless of their share in the property. 3. The degree of independence of the Supervisory Board. This means the independence of the supervisory board in defining the strategic development of the company's activities, confirming business plans and making other important decisions under the authority of another supervisory board, approving managers, controlling their activities, and replacing them when there is a need for production or other needs.

In addition, the "Organization for Economic Cooperation and Development" in the world economy expresses the effectiveness of corporate management in the following features [22]:

- reliability of protecting the rights of investors with "honesty"; ensuring timely "transparency and openness" of accurate and complete financial information of the company; managers are "accountable" to company owners; is to ensure strict adherence to the law and ethical norms of the company and "responsibility".

There is a method of evaluating the effectiveness of corporate management in companies operating in the Republic of Uzbekistan based on the annual activity of the companies and their net profit level [23]. It should be noted that as of January 1, 2023, the number of state-owned enterprises is 2,340, of which 224 are joint-stock companies, 1,219 are limited liability companies, and 897 are state unitary enterprises.

In 2022, 1206 enterprises earned 41 trillion 52.5 billion soums. The 30 state-owned companies that benefited the most are:

1. "Navoi Mining and Metallurgical Combine" JSC - 15.4 trillion soums;
2. "Almalik Mining and Metallurgical Combine" JSC - 6.67 trillion soums;
3. "National Bank of Foreign Economic Activity" JSC - 2.4 trillion soums;
4. "Navoiyuran" DK - 2 trillion soums;
5. "Navoiyazot" JSC - 1.33 trillion soums;
6. "Uzbekistan Metallurgical Combine" JSC - 1.16 trillion soums;

7. "Ipotekabank" ATIB - 1.16 trillion soums;
8. "Uzbekneftgaz" JSC - 1.1 trillion soums;
9. "UZBAT" JSC - 988 billion soums;
10. "Uzavtosanoat" JSC - 871 billion soums;
11. "Agrobank" JSC - 609 billion soums;
12. "Trustbank" JSC - 605 billion soums;
13. "Uzsanoatqurilishbank" JSC - 589 billion soums;
14. "Silk Road" ATIB - 470 billion soums;
15. "Kishloqkurilishbank" JSC - 437 billion soums;
16. "Uzkimyosanoat" JSC - 434 billion soums;
17. "Uzbekistan Airports" JSC - 385 billion soums;
18. "Uzbekistan airways" JSC - 54 billion soums;
19. "Issiklik Elektrostansali" JSC - 243 billion soums;
20. "Fergonazot" JSC - 234 billion soums;
21. "Alokabank" JSC - 228 billion soums;
22. "Uzbektelecom" JSC - 227 billion soums;
23. "Hududgaztaminot" JSC - 202 billion soums;
24. "Commodity Exchange" JSC - 198 billion soums;
25. "Uzaeronavigation Center" - 137 billion soums;
26. "Ozdonkhusulot" JSC - 134 billion soums;
27. "Electromagnetic Adaptation Center" DUK - 118 billion soums;
28. "Uzbekistan-Oman" investment company LLC - 101 billion soums;
29. JSC "Organization of electronic online auctions" - 99 billion soums;
30. "Uzbekkomir" JSC - 55 billion soums.

It should be noted that the issue of the effectiveness of corporate management in commercial banks is one of the topical problems of today, which is deeply studied in terms of the corporate management system and its practice. The relevant scientific views and scientific proposals are modern scientific views that ensure maximum business and economic efficiency of the company.

CONCLUSIONS AND SUGGESTIONS

So, in our opinion, the indicator of the effectiveness of corporate management in commercial banks can be a set of indicators characterizing the effectiveness of corporate management for the period under study through the general indicators of the company.

In order to ensure the effectiveness of corporate management in joint-stock commercial banks, it is necessary to develop corporate management in banks first. For this, it will be necessary to develop a strategy in the direction of transformation of the corporate management process of commercial banks and ensuring the effectiveness of corporate management.

The transformation of corporate management in commercial banks is a process aimed at ensuring the effective use of all the resources of banks, meeting the demands of

shareholders, investors and other parties interested in the company's activities, and ensuring the stability and competitiveness of banks. Therefore, it is necessary to develop a mechanism that ensures the strategy of effective implementation of corporate management in commercial banks. The purpose of such a mechanism should include: increasing the income of commercial banks; optimization of profit volume; ensuring the stability of commercial banking in the service market; raising the quality of service provision to the level of international requirements and standards; establishment of joint-stock commercial banks with foreign partners; attract investment to banks; it will be necessary to ensure and take into account the rights and benefits of all subjects interested in the activity of banks, to establish control over the quality of the management.

Under the development of corporate governance in joint-stock commercial banks, it will be necessary to ensure the following:

- Balancing and reconciliation of economic interests of all subjects participating in the process of corporate management;
- to continuously increase the wealth of owners and other interested parties, to ensure the preservation and increase of their capital;
- the rational and effective use of production, financial, scientific and other resources within the defined limits of available resources;
- it will be necessary to ensure the reduction of the existing corporate conflicts without damage and prevention of their origin. But since the question of the effectiveness of corporate management is a complex and multifaceted process, it is necessary to look at it with a scientific approach.

Today, the directions to be taken to ensure the effectiveness of corporate management in commercial banks should include the following:

- consolidation of the internal normative-legal framework that ensures the procedure for making all and the most important corporate management decisions in joint-stock commercial banks, the regulation of the activities of management bodies;
- development of regulations defining the responsibility, liability, rights and duties of the general meeting of shareholders, the supervisory board, the executive body, trustees, which are reflected in the current regulatory documents;
- to improve the activities of the supervisory board, which protects the interests of shareholders, determines the strategy of banks, and supervises management activities;
- to increase the openness of information about banks and their current activities, their level of transparency;
- to support the constant communication with shareholders, protection of their rights and interests;
- to increase the participation of shareholders in bank management processes;
- In the election and appointment of members of the Supervisory Board, the contribution of independent members should be increased from 30 percent.

The effectiveness of corporate management in commercial banks at a certain local or global level, the importance of managing any large company in the world economy, in the

management of a specific country, has its own characteristics. Such features can be explained as follows:

First, at the level of commercial banks - the effectiveness of corporate governance should ensure maximum profit by banks and protection of the rights and interests of shareholders and other interested parties.

Secondly, at the state level, effective corporate governance must ensure the stable development of the private sector, stock markets, and the country's economy as a whole.

Thirdly, in developed countries, and at the global level, effective corporate governance will reduce the risks of financial crisis in the formation of the international financial market system.

Based on the scientific views analyzed and studied above, it is permissible to focus on the indicators that can be used to evaluate the effectiveness of corporate management in commercial banks.

It would be appropriate to divide the main indicators of the evaluation of the effectiveness of corporate governance into the following three groups [24]:

1. Indicators characterizing the level of adherence to the principles of corporate management in commercial banks. These indicators include: the level of protection of the rights and interests of shareholders, investors and other entities interested in the activity of commercial banks; level of participation of all subjects interested in the activity of commercial banks in management processes and openness of information; the level of participation of employees in the management of banks' activities; it would be appropriate to exemplify such indicators as the quality level of the formation of accounting reports and audits and the level of organization of cooperative management.

2. Financial and economic indicators characterizing the results of commercial banks. These indicators include: volume and dynamics of sales of services provided by commerce, volume and dynamics of profit before tax and taxation, dynamics of authorized capital, growth of profitability of equity capital, labor productivity of management personnel, dividend yield of bank shares, level of market value of banks and its dynamics.

3. Indicators characterizing the level of risk of corporate management in commercial banks. These indicators include: the level of risk in making management decisions in commercial banks, the share of shareholders in the company's authorized fund, the level of validity of the introduction of transfer pricing, the level of reliability of banks' bankruptcy, risks arising from changes in the structure of banks, risks expected from the absence of a representative of minority shareholders in the board of directors, the state's shareholder in banks there may be risks and other indicators associated with participation as

In addition, it is necessary to develop management aimed at increasing the amount of profit, increasing the amount of capital and accelerating its circulation, shortening the term, reducing the creditor debt, increasing the level of solvency and ensuring the stability of the position in the market.

The main directions of ensuring the effectiveness of corporate management in commercial banks can be explained as follows:

First, it is necessary to improve the structure and activity of the Supervisory Board of Commercial Banks. In this case, it would be appropriate to establish a corporate governance committee, a strategic development committee, a reward and approval committee, an audit committee and a code implementation, compliance and ethics committee within the supervisory board. Depending on the level of activity of the bank, the number of committees and their members can be determined.

Secondly, it will be necessary to introduce a system for evaluating the performance of the Supervisory Board body. And this, in turn, the Supervisory Board should ensure professional approach and fiduciary obligations to the prevention of shortcomings in the work of the body, the responsibility of the members of the Supervisory Board to their functions and tasks.

Thirdly, the level of authority of independent observers in management should be expected. This membership provides a high level of professional expertise, a high level of work experience, the company's entry into the world market and the development of the company to a new level.

Fourth, banks should ensure openness of correct information. For this:

-Taking into account the trends in the field of corporate management in today's commercial banks, switching to the IFRS (MSFO) system for the company's activities;

- The bank's supervisory board and executive body, independent supervisory board member, complete location with biographies of each of them, company's organizational structure, company's branches, representative offices, shareholders and their share in the charter fund, report and analytical data, bank's history and development strategy , charter and other information should be posted on the bank's website.

Fifth, the formation and development of corporate management standards of commercial banks. Such standards require the adoption of a corporate code of conduct.

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