

**IMPLEMENTATION OF THE PRINCIPLES OF MODERN CORPORATE  
MANAGEMENT IN THE ENERGY SYSTEM**

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**ABSTRACT:**

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*The introduction of modern corporate management principles to the energy sector of Uzbekistan is aimed at increasing transparency, accountability and efficiency in the sector for sustainable development and attracting foreign investments. Recent reforms include establishing independent councils, improving the regulatory framework, and moving to expand privatization to reduce state monopoly. In particular, the government of Uzbekistan implemented the "Roadmap" for the restructuring of energy entities such as "Uzbekneftgaz" and "Uztransgaz" and introduced the simplification of activities and competitive practices. These changes are expected to address systemic inefficiencies, reduce corruption, and strengthen a market-based environment, ultimately supporting Uzbekistan's goal of becoming a regional energy hub and ensuring a reliable, sustainable energy supply for future growth.*

**INTRODUCTION.**

Provide context on Uzbekistan's energy sector, discussing historical reliance on traditional energy sources, the impact of economic reforms, and the growing demand for a sustainable and efficient energy system. Highlight the need for corporate governance principles to ensure transparency, accountability, and sustainability.

"Uzbekistan, rich in natural gas resources, has long been dependent on fossil fuels for energy production. As global energy markets shift toward sustainability and efficiency, Uzbekistan faces the pressing need to adopt corporate governance principles in its energy sector to enhance transparency, accountability, and operational efficiency."

There are a number of tasks in our country, such as the development of modern organizational and legal forms of management, reform of the management system in energy enterprises. In world practice, there are tasks such as normalizing the production capacities of enterprises and mitigating the causes of conflict for all participants by introducing the latest scientific achievements and introducing the methods of management that allow to maximize income.

The key to solving the above problems is the correct implementation of the corporate management system in joint-stock companies. The scientific hypothesis of this research is that the introduction of the principles of quality corporate management allows to combine the efforts of management and executive bodies, to organize the production of new products in the development and development issues, and to improve the quality of existing ones, as well as to introduce progressive forms of management.

For this purpose, general scientific methods were chosen with the research method: dialectical and systematic, rising from the abstract to concreteness, logical unity and historical, systematic approach, economic and statistical methods analysis, grouping and comparative analysis.

The main conclusion and subsequent analyzes formed in the work will not only help to improve the quality of corporate management, each company will not only improve its image, but will also help to increase economic efficiency and stimulate sustainable development in the future.

To date, there is no clear definition of the term corporate governance in the literature, which depends on the different views of the authors based on the nature of its emergence, the functions it performs, and the tasks of various participants of corporate governance. According to the corporate governance code approved in 2016, "corporate governance is understood as a system of mutual relations between the executive body of a joint-stock company (JSC), its supervisory board, shareholders, representatives of the labor team, and other interested parties, including creditors, effectively organizing the JSC's activities to ensure the balance of the interests of the specified persons, modernization, re-equipment of technical and technological production capacities, competitive production products and their export to foreign markets.

Summarize existing research on corporate governance in the energy sector, with a focus on Central Asia and emerging economies. Include research on ESG integration, regulatory frameworks, and stakeholder engagement in energy governance.

- Describe the existing corporate governance framework in Uzbekistan’s energy sector, focusing on state-owned entities and recent privatization trends.
- Discuss reforms, such as the Decree on Energy Sector Transparency, aimed at restructuring the sector with modern governance principles.

**Table 1: Energy Sector Governance Reforms in Uzbekistan (2018–2024)**

Year	Reform Name	Key Changes	Expected Impact
2018	Law on Transparency	Required reporting	Increased accountability
2020	Energy Transition Roadmap	Shift to renewables	Sustainable energy growth
2022	Corporate Governance Decree	Board independence	Reduced state interference
2024	Investor Protection Initiative	Foreign investment	Market liberalization

There are a number of definitions that explain the concept of corporate governance. Definitions of corporate governance fall into two main categories. The first category - these definitions are related to corporate governance, mainly the behavior related to the group of models, that is, the actual behavior of corporations, and the interaction between the corporations and the members of the stakeholders. relations.

The second category includes definitions related to the legal basis. This category of joint-stock companies is more relevant to the legal framework in which they operate. Defining corporate governance more broadly suggests that it is viewed as a set of mechanisms, separating ownership from management. Thus, corporate management is viewed as a system that companies and firms use, can be controlled and managed.

Based on the corporate governance definition, it can be said that the purpose of good corporate governance is to maximize the contribution of the company to the economy especially for all stakeholders. In other words, the concept of corporate governance can be defined as follows: the stakeholders of the company are the relationships between creditors, the company or shareholders, and corporations. According to the Central Depository of Securities, at the beginning of 2020, 602 commercial organizations in the form of joint stock companies are operating in Uzbekistan.

In the modern environment, competition is increasing, as a result, constant research is being conducted to manage enterprises, new productions, tools for enterprise management and competitiveness. Among such tools, corporate governance is of particular importance.



The corporate management system is aimed at increasing the transparency of JSC activities, creating and maintaining reliable and effective relations with shareholders and investors. Ensuring full disclosure and transparency at a high level is one of the important priorities for AJ. When it comes to the importance of the principles and methods of implementing corporate governance, the following positive consequences can be given:

- ❖ Increasing the attractiveness of JSC and the interest of shareholders;
- ❖ increasing the value of shares and reducing the value of the capital involved;  
increase in the amount of capital involved per unit of nominal value of shares;
- ❖ the possibility of saving dividends (shareholders benefit due to the increase in the exchange rate);
- ❖ increase operational efficiency and capital utilization efficiency in the interests of profitable and sustainable development of JSC and its shareholders;
- ❖ improve the reputation of the company and the country.

The results of the research in the system of the electric power complex of Uzbekistan show the official participation of the members of the supervisory board in the innovative renewal of the activities of joint-stock companies in the field, the low level of professional skills of managers, and the lack of strict control by them in the implementation of production and modernization programs. The superficial approaches of the top management bodies of joint-stock companies to issues of strategic development, especially increasing production efficiency, reducing product costs, strengthening financial stability, and implementing dividend policy make the situation even more difficult.

Therefore, in recent years, the urgency of introducing modern corporate management forms in enterprises of the energy complex has increased dramatically and requires immediate implementation of practical measures and actions. The purpose of creating an effective corporate management system is to create an environment of trust, transparency and responsibility at the level of electric power enterprises of Uzbekistan, to stimulate the flow of long-term investments for potential investors, to ensure financial stability in the work of executive bodies of joint-stock companies, in turn, it is to create a basis for the rapid growth of production and development and to achieve support for their financial activities. It is impossible not to underline the positive effect of shareholding processes on the growth of the efficiency of the energy complex of Uzbekistan, its unique feature, in which energy enterprises are owned by the state, have a monopoly position in the national energy resources market, as well as complex and multi-level development has a release management structure.

The characteristics of this complex are influenced by the fact that income generating centers operate on the basis of other enterprises, and cost generating centers operate separately on the basis of other industrial enterprises. As a result of the legal, regulatory and institutional measures adopted in Uzbekistan in recent years, a unique structure of corporate governance was formed at the micro level, that is, at the scale of joint-stock companies, internal participants of corporate relations. It looks like this.

Based on the above analysis, the system of micro-level corporate governance is conventionally divided into three main parts: the general meeting of shareholders, the supervisory board and the executive body. The general meeting of shareholders is the supreme governing body of JSC. The Supervisory Board carries out general management of the activities of JSC and determines the long-term prospective development strategy of JSC. The executive body performs operational management in the current activities of the joint-stock company<sup>11</sup>. In addition, this system covers relevant elements, including the audit commission, audit organization, corporate counsel, supervisory board committees and internal audit service. When considering the structure of corporate management in joint-stock enterprises of the electric energy network of Uzbekistan, the following are among the main goals of corporate management in enterprises:

Stakeholder Engagement and Accountability Mechanisms

- Explain the importance of engaging stakeholders (government, private sector, civil society) in energy sector decisions.
- Discuss mechanisms to hold management accountable for governance and operational decisions, including shareholder rights and the transparency of public-private partnerships.

Table 2: Stakeholder Involvement and Responsibilities in the Energy Sector

Stakeholder	Role	Governance Mechanisms
Government	Policy-making, regulation	Annual energy audit reports
Private Investors	Funding, innovation	Quarterly governance meetings
Local Communities	Social and environmental input	Community impact assessments
NGOs and Advocacy	Monitoring and advocacy	Independent audits and reports

Today, in Uzbekistan, a vertically formed integrated holding system including all stages of the production chain has been formed - from the production of energy capacities, to the sale of electricity, to the systems of energy distribution to consumers. In order to increase the effectiveness of the system, to improve the corporate management of joint-stock companies of the republic's energy complex, to fully master the necessary international financial reporting standards and to introduce a unified system of audit and accounting, to provide important facts, especially with affiliated persons in the activities of joint-stock companies, by executive bodies.

It is necessary to achieve the disclosure of information about individuals about transactions. In order to improve the corporate governance system, it is necessary to create a flexible mechanism for introducing local funds as investment. In turn, it will be necessary to create reliable legal mechanisms, protect the rights of investors, reach a high level of information provision, and ensure the transparency of the corporate sector. At the same time, the main results show that the successful impact of corporate governance on work efficiency allows increasing the level of confidence of shareholders in them, to expand the scope of long-term capital attraction.

Improving the quality of corporate management is a strategic task for every company, which not only helps to improve the image of the enterprise, but also is a solution for achieving greater

Summarize the benefits of introducing corporate governance principles in Uzbekistan's energy sector. Emphasize how these principles can boost operational transparency, attract investment, and support sustainable energy practices. Conclude by discussing the long-term impact on Uzbekistan's economy and energy security.

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