

## Specifics Of Corporate Governance In Road Transport

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### Abstract:

The study of any activity always begins with the analysis of existing theories. There are quite a few different models of corporate governance in the world. Each country forms its own specific model of corporate governance. Corporate governance systems are mainly based on four corporate governance models: Anglo-American, continental, Japanese, and family. In the Anglo-American model, the owners of companies' capital are mainly institutional and private investors who focus on short-term goals of generating income from exchange rate differences. The Supreme governing body of the Corporation is the General meeting of shareholders.

**Key words:** corporate management, insurance companies, global competition, economic development.

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### Introduction

The main body in this model is the Board of Directors, which manages all the activities of the joint-stock company, protects the interests of shareholders, ensures the quality of corporate governance and is responsible for it before the shareholders' meeting and controlling state bodies. In the Anglo-American model, the interests of shareholders are represented by a large number of separate small investors who are dependent on the management of the Corporation. The problem in applying this model is the problem of relations between company owners and hired managers. This increases the role of the stock market, which in this model is a key tool for controlling corporate management.

### Materials and methods

The continental (German) corporate governance model is characterized by a high degree of concentration of equity capital, the dominant role of banks in corporate decision-making, and a relatively small dispersion of shares among private investors. The continental model is characterized by a higher level of ownership concentration and the presence of strategic investors with blocking blocks of shares, among which banking structures play a large role.

The management system in a continental model company has a two-level structure: the Supervisory Board and the management Board. The highest management body is the shareholders' meeting. A Supervisory Board with Supervisory functions and a management Board with full Executive power are created to manage the company.

In the continental corporate management system, employees participate in the management of the company. Virtually all companies in Germany are part of a huge cross-ownership network. Banks and insurance companies are Central to this system. Since under the continental model, a significant part of the Corporation's capital belongs to entities associated with it, this model is also called an insider model.

The Japanese model was historically formed first under the influence of the continental model, then the Anglo – Saxon model as an element of economic reforms carried out in the country in the 1990s [3]. The Japanese model pays special attention to both the rights and interests of shareholders and stakeholders [4]. This model is characterized by a high concentration of ownership in the hands of large and medium-sized shareholders, cross-ownership of shares by

companies that are part of keiretsu. In this case, the main role is played by banking organizations.

In Japan, there are two systems of company management: the system of auditors and the Committee system. According to the first management system, the system of corporate auditors, the company has the following bodies: General meeting of shareholders, Board of Directors, representative Directors, Executive Directors, corporate auditors, Board of corporate auditors. In accordance with the second system, the company has a General meeting of shareholders, a Board of Directors that creates an audit Committee, a nominating Committee, and a remuneration Committee, and Executive Directors.

In other words, the Japanese corporate governance model can be described as completely closed, based on Bank control and financing. Family business groups have spread to almost all countries of the world, especially in Asia and Latin America, Canada, Sweden, Italy and France. A characteristic feature of this model is the management of the company by members of the same family. Capital is concentrated and distributed through family channels, and control of the business belongs entirely to the family. Often, in combination with the vertical structure of building a business group, a horizontal structure of cross-ownership of shares is used. These controls are used by family business groups to reallocate cash flows through transfer pricing, mutual insurance, and cross-financing. Family groups often issue shares with unequal voting rights to maintain control over other firms.

Family firms are an outdated form of capital consolidation and are not an effective form of doing business.

### **Main part**

No model has advantages over others, and cannot be called universal. Russian corporate governance practices also do not fit into any of the classic models. Its specificity is determined by the history of the emergence of domestic companies as a result of mass privatization and subsequent redistribution of property, which led to its high level of concentration and low level of separation of ownership from management. Another distinctive feature of Russian joint-stock companies is the presence of specific "close" relations between company managers and owners of large blocks of shares.

The future of our transport companies depends on the competitiveness of the national economy in the global market, and one of the

sources of high competitiveness is compliance with corporate management standards.

In the context of global competition, many countries with a different corporate structure sectors are quite actively borrowing certain elements of the Anglo-Saxon model and incorporating them into the system of national institutions. Of great interest is the experience of France, which allowed domestic companies to choose between one-and two-tier management systems. Freedom is also granted in the possibility of dividing or combining the positions of the Chairman of the management Board and the Chairman of the Board of Directors at their own choice. This approach allows companies to choose the most appropriate management models for themselves. This flexibility allows, on the one hand, to take into account the specifics of the company, on the other – to set a certain framework dictated by best corporate governance practices. To implement a corporate governance model in a country, it is necessary to take into account the specifics of the country's economic development. New tools need to be applied carefully, taking into account our specific features. Different companies are guided by diverse motives and principles for implementing corporate culture. Some seek to improve the corporate governance system, as they plan to launch an IPO in the near future. Others believe that improving the management system will improve the company's performance.

The successful operation of domestic companies depends on many factors, including a well-chosen strategy for development and positioning in the market, competent management, qualified employees, and possible access to capital. A significant contribution of corporate management to the activities of a developing company is to facilitate access to investment capital.

If we consider a company with a well-developed corporate governance system, its main elements should be defined, such as: independent Directors, committees of the Board of Directors, internal control and risk management system, internal audit service. For successful corporate management, it is necessary to correctly build interaction between all these elements, and it is also necessary that the participants who are part of this system are aware of their role in the development of the entire process and clearly understand their responsibilities.

At the same time, it should be remembered that the implementation of corporate governance principles is a long process, and it

should take some time before a culture of corporate behavior is formed, and companies will actually follow these principles and standards [3]. For the successful implementation of corporate governance principles, it is advisable to create a certain infrastructure that could facilitate this process.

This should be reflected in the fact that any interested company will have a clear idea of how to conduct its activities in order to accept and follow the principles of corporate governance. Companies that adhere to high standards of corporate governance tend to have better access to capital than corporations that are mismanaged and outperform the latter in the long run.

Insufficient level of civilization of the market:

1. The presence of shadow business, which is of a systemic nature, its focus on the transport industry is due to the following reasons (complex operational control of current activities, due to the remoteness of workplaces from management bodies; imperfect regulatory framework for the functioning of transport enterprises; low professional level of management; lack of transparency of information and financial flows).

2. The Weakness of the state transport policy to ensure the economic security of transport enterprises. For example, the liberalization of prices on energy resources, production decline in cargo-handling sectors of the economy, high tax burden on transport companies, low level of management, the legal vacuum, which manifests itself in all kinds of activities of a transport enterprise.

3. Slow renewal of fixed assets and non-compliance of their technical level with modern requirements of standards: at present, a significant deterioration of the truck fleet in Uzbekistan has been recorded, while more than half of the fleet requires immediate write-off due to road and environmental safety requirements, inefficient service life of rolling stock significantly increases the share of cash (by about 25 – 30 %) allocated for maintaining the fleet in working condition, and reduces the share of depreciation charges in investments allocated for its renewal.

4. Low level of competitiveness of domestic transport enterprises in the international transport market: the problem is more acute than ever rapid transition to European environmental standards, which requires significant investment in the renewal and technical re-equipment of the vehicle fleet. However, this process requires not only significant costs, but also time.

5. Low level of information of the transport process and information interaction of transport with other sectors of the economy: weak implementation of innovative transport technologies and their insufficient connection with production, trade, and warehouse technologies, as well as a low level of inter-industry and interregional coordination in the development of transport infrastructure, lead to gaps in the common transport space, inefficient use of all types of resources, and reduced efficiency of functioning as separate transport enterprises, so is the industry as a whole.

6. Insufficient effectiveness of financial and economic mechanisms that encourage investment in the development of state-owned enterprises sectors and industries. The value of profitability is affected not only by the low profit of transport companies, but also by the amount of transportation costs, which is very far from optimal.

7. Low speed of goods movement, which hinders the acceleration of economic development of the industry and the national economy as a whole: in the context of the globalized world economy, transport enterprises, along with financial institutions, are the most important level of integration processes. In the modern world, the growth rate of trade in services is more than 2 times higher the growth rate of trade in goods. For example, in Denmark, the share of revenue in the transport industry is 48.1% of total exports of services, and in the Netherlands, 4.9%.

Organizational changes in transport enterprises due to the influence of economic factors should be aimed at adapting to market transformations in part: systematic and well-founded updating of infrastructure; stimulating investment and innovation processes; increasing staff motivation, etc.

As already noted, production factors that determine the type and nature of organizational changes in freight transport enterprises should be studied.

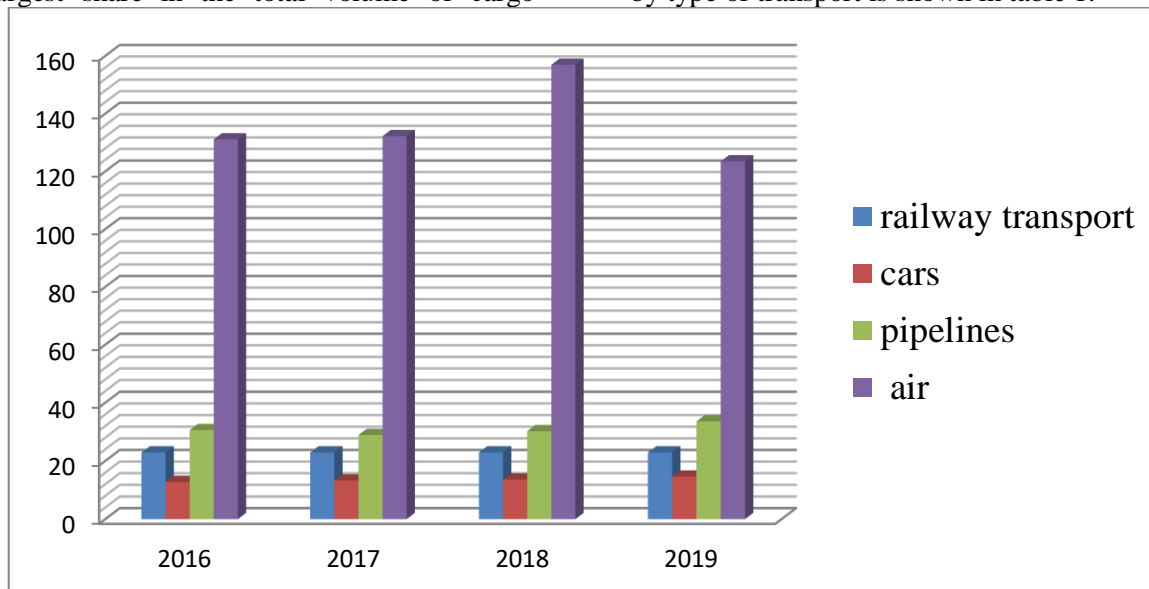
About 13.3 thousand enterprises and organizations are currently involved in the transport sector in Uzbekistan. Compared to the same period last year, their growth was 11.1 %. As of January 1, 2019 years, the number of newly created enterprises and organizations in the field of transport reached 2.1 thousand units. Compared to January-December 2018, this figure increased by 282 units. In January-December 2018 years, all types of transport transported 1,146. 2 million tons cargo, which is 105.6 % compared to January-December 2017.

However, the cargo turnover amounted to 66.9 billion rubles. T-km or 5.7% higher than in January-December 2017 years.

For cargo transportation, road transport prevails among all types of transport (1102.2 million tons). 72.4 million tons of oil and gas were pumped by pipeline, and 68.4 million tons were transported by rail. Tons of cargo. The lowest level the largest share in the total volume of cargo

transportation is occupied by road transport – 88.3%, the share of transportation by other modes of transport is

11.7 %.a significant role in the transportation of goods and passengers is also played by road transport. Freight turnover of motor transport increased by 3.0 % and amounted to 14.6 billion rubles. T / km. Transportation and cargo turnover by type of transport is shown in table 1.



Thus, organizational changes in transport companies, due to the influence of production factors, should be directed to: the expansion of the capacity of the organization fine sand of delivery of the product; ensuring the implementation of logistic approach to the formation of supply chains; increase operational and commercial agility of the transport part of the pass free delivery of goods within the significant interval of partitions; low level of start-up capital for the organization of transport process; high maneuverability and flexibility of transport services.

### Conclusion

Based on the foregoing, it is necessary to conclude that the basis effective organizational change management for freight trucking companies are projections of three types of factors - labor, economic, production - which are industrial specifics the functioning of enterprises, but because of a methodological framework that takes into account this fact is most effective.

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