



SCIENTIFIC APPROACHES TO PROBLEMS IN CORPORATE GOVERNANCE OF COMPANIES IN THE CONTEXT OF GLOBALIZATION AND DIGITALIZATION OF THE WORLD ECONOMY AND ITS SOLUTIONS

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Abstract: *This article analyzes the specific challenges and development trends of corporate governance systems in companies under the conditions of globalization and digitalization of the world economy. It examines fundamental factors such as the level of transparency in joint-stock companies, the improvement of mechanisms for protecting shareholders' rights, and the reduction of the state's share in the economy. In addition, the impact of the institutional environment on the effectiveness of corporate governance and the obstacles arising in the implementation of international standards into national legislation are highlighted. At the conclusion of the study, scientific and practical recommendations are proposed for modernizing corporate governance models in order to enhance the investment attractiveness of the countries in the region.*

Keywords: *digital transformation, digital corporate governance, corporate governance, shareholders' and investors' rights, transparency, institutional environment, risk management, corporate ethics, digital governance.*

Introduction

In the context of global economic integration, the formation of an effective corporate governance system is one of the key prerequisites for ensuring sustainable economic growth in developing countries. Uzbekistan, with the characteristics of a

transition economy, is currently facing a number of institutional and structural challenges in the process of integrating into the global financial market. An effective corporate governance system is considered one of the fundamental factors for attracting foreign investment to emerging markets and ensuring stable economic growth. Today, the implementation and effective use of corporate governance principles have gained strategic importance in ensuring the sustainable development of companies worldwide. Modern corporate governance is not only about protecting shareholders' interests, but also represents a comprehensive system that ensures the long-term sustainability of a company. At present, enhancing transparency in management systems, ensuring the independence of supervisory bodies, and modernizing governance processes through digital technologies are among the most pressing priorities. In addition, in global practice, the most significant challenges faced by companies today include the following:

First, the institutional independence of supervisory boards: strengthening the principle of "independent oversight of management" in joint-stock companies. In this regard, increasing the share of independent directors and involving professional experts in finance, risk management, and digitalization in the board plays a crucial role.

Second, information transparency and accountability: full implementation of International Financial Reporting Standards (IFRS), public disclosure of dividend policies, and improvement of legal mechanisms to eliminate conflicts of interest.

Third, the digitalization of risk management and compliance: real-time monitoring of strategic, operational, and market risks. Minimizing errors in decision-making through the use of Artificial Intelligence (AI) and Big Data analytics.

Fourth, corporate ethics and ESG management: introducing "whistleblowing" systems within organizations, institutionalizing corporate codes of ethics, and integrating environmental, social, and governance (ESG) principles into business models.

Fifth, digital governance models: enhancing governance efficiency by developing electronic voting systems that enable remote shareholder participation and implementing corporate analytical platforms.

These challenges also significantly affect the effective performance of joint-stock companies operating in the countries of Central Asia.

Table 1

Factors Affecting the Effectiveness of Corporate Governance in Joint-Stock Companies and Their Solutions

No	Corporate Governance Problems in Countries	Solutions to Corporate Governance Problems
1	Lack of professional independence in supervisory boards	Expanding the institution of independent directors and introducing an “independent oversight of management” system
2	Lack of transparency in financial and managerial information	Open reporting based on international standards (IFRS) and a transparent dividend policy
3	Delays in risk monitoring and human factor influence	“Real-time” risk monitoring and cybersecurity systems based on AI and Big Data analytics
4	Ethical standards remaining only formal (on paper)	Implementation of “whistleblowing” platforms and integration of ESG principles into governance
5	Prevalence of traditional meetings and excessive paperwork	Introduction of electronic voting (e-voting) and cloud-based corporate analytics tools

In modern economic conditions, the corporate sector requires a transition from traditional governance models to the concept of “Smart Governance.” To reduce conflicts of interest within supervisory boards, it is necessary to transform the institution of independent directors. When assessing the independence of board members, it is advisable not to rely solely on legal criteria, but also to apply

“psychometric and competency-based analysis” methods. The lack of transparency in information leads to the problem of information asymmetry, which, in turn, reduces investment attractiveness. The introduction of a unified corporate data system (Data Warehouse) and an open data policy, along with comprehensive digitalization reforms and their effective application in corporate governance, can significantly mitigate these issues. In practice, although reforms related to corporate governance are being implemented, many of these issues remain unresolved. The need to further develop corporate governance in Uzbekistan can be explained by the potential to achieve the following positive outcomes: increasing the investment attractiveness of companies; attracting investors willing to commit long-term financial resources; improving operational efficiency; reducing the cost of obtaining bank loans; increasing the market value of enterprises; facilitating access to capital markets; and enhancing the company’s reputation and image. Moreover, the implementation and active application of core corporate governance principles in organizational practice, along with ESG management systems, can generate direct economic benefits. Nevertheless, the high share of the state in the economy and the degree of centralized management remain systemic challenges.

The economic growth rates observed over the past three years are directly linked to the acceleration of privatization processes and Initial Public Offerings (IPOs). However, in many joint-stock companies across the region, the state’s share remains significantly high, and their contribution to national GDP continues to increase. The persistence of state control in large enterprises in Uzbekistan considerably limits managerial independence in corporate decision-making.

Literature Review: In studying the conceptual foundations of corporate governance under conditions of rapidly developing digital technologies, researchers mainly rely on theories of institutional environment and property rights. From a scientific perspective, addressing existing corporate governance challenges requires the implementation of the “digital technologies + institutional reforms + human

capital” paradigm. Professional independence and transparency ensured through digital platforms are fundamental factors for achieving sustainable development of companies in the global market. Therefore, scientific approaches to corporate governance emphasize its transformation, and their analysis is presented in Table 2.

Table 2

Scientific and Practical Perspectives of Economists and Organizations on Corporate Governance and Its Challenges in the Context of Digital Transformation

№	Authors	The Essence of Definitions and Approaches
1	Gao, Tian & Xu	Corporate governance is defined as a system of rules, practices, policies, laws, and institutions related to directing, managing, and controlling a company. It emphasizes the distribution of authority and responsibility among stakeholders and covers relationships between internal and external stakeholders
2	Lee & Tulcanaza-Prieto	Corporate governance is considered a set of administrative mechanisms that ensure decision-making regarding a company’s business policy and strategy, with the function of balancing stakeholders’ interests
3	Almubarak & Aljughaiman	Corporate governance is interpreted as a set of internal and external mechanisms aimed at reducing agency conflicts arising from the separation of ownership and management
4	Yang, Tai & Liu	Corporate governance is mainly viewed as a system of relationships between shareholders, the board of directors, and management, which determines the company’s direction and outcomes
5	Shin & Choi	Corporate governance is defined as a system and structure designed to prevent agency problems and protect the interests of all stakeholders
6	Al-Jaber	Corporate governance is a set of rules, practices, and processes that direct and control a company; it is considered an important factor in aligning strategies with Sustainable Development Goals (SDGs) and harmonizing stakeholder interests

7	Murat Colak	Corporate governance is described as a concept encompassing how a corporation is directed and controlled through various mechanisms, as well as its relationships with different stakeholders
8	Kai-Chao Yao	Within ESG management systems, corporate governance is explained as internal mechanisms (such as incentives, board committees, ethical oversight, etc.) that coordinate executive accountability and control of ESG practices
9	Suvanov D.D.	Corporate governance is a system of institutions, rules, mechanisms, and processes that ensure effective management and control using modern standards and methods. It is aimed at protecting the interests and rights of owners (shareholders), boards or supervisory councils, corporate management, and other stakeholders, ensuring their equality

Definitions and Approaches by Organizations and Companies

10	OECD	Corporate governance determines how a company is directed and its relationships with shareholders and other stakeholders, creating an environment of trust, transparency, and accountability
11	IFC	Corporate governance is defined as the structures and processes that help companies operate more efficiently, improve access to capital, reduce risks, and protect against mismanagement
12	G20/OECD	Corporate governance is a set of relationships between company management, the board, shareholders, and stakeholders; it ensures the establishment, achievement, and monitoring of objectives
13	FRC UK Corporate Governance Code	Corporate governance is the system by which companies are directed and controlled
14	World Bank Group – IFC (Private Sector Corporate Governance)	Corporate governance is a set of structures and processes that define how companies are directed and controlled

Research Gap and Its Significance: Existing scientific perspectives primarily examine corporate governance systems from the standpoint of the early stages of

privatization. However, there is a lack of comprehensive research on the integration of ESG (Environmental, Social, and Governance) standards into regional markets, the role of digital corporate control mechanisms, and the impact of transformations in modern capital markets on the corporate ecosystem.

This article aims to fill this research gap by analyzing the ways of transforming corporate governance under the conditions of a new economic reality.

Research Methodology: This study applies a mixed-method approach, combining both qualitative and quantitative analysis methods. Quantitative and qualitative analyses are integrated to assess the effectiveness of corporate governance mechanisms in the capital markets of Central Asia, particularly in Uzbekistan.

The research is exploratory and analytical in nature, focusing on identifying new trends in corporate governance and providing their theoretical analysis (see Table 3).

Table 3

Comparative Analysis Results of Corporate Organizations in Uzbekistan and Kazakhstan

No	Indicator	Uzbekistan (Average)	Kazakhstan (Average)
1	Share of independent directors	18%	32%
2	Adoption of IFRS standards	85%	95%
3	Protection of minority shareholders	3.2/5	3.8/5
4	IPO experience / Market dynamics	Growing	Stable

During the study period (2020–2025), a comparative analysis of state-owned enterprises in Uzbekistan and Kazakhstan was conducted using a stratified sampling method. An audit of annual reports and corporate websites revealed that “information asymmetry” remains a persistent and critical issue for Central Asian

companies. Although the number of enterprises reporting in accordance with International Financial Reporting Standards (IFRS) has been increasing, the insufficient disclosure of ultimate beneficial owners has been identified as a key factor undermining investor confidence.

Main Findings of the Study

Structural imbalance: Although corporate governance standards have been formally aligned with international norms at the legislative level, in practice they often retain a “decorative” character.

Independence issues: The institution of independent board members is not yet fully developed, and in many cases they do not have a real influence on strategic decision-making processes.

Impact of state capitalism: In enterprises with a high state ownership share, administrative management approaches dominate over market mechanisms, leading to increased agency costs.

Conclusion and Policy Recommendations

This study shows that corporate governance systems in emerging markets are currently undergoing an institutional transformation phase. The analysis confirms that improvements in corporate governance quality have a direct positive impact on companies’ financial stability and investment attractiveness. However, the high level of state ownership in the Uzbek economy and the weak protection of minority shareholders hinder full integration into global capital markets.

The policy and practical recommendations can be summarized as follows: Optimization of state participation and acceleration of privatization. Gradual transfer of non-strategic assets to the private sector is necessary: Strengthening the role of supervisory boards. Increasing the number of independent directors while legally ensuring their responsibilities and authority. Enhancing transparency: Mandatory implementation of ESG standards and improvement of mechanisms for disclosing ultimate beneficial ownership information.

Implementation of ESG standards: To attract international investors, companies should be required to publish not only financial reports but also sustainability (ESG) reports, which will elevate transparency to a new level. Digitalization of transparency platforms: Development of a unified digital data system for all joint-stock companies, enabling real-time disclosure of beneficial owners and major transactions.

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