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## **EVALUATION OF THE ACTIVITY OF MANAGEMENT BODIES OF JOINT-STOCK COMPANIES AND ITS IMPROVEMENT**

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**Abstract** - The article analyzes the economic activity of joint-stock companies that are part of the "Uzyogmoysanoat" association, examines the current corporate management system and the need for its improvement, and develops a proposal for the training, retraining and upgrading of management personnel, as well as the evaluation of the activities of corporate management bodies.

**Keywords** - Authorized Capital, State Share, Property, Form Of Ownership, Personnel Qualification, Modernization, Investment, Efficiency, General Meeting Of Shareholders, Supervisory Board, Executive Body.

### **I. INTRODUCTION**

Investment in the development of joint stock companies (JSC) mainly depends on the level of efficiency of their corporate management system in the world experience. According to the German "Deutsche Bank" research, in companies with effective corporate governance, compared to companies with poor governance, the level of development increased by almost 19% over two years [2] , and in the research conducted by ABN AMRO bank in Brazilian companies, in companies with a high corporate governance system, ROE (equity profitability) is 45%, net profit is 76% more [3] . Taking into account these aspects, improving the efficiency of corporate management is directly dependent on solving the problem of training highly qualified personnel and evaluating the results of the management bodies of joint-stock companies.

## **II. LITERATURE REVIEW**

The selection of a strategy in the management of corporations and the development of enterprise management, the management of investment activities, the creation of scientific and theoretical foundations of corporate management processes, the transformation of property forms, the improvement of corporate management models, the development of joint-stock enterprises, the development of the management of corporate structures in the conditions of state ownership and privatization of property are discussed. aspects, integrated corporate structures and management problems of enterprises with state participation in the founder's capital, development of the stock market, the role and importance of the supervisory board in joint-stock companies in the studied literature [1,2,3,4,5,6].

## **III. RESEARCH METHODOLOGY**

The methodological basis of the research was formed as a result of the study of theoretical and practical information, economic analysis, grouping, comparative analysis and synthesis, induction and deduction, systematic analysis, scientific abstraction, and other methods were widely used in the research process. The practical significance of the research is that the developed proposals allow for the fundamental improvement of the corporate management system and the mechanism for evaluating the activities of its management bodies and for the sustainable development of joint-stock companies.

## **IV. ANALYSIS AND RESULTS**

When making investment decisions, the extent to which corporate governance is established in companies to be invested in, its effectiveness is becoming increasingly important. Similarly, the problem of evaluating the results of the management bodies of joint-stock companies continues.

However, it is necessary to take into account that the implementation of the specified tasks and the improvement of the efficiency of the corporate management system depend on a number of factors. For example, in the following years, 364 insolvent joint-stock companies were liquidated or transformed into another

organizational and legal form, a number of joint-stock companies that were operating profitably in previous years, despite attracting large amounts of investment, are now ending the year with a large loss. the prices of goods and kunjara and shelukha products have increased several times and continue to rise, there is a sharp decrease in the professional qualifications of management personnel.

The analysis of the activities of the joint-stock companies that are part of the "Uzyogmoysanoat" association, in particular, the "Kattakurgan yog-moy" joint-stock company, showed that in 2013-2016, 2 billion were spent on modernization of the enterprise, technical re-equipment, and reconstruction of the working shops. 376 mln. 200,000 soums, 4 mln. 472,000 dollars, 186,300 euros were spent and 15 KAMAZ cars and 15 trailers were purchased to transport technical seeds from cotton ginning factories.

In the first years after modernization, technical re-equipment and reconstruction carried out at the expense of a large amount of money, in the joint-stock company "Kattakurgon Oil-Moy" there was a slight increase in the amount of product sales, a decrease in the cost of products and an increase in the amount of net profit, but in the last two years, the enterprise ended its activity with a loss.

In 2021, despite the fact that the value of fixed assets increased by 32.4% compared to 2018, the value of sold products was 48081046.9 million. decreased by 8,428,936.3 million soums, and production costs, on the contrary, increased by soums or 10.2 percent. As a result, the cost of 1000 soums of sold products increased by 472.2 soums or 74.6%. The analysis of the next four-year economic activity of the joint-stock company "Kattakurgan yog-moy" showed that the products sold in 2018 amounted to 130415359.9 mln. amounted to 82334313 soums by 2021. decreased to soums or 36.9 percent. Net profit in 2018 was 22464486.9 million. if it was 18,632,492 million soums in 2021, the joint-stock company ended with a loss of soum. Similar situations can be observed in other industrial enterprises that are part of the association "Uzyo g ' moysanoat".

1995 "Kattakurgan yog-moy" state enterprise was transformed into an open joint-stock company. In the next stages of economic reforms, the authorized capital of the joint-stock company was increased, giving priority to the interests of the state. According to the decision of the President of the Republic of Uzbekistan No. PP-29 dated March 14, 2005, 25 percent of the state's share in "Kattakurgan yog-moy" OJ was sold through the State Tender Commission. However, the share of the state was included in the charter fund of the joint-stock company with no state share and 64.9% was issued for various reasons, and the administrative-command method of state management, which did not justify itself in many years of experience, was re-formed.

Therefore, it is necessary to create a system of evaluation of the results of the activities of corporate management bodies and continuous training of management personnel in order to transform joint-stock companies into economic entities with free economic activity through the sale of the state share in the charter fund and to form their effective management.

The primary principle of effective corporate governance is the ability of the supervisory board and the executive body to effectively manage and control the joint-stock company, as well as having the necessary qualifications, experience and talent.

The low qualifications of existing management staff complicates the personnel problem in our country and prevents the improvement of the efficiency of corporate management. In 2018, the number of employees in "Uzpakhtayog" joint-stock companies was 13,235, which decreased by 0.1% compared to 2017. Analyzing the composition of the workforce, 3.3% of management staff, 10.1% of engineering and technical staff, 7.7% of support staff, and 78.9% of workers. in joint-stock companies, people aged 56 and older make up only 1.9%.

Also, in the analyzed years, there is a decrease in the composition of 16-25-year-olds, 46-55-year-olds and 56-year-olds and older. We can see that the number of 36-45-year-olds has increased by 1.1%, and the number of 26-35-year-olds has increased by 0.9%. From the analysis data, it can be seen that the level of dissatisfaction in "Uzpakhtayog" JSC increased year by year in the studied years. First of all, this

dissatisfaction is related to the fact that the worker found another job, moved to a job with a higher salary, working conditions, and occupational illness. At the same time, we can see that the employee was dismissed by the administration due to non-observance of labor discipline, failure to come to work, gaps in work.

In 2018, at 21 out of 23 enterprises within JSC "Uzpakhtayog" management staff and engineering-technical staff were certified.

A total of 468 managers and engineers and technicians were included in the attestation. 52 of them (11.1%) were interviewed. But the results were not very high. According to the results, 233 people (56%) were found worthy of the position they actually held, and 183 people (44%) were found not worthy of the position they held.

Especially, most managers and engineers and technicians of JSC "Koson oil extract" 100%, "Kattakurgan yog-moy" JSC 75%, "Evrosnar" LLC 69%, "Yangiyol yog-moy" JSC 63% and other enterprises are unfit for their positions. was evaluated as [1].

Therefore, to improve the effectiveness of the corporate management system, first of all, it is necessary to establish a system of training highly qualified professional personnel who have mastered the science of corporate management, and to use their labor effectively, and to develop and implement a suitable evaluation system.

Determining the effectiveness of the activities of the joint-stock company and its management bodies, in turn, creates the need to develop a system for evaluating the results. Summarizing the scientific works and experiments on the evaluation of the effectiveness of corporate management, the following indicators were developed (product production (by types), production costs, product (by type), value of product, amount of dividend paid, %, profitability, profitability, efficiency of working capital use, efficiency of use of fixed assets and material resources, indicators of efficiency of use of labor resources, MHXS (international financial reporting standards) based on indicators (return on capital employed (ROCE), return on equity (ROE), return on shareholders' investments (TSR)).

Using this system of indicators, it is possible to evaluate the results of the activities of the joint-stock company's supervisory board, audit commission, internal audit service, executive body. For this, it is appropriate to use the business plan approved by the decision of the general meeting of shareholders as a basis. If the planned indicators are met, the activity of management bodies should be evaluated positively, otherwise negatively, and a mechanism should be introduced to include the issue of canceling the contracts concluded with them on the agenda of the regular or extraordinary general meeting of shareholders. If the indicators in the reporting period (quarterly and annual) are exceeded compared to the business plan, 15% of the net profit obtained should be used for financial incentives of the management staff, otherwise, the losses should be recovered from them in full, and a fine of 15% of the losses should be imposed and the recovery procedure should be introduced. The inclusion and implementation of this mechanism in normative documents, in particular, in the law, the charter of the company and the labor contract, will lead to the strengthening of the financial interest and responsibility of the management bodies and their employees, and as a result, to the increase in the efficiency of the management of joint-stock companies.

## **V. CONCLUSION/RECOMMENDATIONS**

According to the results of the employee attestation of "Uzpakhtayog" joint-stock companies, 233 (56%) were found worthy of the positions they actually held, and 183 (44%) were found not worthy of the positions they held.

Currently, the functions of the general meeting of shareholders, the supervisory board and other management bodies are performed by the chairman of the board of the executive body, who is actually appointed by the state.

It is necessary to practically put an end to the practice of changing the form of ownership and authorized capital, to the interference of the state and state management bodies in the activities of joint-stock companies, that is, to ensure the independence of property and the economic freedom of enterprises.



Formation and development of specialized educational infrastructure institutes for the training, retraining and upgrading of the qualifications of highly qualified personnel for corporate management in the republic, including at least 35-40 percent of the highly qualified managers involved in the supervisory board of joint-stock companies on the basis of selection, the selection of candidates for economic and social development programs of the society based on the introduction of the mechanism of organization and transfer, it is possible to appoint the winning team to the leadership of the executive body of the joint-stock company for a period of 5 years, and to introduce effective corporate management by strengthening their financial benefit and responsibility for the results of their activities. To create a system in which the management staff is treated as capital of the enterprise and not as an expense to the staff of the joint-stock company.

It is presented in order to increase the efficiency of the management of the joint-stock company in the model organizational structure of the joint-stock company assigning the duties of the committee of minority shareholders to the supervisory board, making the audit commission and internal audit service accountable to the supervisory board of the company and the general meeting of shareholders, replacing the four directors and departments subordinated to the head of the executive body in terms of activities, introducing deputies for economy and finance and production and service, department and services and the number of employees working in them, it is appropriate to organize them based on the purpose of the society, network characteristics and directions of activity.

Summarizing the scientific works and experiences on the evaluation of the effectiveness of corporate management, we recommend using the developed indicators in the evaluation of the activities of the management bodies of the joint-stock company.

If the indicators of the business plan approved by the general meeting of shareholders are fulfilled, the activity of management bodies should be evaluated positively, otherwise negatively, and the mechanism of including the issue of

canceling the contracts concluded with them on the agenda of the regular or extraordinary general meeting of shareholders should be introduced.

If the indicators in the reporting period (quarterly and annual) are exceeded compared to the business plan, 15% of the net profit will be used for financial incentives for the management staff, otherwise, the loss will be fully recovered from them and a fine of 15% of the loss will be imposed and the procedure for collection will be introduced. normative - to be specified in normative documents.

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