Asian Journal of Research № 12 (12), 2017
IMPACT FACTOR
SJIF 4,1
IFS 2,7

ISSN 2433-202x
JOURNAL DOI 10.26739/2433-202x
www.journalofresearch.asia
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THE ANALYSIS MODELS OF CORPORATE GOVERNANCE IN FOREIGN COUNTRIES

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Crossref http://dx.doi.org/10.26739/2433-202x
Issue DOI http://dx.doi.org/10.26739/2433-202x-2017-12-12
Article DOI http://dx.doi.org/10.26739/2433-202x-2017-12-12-11

Abstract
The article is orientated to explore the models of corporate governance role in economy and development. The corporate governance is cited as new system of governance to the era of management. The corporations without a system of corporate governance is compared as a body without a soul. Therefore, the management system keeps corporations honest and work properly. Moreover, the article covers the models of corporate governance and their features.

Key words: corporate governance, economy, development, honest, models, foreign countries.

The models of corporate governance differentiate from each other in various countries. It is defines in the terms of varicosity in culture, tradition, legal basis, economic performance and the models emerged by various political, economic and institutional conditions. The Anglo-American corporate governance is separated widely in the United States, England, New Zealand, Canada and other countries, primarily it is comprised of independent shareholders that are not dependency of corporations. The relationship between them is based on law regulations, the joint stock is the active participant, the executive director and share holders relations are defined as the mechanism of governance in order to manage the corporation through the shareholders or clarifies the general meeting of shareholders. The process of producing the shares is the initial accumulation of the capital.

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Specifically, the four mandated rules employed are: the establishment of three independent committees (i.e., nomination, compensation and audit committees), independent directors, duality of the Chief Executive Officer (CEO) and the existence of a corporate ethics policy [1].

The Anglo-American model consists of the participants, managers, directors and shareholders (institutional investors, government agencies, stock exchanges, and self-governing organizations, consulting services). The corporate governance is coordinated by the mechanisms between these three subjects. The Anglo-American corporate governance model is being developed in the context of liberalized market economy and it formulates the control in major corporations through the distribution and control of major corporate entities. The legal aspect of the corporate governance is that if the investors direct their investment to corporations, but they are not liable for corporations, because the managers of the corporation run the management of the corporation. Thereby, the manager affairs are accepted as the agent of the investors. Under the American law, any kind of corporations should follow criteria [2]:

1. act as the legal entity.
2. availability of limited liability;
3. announcing unlimited term of activity of Corporation;
4. realizing opportunities open access of shares;
5. availability of centralized management.

The increasing the role of investors in corporate governance lead to significant changes in management of corporation, increase the corporate relations and enhance their effectiveness. In UK and USA, the board of directors are comprised of its internal members (insiders) and outer members (outsiders). In this context, appointing the head of corporation might to lead misusing the position according to our thoughts. Nevertheless, 75 percent of the largest 500 corporations' management style is under the managerial positions [3].

Nowadays, based on the model of corporate governance the board of directors has conducted by single (unitary) and two-tiered. The Anglo-American model, the corporation is conducted by unitary the board of directors. In the United States, state corporation laws do not distinguish between management and supervisory functions of members of the board of directors, which only determine the responsibility of the board of directors for the joint venture. The structure of the management of companies uses one board system, consisting executive director (company leader) and non-

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executive director was not able to work independently and objectively in overseeing the company. The decision on the distribution of the members of the board of directors between the executive and the independent directors (the managers representing the interests of the company and the invited independent directors) is adopted by the company's shareholders or by the members of the board of directors and managers [4].

The Anglo-American model of corporate governance system is highly developed and valid for external stable environment. The external environment creates a mechanism for disciplinary action in corporations, primarily, to impact of commodity and financial markets. For example, market institutions use their own disciplinary mechanisms, such as the independent rating of corporate governance. Moreover, the regulatory bodies and business culture of the country is considered to play the role of discipline.

The two-tiered structure management system is typical for the German model, which consists of the supervisory board and executive body (implementation body of functions) [5]. More specific, the German model is not defined clearly about executive and implementation bodies' functions. It is not just two-tiered variant of the Anglo-Saxon model. The system is based on strict separation of monitoring and implementations bodies and the separated bodies have clear legal responsibilities and have the authorities. In the two-tier system, the monitoring and controlling functions are implemented irrespectively the management function. The main task of the supervisory board is to ensure that qualified managers conduct the governance of the company. The supervisory board is responsible for selecting members of the executive council and dismiss them if it is considered necessary. According to the German regulation, it is established a clear boundary between direct control and supervision, and the management functions are given only to the executive body of the corporation and the responsibility for their implementation is entrusted to the board of directors.

In Europe the German model of corporate governance dominates. The model is cited as the financial lever in the banking systems and corporations and the role of individual shareholders is not high. The banks implement the role of members of the board of directors that performs creditors, shareholders, investment banks and supervisory audit functions.

In the framework of German model of corporate governance is aimed to establish banking mechanism in long-term investment relationships between financial and industrial sectors. It allows to get German banks the major

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shares of corporations. The board of directors implement the control over managerial board, therefore only independent directors are able to be member. Law, not corporations, governs the composition of the board. Numerous of German corporations' supervisory boards include representatives of shareholders and its staffs. Moreover, it also includes representatives of banks, major suppliers and public representatives. Often, the supervisory board is given about 30 percent of the seats to shareholders, and about 20 percent to "other" participants, and the rest of seats to the employees and it is 50 percent. The uniqueness and key of the German model is the corporations' employees are given priorities in the supervisory board [6].

Another important aspect of the German model is the high level of equity capital. The superiority of common interest over private interests makes the goal of maximizing profit. Therefore, short-term outcomes of corporations are not given too much attention. Even though there are only two unitary and two-tier models, the American and German systems do not show all the possible types of board of directors. They represent the contradictory points of the numerous and varied forms of corporate governance.

The German corporate governance model differs from corporate governance Japanese. In the German model some affairs of corporations are associated with the bank. In Germany, corporations are characterized by the high share of banking and financial institutions in joint ownership of shareholders from other European countries. The basic package of shares come to the banks and financial organizations. For example, in two thirds of the largest German corporations are stored mainly large banks [7]. Indeed, the relations of the manufactures with the bank sectors are important aspects of the government in creation of equal economic conditions. In order to survive in every newly emerging competition environment, funding should be derived from sources of funding. If there is no interest in investing capital in the banking sector, then financial support for the emerging competitive environment in the manufacturing sector cannot be guaranteed [8].

The third model is based on the American model of the board of directors in Japan. In fact, almost 80 percent of joint stock companies in Japan do not have independent directors within their boards, and the boards themselves represent the interests of the company and its key players, as in Germany [9]. There are two specific features of the German model that are not included the representation of the employees and the participation of the

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bank's representatives. Almost all members of the board of directors of Japanese companies are senior managers or former executives.

The Japanese model of corporate governance is characterized by long-term investments and close links between industrial and financial sectors. In this sense, there is similarities to the German model.

The aspiration to concentrate into groups is peculiar sign of the Japanese model. The business units are interconnected by all-inclusive ownership of their corporate groups. The business entities that are connected to the group not only dependent of foreign investors, but also not dependable to the banks. In each group, each collective carries the mechanism of mobilizing capital through group bank.

Japan's experience after World War II has shown that corporate relations can not be seen based on formal requirements of the law. As stated by law, the American model has been adopted in Japan, it means that corporation members are limited by shareholders. However, the real practice of economic life is given to Japanese entrepreneurs a chance to adapt this model to their business, as resulting in a new model of corporate governance, which meets the peculiarities of the Japanese nation.

The national model of corporate governance is at the stage of development in Uzbekistan, perhaps the development process might be prolonged for several years. In national legislation, there are many generally accepted principles of corporate governance. However, the implementation them into practice and corporate behavior are just begun to emerge. The law does not cover corporate governance behavior, but it has ethical aspects. Therefore, it is necessary to develop corporate governance and corporate culture law, considering the peculiarities of foreign practice and corporate governance practices.

Consequently, the above-mentioned suggestions, there is no unique model of corporate governance can be applied to all countries and companies. Therefore, the necessity for the formation and improvement of the corporate governance is always be an important issue.

The relations of market-oriented countries should be combined by different model of corporate governances in order to be evolved, including in Uzbekistan. In our opinion, the following aspects should be considered in the development and improvement of Uzbek corporate governance model:

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— Developing a modern concept of corporate governance system conforming the conditions of the globalization and national characteristics on basis of national mentality

— Strengthening the importance of corporate culture and corporate monitoring in establishing corporate governance;

— Providing opportunities for managers to be skilled and experience;

— Providing transparency, completeness, ensuring the awareness of shareholders about affairs of corporation.

In summary, it might be programed national companies activities, manage strategically and plane on basis of targets of corporations' affairs. The extensive using advanced foreign experience on strategic management will be one of the most urgent issues of increasing the effectiveness of introducing methods of the corporate governance system.

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