

**THE IMPORTANCE OF USING MODERN CORPORATE GOVERNANCE METHODS  
IN THE PROSPECTIVE DEVELOPMENT OF RAILWAY TRANSPORT INDUSTRIAL  
ENTERPRISES**

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**Abstract:** This article examines some shortcomings and problems in the management system of railway transport industrial enterprises. Proposals have been developed for the application of modern principles of corporate governance in increasing the efficiency of the management system at enterprises. Also, based on a deep analysis, the influence of the management system's effectiveness on the long-term development of industrial enterprises was studied.

**Key words.** Corporate governance, railway transport industrial enterprises, production indicators, export indicators.

### **Introduction**

It is known that railway transport is one of the most important drivers of the country's economic development. The creation of a high-quality transport infrastructure plays an important role in ensuring the socio-economic well-being of the country, providing high-quality and safe transportation and cargo transportation services for the population and tourists of the country. In this, of course, the role of railway transport and its organizational units, enterprises, and organizations is invaluable. In particular, «Uzbekistan Railways» joint-stock company (hereinafter - «Uzbekistan Railways» JSC) has more than ten industrial enterprises that provide finished products and services not only for railway transport, but also for other industries of the republic. In addition, the export indicators of industrial enterprises and the level of localization are increasing.

Therefore, to increase the management efficiency of industrial enterprises within the structure of «Uzbekistan Railways» JSC, first of all, it is necessary to reorganize their organizational and legal forms as joint-stock companies and introduce modern methods of corporate governance into the management process, introduce modern approaches to the general meeting of shareholders, the supervisory board, and the executive body. By the Decree of the President of the Republic of Uzbekistan dated October 10, 2023 No. PD-329 «On Measures for Fundamental Reform of the Railway Transport Sector of the Republic of Uzbekistan» the three largest industrial enterprises in the railway transport sector were reorganized into joint-stock companies. The main goal of this is a radical reform of the management process of production enterprises, increasing management efficiency, and achieving a significant increase in production and export indicators.

In addition, the aforementioned resolution provides for the allocation, as an exception, of credit funds from the Industrial Development Fund to «Uzbekistan Railways» JSC for the production of freight and passenger cars under the guarantee of its constituent enterprises to increase exports, as well as to increase existing capacities in the amount of 150 million dollars<sup>1</sup>, with a grace period. Such opportunities will allow not only to meet the domestic demand of «Uzbekistan Railways» JSC by expanding the product range of manufacturing enterprises, mastering new

<sup>1</sup> <https://lex.uz/uz/docs/6631602>

types of goods and services, but also to increase the volume of products and services supplied to foreign countries.

#### **Analysis of literature on the topic**

The concept of corporate governance was first widely used in 1992 after the publication of the "Report of the Committee on Financial Aspects of Corporate Governance". This report is commonly called the "Cadbury Report"<sup>2</sup> in honor of Sir Adrian Cadbury, who chaired the committee.

The scientific and theoretical foundations of corporate governance, its contribution to economic development, and scientific aspects have been comprehensively studied by scientists from leading countries of the world, such as M.Albert, M.Mescon, F.Hedouri, and I.Ansoff<sup>3</sup>.

Leading scientists of the Commonwealth of Independent States, such as S.Karnaukhov, V.Vinokurov, A.Strigan, S.Melnikov, M.Kruk, I.Khraborova, and I.Mazur<sup>4</sup>, were at the center of research on the scientific and theoretical foundations of corporate governance in industrial production enterprises and issues of its development.

Also, a number of leading scientists of Uzbekistan have conducted scientific research and studies on the existing problems of corporate governance, the application of modern methods of corporate governance in joint-stock companies of Uzbekistan, and further increasing the effectiveness of corporate governance. In particular, B. Berkinov, I. Butikov, B. Khodiev, M. Khamidullin, D. Suyunov, R. Karlibaeva, D. Begmatova<sup>5</sup>, and others conducted research on the study of existing problems of corporate governance and the development of solutions based on them.

#### **Research methodology**

In preparing this article, scientific articles classified according to the number of links in such databases as Scopus and Web of Science, a selective literature review based on regulatory legal acts adopted in the field of railway transport, as well as modern management approaches, such

<sup>2</sup> Корпоративное управление: учебное пособие / А.Н. Петров. – СПб.: Изд-во СПбГЭУ, 2024. – 438 с.

<sup>3</sup> Месков М. и другие Основы менеджмента. – М.: Дело, 2007. Ансофф И. Стратегическое управление. – СПб.: Питер, 1990, с 127.

<sup>4</sup> Винокуров В.А. Организация строительного управления на предприятиях. – М., 1996, с 174.; Организационные взаимодействия в управлении. Крук МД. Современная форма в механизме корпоративного управления: методология и практика. – М., 2000, с 357. Мазур И.И. и др. Корпоративный менеджмент. – М.: Омега, 2011, 781 с. Храборова И.А. Корпоративное управление: вопросы интеграции. – М., 2000, 64 стр.; Карнаухов С. Эффективность корпоративных структур. // Риск. – Москва, 2004. № 1-2, 4 с.

<sup>5</sup> Беркинов Б.Б. Корпоративные структуры: основы создания и управления. – Т.: Изд. Нац. биб-ка Узбекистана им. А.Навои, 2005. - 132 с.; Ходиев Б.Ю. Карлибаева Р.Х. Акрамова Н.П. Корпоратив бошқарув. Ўқув қўлланма. – Т.: ТДИУ, 2010. – 280б.; Карлибаева Р.Х. Акциядорлик жамиятларида молиявий менежмент тизимини самарали ташкил этиш йўллари, иқтисодий фанлари доктори илмий даражасини олиш учун тайёрланган диссертация. – Тошкент, 2018 й.; Д.Х.Суюнов, Э.А.Хошимов, Ш.А.Хусаинов. "Корпоратив бошқарув: муаммолар ва замонавий ечимлар" – Тошкент: Бизнес ва тадбиркорлик олий мактаби 2021. – 202 бет.; Хамидулин М.Б., Ташматов Ш.А. К вопросу об эффективном собственнике в системе корпоративного управления // Иннов: электронный научный журнал, 2018.; Бегматова Д.Б. Совершенствование методов оценки эффективности корпоративного управления в акционерных обществах: дис. на соискание учёной степени доктора философии (PhD) по экон. наук. – Т.: ГЭУ, 2017. - 164с.

methods as observation, comparison, experiment, analysis, synthesis, grouping, induction, deduction, and comparison were widely used.

#### Analysis and results

In recent years, the rapidly developing industrial sector has become one of the important drivers of the country's economy. The creation of products with high added value, the reduction of import volumes through localization, and the increase in export volumes also correspond to the contribution of the industrial sector. In particular, for January-March 2024, the country's gross domestic product (GDP) in current prices amounted to 242,701.6 billion soums and, compared to the corresponding period of 2023, increased by 6.2%. The growth of the industrial sector amounted to 6.5%, and this sector remains one of the most dynamically developing<sup>6</sup>.

The constant growth of production and export indicators, the increase in the number of large foreign and domestic partners require increasing the efficiency of management of industrial enterprises, regular monitoring of the activities of the general meeting of shareholders, the supervisory board, and the executive body. Also, the fact that railway transport industrial enterprises have large land resources and a reserve of qualified personnel gives them a relative advantage in the production of competitive and unique products and services.

In particular, the following table presents the production indicators of large industrial enterprises within «Uzbekistan Railways» JSC.

**Table-1**

**Production Indicators Plan of Industrial Enterprises of «Uzbekistan Railways» JSC for 2024**

№	ame of the industrial enterprise	Plan for 2024 (mln.sum)
1	«O'ztemiryo'lmashta'mir» JSC	344,4
2	«Andijon mexanika zavodi» JSC	251,7
3	«Quyuv-mexanika zavodi» JSC	322,8
4	«Toshkent yo'lovchi vagonlarini qurish va ta'mirlash zavodi» JSC	280,3
5	«14-rels payvandlash poyezdi» LLC	42,2
6	«O'zvagonta'mir» JSC	80,3
7	«Toshkent mexanika zavodi» JSC	196,1
8	«Eyvalekmaxsustemirbeton» LLC	180,1
9	«Sharg'unko'mir» JSC	300,5
<b>Total:</b>		<b>1 998,4</b>

<sup>6</sup> [https://t.me/statistika\\_rasmiy/4636](https://t.me/statistika_rasmiy/4636)

The main activity of these enterprises is the production of new freight cars and their repair with varying degrees of difficulty, as well as the repair of locomotives and electric locomotives with varying degrees of difficulty. Despite the fact that enterprises and organizations of railway transport make up a large share in the sales of products, they regularly carry out work on the supply of products and services to foreign enterprises and for export. In particular, in 2024, «Quyuv-mexanika

zavodi» JSC exported new freight cars to such countries as Kazakhstan, Russia, and the United Arab Emirates<sup>7</sup>.

**Table-2**

**Information<sup>8</sup> on freight cars produced by «Quyuv-mexanika zavodi» JSC and «Andijon mexanika zavodi» JSC**

№	Manufacturing organization	Name of the freight car
1	«Quyuv-mexanika zavodi» JSC	Covered freight car model 11-9923
2	«Quyuv-mexanika zavodi» JSC	Gondola car model 12-9922
3	«Quyuv-mexanika zavodi» JSC	Hopper car (for cement) model 19-9596
4	«Quyuv-mexanika zavodi» JSC	Hopper car (for transporting mineral) fertilizers model 19-9600
5	«Quyuv-mexanika zavodi» JSC	Flat car for the transportation of large-capacity containers model 13-6991
6	«Quyuv-mexanika zavodi» JSC	Hopper car (for transporting wheat and other bulk cargo) model 19-9600-01
7	«Andijon mexanika zavodi» JSC	Tank cars for liquefied petroleum gases
8	«Andijon mexanika zavodi» JSC	4-axle gondola car model 12-9768-01 with empty walls and unloading hatches
9	«Andijon mexanika zavodi» JSC	Tank container for transporting oil and gas raw materials and colorless petroleum products
10	«Andijon mexanika zavodi» JSC	Oil tanker truck
11	«Andijon mexanika zavodi» JSC	Tank car for transportation of sulfuric acid
12	«Andijon mexanika zavodi» JSC	Cement transportation re-equipped platform

<sup>7</sup> [https://railway.uz/uz/informatsionnaya\\_sluzhba/novosti/36468/](https://railway.uz/uz/informatsionnaya_sluzhba/novosti/36468/)  
[https://t.me/quyuvmexanika\\_shk/17416](https://t.me/quyuvmexanika_shk/17416)

<sup>8</sup> Prepared by the author based on the annual "Business Plan" data of enterprises.



The freight cars produced by these large industrial enterprises of «Uzbekistan Railways» JSC have no analogues not only in the Republic, but also in the Central Asian region. Rail transport is also the largest buyer of products and services produced by enterprises.

As in all spheres, the operational activities of railway transport enterprises, as well as the processes of transportation and sales, are gradually transitioning to a digital format. It is noteworthy that the procurement policy of enterprises is carried out using special electronic public procurement portals. Also, during the sales process, the sale of products is carried out through special electronic public procurement portals. It is noteworthy that «Quyuv-mexanika zavodi» JSC is included in the unified register of suppliers<sup>9</sup> for the production of 3 types of freight cars. This, in turn, allows buyers to purchase wagons produced by the enterprise on the basis of direct contracts and save valuable time.

### Conclusion and suggestions

Since the essence of corporate governance is a system of harmonizing the interests of the supervisory board, the executive body, shareholders, the labor collective, and persons involved in the activities of the company in order to maximize the company's profit, the use of modern principles and methods of corporate governance is of great importance for the effective operation of railway transport enterprises. The organizational and legal form of «Uzbekistan Railways» JSC allows for the effective operation of enterprises that are joint-stock companies, reducing the cost of direct transportation, and directing revenues from services to the renewal and modernization of infrastructure. In this regard, in order to introduce the principles of corporate governance at railway transport enterprises, the following is proposed:

1. Establishment of the selection and appointment of candidates for members of the supervisory and executive body through a special web portal of the State Assets Agency <https://cns.davaktiv.uz/uz> on the basis of an open competition;
2. Development of a set of measures to increase the sense of involvement of members of the Supervisory Board in fiduciary duties
3. Introduction of a mandatory requirement for candidates for membership in the supervisory and executive bodies to have a "Corporate Manager Qualification Certificate".

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<sup>9</sup> [xarid.uzex.uz/info/supplier](https://xarid.uzex.uz/info/supplier)



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