

*Eshniyazov Soatmurod Xurramovich***CORPORATE GOVERNANCE AND CORPORATE FINANCE: THEORETICAL FOUNDATIONS AND PRACTICAL ASPECTS**

**Аннотация:** В статье рассматриваются основные подходы к определению сущности корпоративного управления и корпоративных финансов. Анализируются различные точки зрения отечественных и зарубежных ученых, а также приводятся ключевые теоретические концепции, такие как структура корпоративного управления, механизмы финансового регулирования корпораций и взаимодействие корпоративных структур с государством. Особое внимание уделяется вопросам привлечения инвестиций, распределения прибыли, финансового планирования и налогового регулирования корпоративных структур. Автор подчеркивает взаимосвязь между корпоративным управлением и корпоративными финансами, а также их влияние на экономическое развитие и международную интеграцию.

**Ключевые слова:** корпоративное управление, корпоративные финансы, инвестиции, акционеры, управление капиталом, финансовое планирование, налоговое регулирование, экономическое развитие, международная интеграция.

**Abstract:** The article examines the main approaches to defining the essence of corporate governance and corporate finance. Various perspectives of domestic and foreign scholars are analyzed, along with key theoretical concepts such as corporate governance structure, financial regulation mechanisms of corporations, and the interaction of corporate structures with the state. Particular attention is paid to investment attraction, profit distribution, financial planning, and tax regulation of corporate structures. The author emphasizes the interrelation between corporate governance and corporate finance, as well as their impact on economic development and international integration.

**Keywords:** corporate governance, corporate finance, investments, shareholders, capital management, financial planning, tax regulation, economic development, international integration.

In modern domestic and foreign literature, we can find many definitions of the concept of "corporation". In general, the concept of "corporate governance" appeared simultaneously with the emergence of such a business form as a corporation. There are two main traditions in understanding a corporation. First, a corporation is a group of individuals who represent the specific interests of people in economics, politics, religion, and other areas of human activity. A corporation is understood as a stable, closely connected association aimed at protecting or promoting. Secondly, a corporation is a form of enterprise organization, a special type of economic unit, a specific subject of economic and political relations.

In the economic sense, a corporation is an economic entity based on the collective ownership of individuals and legal entities, which distinguishes it from centralized management by a special entity. Corporate Scientists and experts have different approaches to revealing the specific definition of the concept of management, its content, role and importance in market conditions. When some researchers consider the content of corporate governance, they often focus on the most characteristic features characteristic of a particular model of corporate governance.<sup>1</sup>

<sup>1</sup> S.V. Kuznetsov, Yu.I. Rastova, Yu.P. Tyutikov. - SPb.: Izd-vo SPbGEU, 2013. - 124 p.

M. Khamidulin expresses the following opinion about corporate governance: "Corporate governance is the conscious, direct participation of the owners of a corporation in ensuring their constant and real influence on the determination, definition and adoption of strategically important decisions aimed at the formation of the corporation's capital, its more effective use in order to obtain profit, and the fair distribution of the resulting income among all participants in the corporate relationship."<sup>2</sup>"Corporations as an organizational legal form are not used in all countries, including Uzbekistan."<sup>3</sup>.

A. Khoshimov stated that "The main content of corporate management action is to establish a balance of interests of various persons involved in the activities of the Dolar society"<sup>4</sup>.

Bob Tricker defines corporate governance as operational, interrelated, action describes from financial, economic and social points of view<sup>5</sup>.

Thus, currently there is no single definition of the essence of corporate governance, it is considered from the point of view of several approaches.

Table 1

**Approaches to determining the nature of corporate governance<sup>6</sup>**

<b>Approach</b>	<b>The essence of corporate governance</b>
Personal (interior architecture)	Public (external links)
Normative	A code of principles and rules governing the rights, duties and obligations of persons involved in the management of a corporation
Economic	The system of relations between management bodies, officers and shareholders of the corporation
Management	The system of elected and appointed bodies of a joint-stock company that manages it

Myers concludes that when there is free cash flow, a company prefers internal financing to external financing because internal financing does not have the problem of information asymmetry. As an external financing, a company prefers to borrow money until the cost of borrowing exceeds the amount of profit. In this case, the issuance of securities is carried out at the last stage, he says.<sup>7</sup> Summarizing the various interpretations of the concept we are studying, we can conclude that corporate governance should be viewed from two perspectives that are not contradictory, but rather complementary:

- on the one hand, company managers and their owners (action on the one hand, as an organizational model designed to regulate relations between (and between) various stakeholders, and on the other hand, to coordinate the goals of various stakeholders and thereby ensure the effective functioning of companies;

<sup>2</sup>Khamidulin M.B. Financial management of corporate management. Monograph. - T.: Finance, 2008. -204 p.

<sup>3</sup>SE Elmirzayev. Modern corporate governance: Textbook // - T.: "Economics-Finance", 2019. - 416 p.

<sup>4</sup>Khashimov AA Improving the methodology for managing integrated corporate structures in Uzbekistan.: Dissertation for the degree of Doctor of Economics.- T .:2007 .-338 p.

<sup>5</sup>Bob Tricker. Corporate governance: principles, policies and practices. - UK.: Oxford University Press, 2012.- P. 29-31.

<sup>6</sup>Rosenberg D.M. Business and management. // Terminological dictionary / D.M. Rosenberg. - M.: INFRA-M, 1997. - 135 p.

<sup>7</sup> Khodiev B. "Corporate Governance"//Textbook T.2018.

-action as a system or process for monitoring and controlling the activities of corporations that are accountable to the government.

The "extended" interpretation defines corporate governance as the activity of a system of management relations aimed at ensuring synergy, as well as mutual compliance and harmonization of interests between interacting business entities (including managers and subordinates), as well as relations with external counterparties (including government bodies) in achieving set goals.<sup>8</sup>

The main goal of corporate management is to attract investments at a low cost, action is to maximize the dividend paid to shareholders, to increase the company's market share and capitalization level.

Therefore, the primary entity entering into the relationship is the shareholders (persons who own shares). Currently, the state, individuals and legal entities action they can be gallow. They own their capital as owners action They invest in joint-stock companies and, of course, expect benefits (profits, results) from this. In addition, the most important thing is that the shareholders retain the right to general management of the joint-stock company.

The object of corporate governance is corporate relations and corporate property. Corporate structures in the course of their activities enter into relationships with various entities. In this case, the subjects entering the relationship can be classified according to their interests, activity characteristics and other aspects.

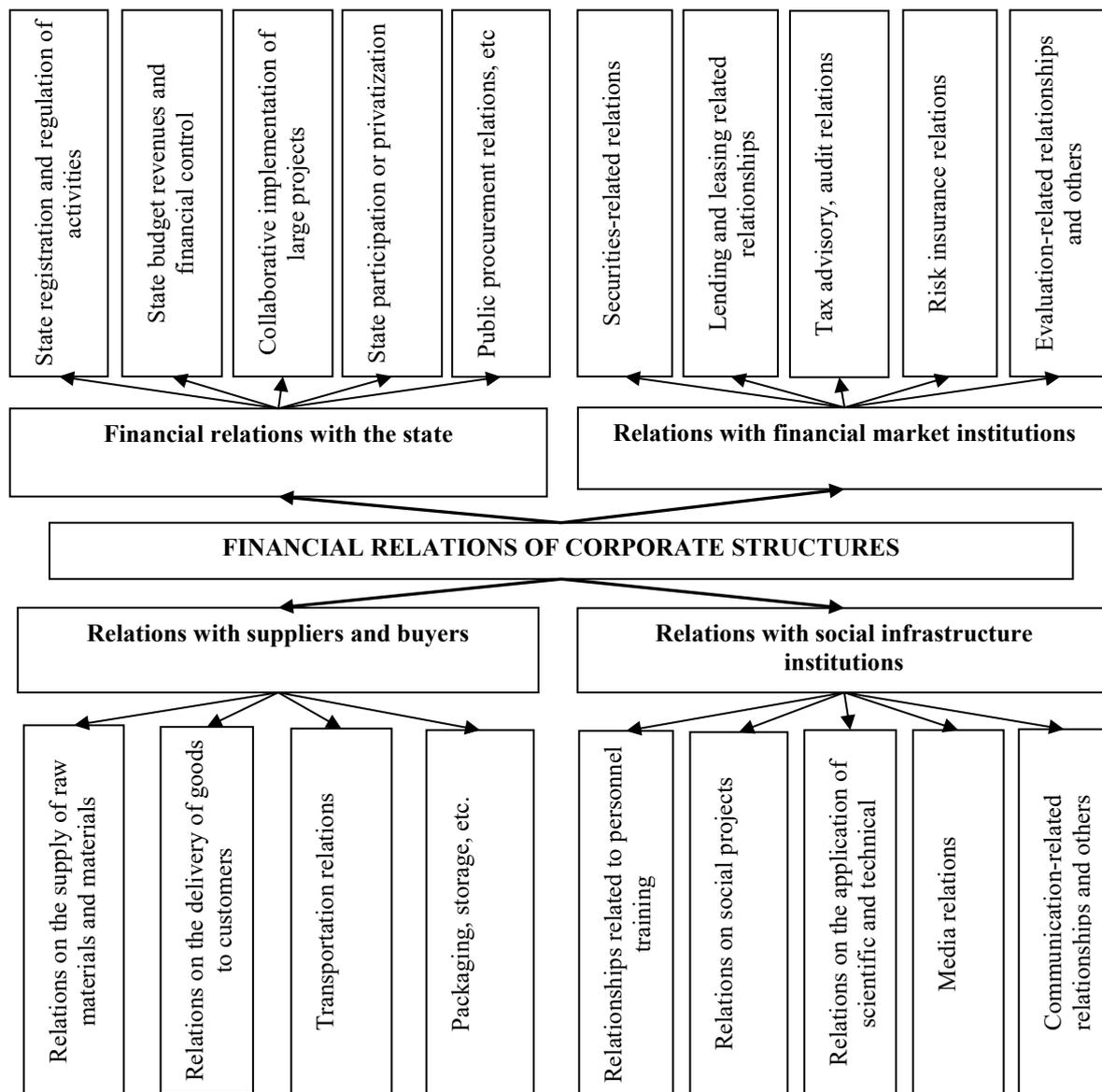
There are various approaches aimed at justifying the economic essence of corporate finance. One of the English economists who conducted research in this area, Richard A. Braley and others, stated that "Corporate finance is all about maximizing market value."<sup>9</sup>, approaches. Among the French economists, Pierre Vernimmen and others "Corporate finance is not only a theoretical textbook, but also a practical guide"<sup>10</sup>, they say. Also Stephen A. Ross and othersto the practice of corporate finance«Corporate finance in general«How to attract long-term investments?»,«Where do you plan to get long-term financing: will you attract additional founders or take out a loan?»,«How do you manage receipts from customers and costs to suppliers in day-to-day financial activities?»find answers to three questions like»<sup>11</sup>The above explanations are mainly narrowly focused on financial relations in corporate structures that continue to operate. In our opinion, corporate finance means the formation of a commercial organization through the voluntary pooling of the property of legal entities and individuals and the financial relations associated with the activities of a commercial organization.

<sup>8</sup>[https://cyberleninka.ru/viewer\\_images/16043325/f/1.png](https://cyberleninka.ru/viewer_images/16043325/f/1.png)

<sup>9</sup>Richard A. Braley, Stewart C. Myers, Franklin Allen. Fundamentals of Corporate Finance. Seventh Global Edition. – McGraw-Hill Education, 2014. – p.51.

<sup>10</sup>Pierre Vernimmen, Pascal Quiry, Maurizio Dallocchio, Yann Le Four, Antonio Salvi. Corporate finance: theory and practice. Fourth edition. – Wiley, 2014. – p.10.

<sup>11</sup>Stephen A. Ross, Randolph W. Westerfield, Bradford D. Jordan. Fundamentals of Corporate Finance. – McGraw-Hill/Irwin, 2013. – p. 49.



**Figure 1. Classification of financial relations of corporate structures<sup>12</sup>**

The emergence of corporate financial relations, as shown in Figure 2, can directly or indirectly lead to the emergence of tax relations. In addition, we see that the state's financial relations with corporate structures are manifested in situations ranging from direct state registration and regulation of activities to the implementation of government procurement as a consumer and the placement of government securities between corporate structures.

Corporate finance today serves as the basis of the international financial system. In this context, the effective organization of corporate finance in our country will not only enhance the economic development of our country, but also allow for the acceleration of the process of international

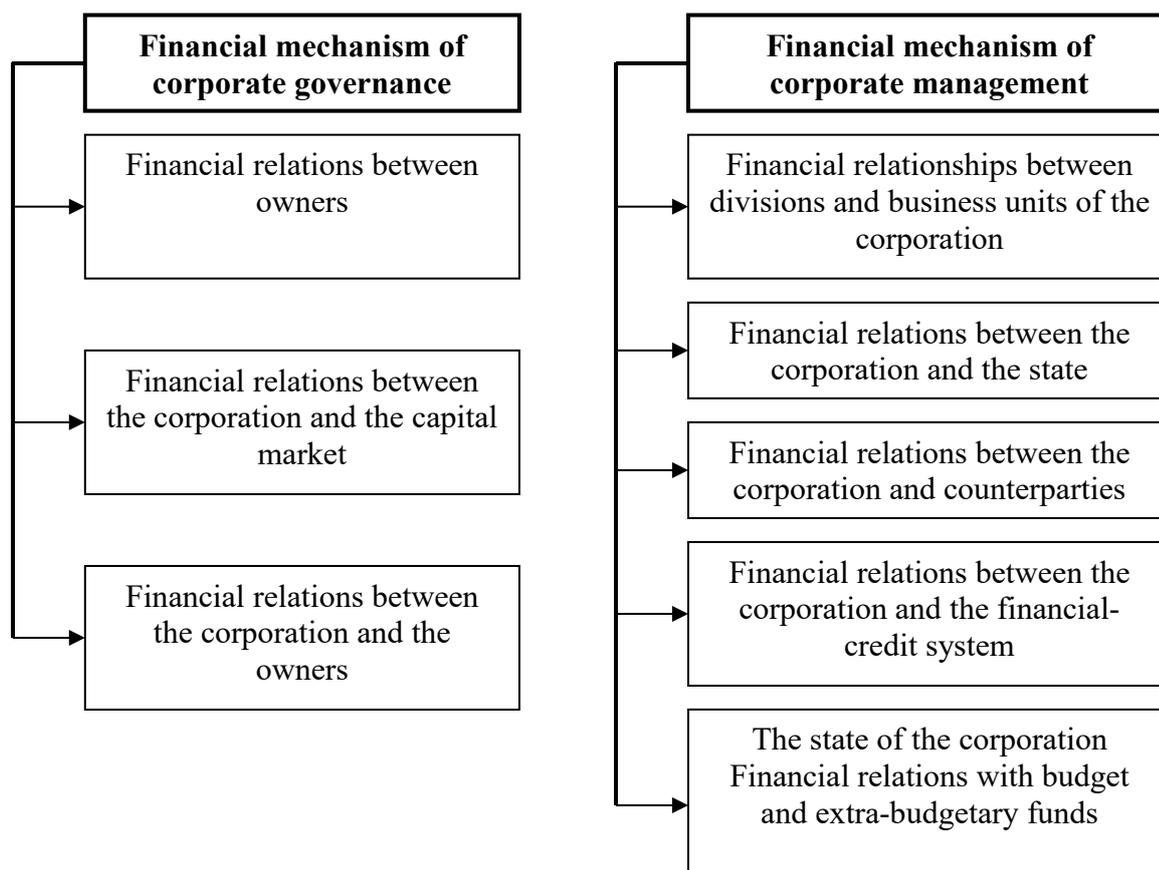
<sup>12</sup>Compiled by the author.

economic integration. Because corporate structures, along with states, actively participate in foreign trade relations.

The theory and practice of corporate financial management are constantly evolving based on economic development. To date, the important theoretical foundations of corporate financial management are the concept of cash flows, the concept of the time value of money, the concept of risk and profitability, the hypothesis of market efficiency, portfolio theory and financial asset pricing models, the theory of capital structure and dividend policy, the theory of agency relations, and others.

Speaking about the essence of the concept of corporate governance, one of the economists in the field of corporate governance, Doctor of Economic Sciences M. Khamidulin, said: "Corporate governance is the direct participation of the owners of a corporation in ensuring their constant influence in identifying, developing and making strategically important management decisions aimed at the formation of the corporation's capital, as well as in its effective use in order to increase profits and fairly distribute the income received among all participants in corporate relations."<sup>13</sup>, is described as.

Two interrelated systems are directly involved in the process of managing corporations - corporate governance and corporate management systems. Corporate governance exercises control over the effective use of the property of the corporation's founders, while corporate management is responsible for the effective use of the corporation's property in the process of conducting business.<sup>14</sup>



<sup>13</sup>Khamidulin M. Razvitie finansovogo mechanism korporativnogo upravleniya. Abstract dissertation na soiskanie uchenoy stepi doktor ekonomicheskikh nauk. - Tashkent-2008. - S. 11.

<sup>14</sup>Khamidulin M. Razvitie finansovogo mechanism korporativnogo upravleniya. Abstract dissertation na soiskanie uchenoy stepi doktor ekonomicheskikh nauk. - Tashkent-2008. - S. 11.

**Figure 2.** Classification of corporate financial relations and mechanisms of corporate governance<sup>15</sup>

From this we can see that corporate management is directly subordinated to corporate governance. That is, corporate management is manifested in the general management of the process of achieving the set goal through the effective use of the property of the real owners of the company, while corporate management is visible in the organization of the achievement of the set goal through the effective management of the property of the established company. The following model represents the organization of financial relations and the structure of financial relations at the corporate level.

The tasks of planning can be assessed depending on the type and size of the economic entity. The management of any economic entity, regardless of its type and size, must know what tasks it can plan in the field of economic activity for the coming period. At the same time, when planning certain types of activity, it must know what economic resources are required to fulfill the tasks set. For example, this concerns attracting investment and determining the volume of investments.

Financial forecasting is an important element of planning and is the basis for budgeting and assessing future financial needs. Financing is carried out at the expense of internal and external sources. Internal financing is carried out as a result of the movement of cash funds in accordance with the normal production activities of small business entities, external financing is carried out with capital received from partners of small business entities, as well as on the basis of credit funds from investors and banks.

Businesses can anticipate their internal financing needs by estimating future business operations and associated costs.

can evaluate.

The main areas of tax planning are the choice of taxpayer status at the time of organization, the depreciation plan for fixed assets during the course of entrepreneurial activity, and the plan for the distribution of corporate property upon liquidation. At the same time, tax planning for enterprises cannot be limited to the company itself and should be linked to subsidiaries and companies to achieve tax planning goals.<sup>16</sup>

Financial planning is the basis of the mechanism for managing the financial activities of entities.

Financial planning includes the process of developing a financial plan system and enterprises

It reflects the indicators of the normative plan for providing the necessary financial resources for the development of the organization and the effective development of its financial activities in the current financial year and in the future.

**Table 2****Financial planning system and forms of using its results in the enterprise<sup>17</sup>**

<b>Profit development system</b>	<b>Put the results of financial planning into practice forms of doing</b>	<b>Scheduled period</b>
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<sup>15</sup>Khamidulin M. Razvitie finansovogo mechanism korporativnogo upravleniya. Abstract dissertation na soiskanie uchenoy stepi doktor ekonomicheskikh nauk. - Tashkent-2008. - S. 12.

<sup>16</sup>Gai, D. (2001) Tax Accounting and Tax Planning. Northeast Finance University Press People, Dalian, 38-52.

<sup>17</sup>Compiled by the author.

1. Forecasting of financial activity	Development of general financial strategy and financial policy in the main areas of financial activity	Up to 3 years
2. Current financial activity planning	Development of current financial planning for specific aspects of financial activity	1 year
3. Fast financial activity planning	Payment calendar, execution of budgets, etc. on all main issues of financial activity Develop operational plan tasks in the form of	quarter, months

Financial planning is organized within an entity (or internal firm financial planning) using its three main systems:

it is done:

- forecasting of financial activity;
- current planning of financial activities;
- rapid planning of financial activities.

Each financial planning system has a separate period and forms of implementation of separate results. All financial planning systems are interconnected and are used in a specific sequence.

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