

Analysis Of The Impact Of The Transformation Of State-Owned Enterprises Into Joint-Stock Companies On The Economy: A Comparative Analysis With The Countries Of Central Asia

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Abstract: The article analyzes the impact of corporatization of state-owned enterprises on the economy of the Central Asian countries. The article examines the key indicators of the effectiveness of this process, such as GDP growth, investment attraction, job creation and development of corporate governance. Recommendations are given for improving the mechanisms of corporatization and increasing the investment attractiveness of the region.

Keywords: corporatization, privatization, stock market, investments, corporate governance, Central Asia, IPO.

INTRODUCTION

In the context of globalization and modernization of national economies, the transformation of state-owned enterprises into joint-stock companies (JSCs) is an important tool for reforming economic activity. This process is aimed at improving the efficiency of management, attracting private investment, developing the stock market and creating competitive companies. For the countries of Central Asia, including Uzbekistan, Kazakhstan, Kyrgyzstan, Tajikistan and Turkmenistan, the corporatization of state-owned enterprises plays a key role in the transformation of the economy and integration into global financial markets.

The relevance of the study is due to the need to assess the impact of this process on economic growth, investment attractiveness and stability of the corporate sector. Different models of privatization and corporatization are used in different countries of the region, which creates an

interesting object for comparative analysis. Uzbekistan, for example, is actively pursuing reforms to reduce the state's share in the economy and develop a people's IPO, while Kazakhstan is focused on management through state holdings, and Kyrgyzstan faces the problems of a weak stock market.

The purpose of this study is to analyze the economic consequences of the transformation of state-owned enterprises into joint-stock companies in Uzbekistan and compare it with the experience of other Central Asian countries. The study will consider the theoretical foundations of corporatization, study the results of reforms in the region, and identify key problems and prospects for further development.

The study is based on the analysis of legal acts, statistical data, scientific publications and reports of international organizations. Methods of comparative, economic, statistical and system analysis are used to identify patterns in the development of joint-stock companies. An assessment of the effectiveness of current reforms

will identify successful practices and offer recommendations for improving the efficiency of corporatization of state-owned enterprises in Central Asian countries.

Theoretical foundations and literature review

Corporatization of state-owned enterprises is the process of transforming state organizations into private companies that attract capital through the issuance and circulation of shares. Theoretical approaches to this process include the neoclassical theory of privatization, the concepts of corporate governance and the theory of agency relations. In world practice, this process is widely used to increase economic efficiency, attract investment and develop the stock market. In developed countries, such as the United States and the United Kingdom, corporatization was accompanied by the creation of transparent mechanisms for regulating and protecting the rights of shareholders. In Central Asian countries, approaches to corporatization vary. For example, Kazakhstan uses the model of state holdings, and Kyrgyzstan faces difficulties in attracting private capital.

A review of the literature shows that corporatization in Uzbekistan went through several stages. In the early 1990s, corporatization was massive, but did not ensure effective corporate governance. In recent years, there has been an increase in interest in people's IPOs and private investment, which is confirmed by regulatory reforms. The studied articles emphasize the importance of introducing international standards of corporate governance and expanding stock market tools for the successful development of joint-stock companies in Uzbekistan and the region as a whole.

Results Uzbekistan's Experience in Transforming State-Owned Enterprises into JSCs

The process of privatization and corporatization in Uzbekistan began in the early 1990s after the collapse of the USSR. The first phase involved the mass privatization of small and medium-sized enterprises through coupon schemes, which led to the widespread use of private property. However, the lack of effective corporate governance and transparent market mechanisms limited the effectiveness of the first reforms.

In the second half of the 1990s, the government began to create conditions for the development of the stock market and the introduction of mechanisms for regulating joint-stock companies. During this period, the Republican Stock Exchange was created, which gave rise to organized trading in shares of state-owned enterprises. In the 2000s, reforms continued: large enterprises were restructured and partially sold to strategic investors, which helped attract foreign capital.

At the present stage (since 2016), corporatization has become an important part of economic reforms aimed at reducing the state's presence in the economy. People's IPO programs were introduced to attract the general public to investment activities, and control over corporate governance in joint-stock companies was strengthened.

The legal framework for corporatization in Uzbekistan was formed gradually, starting from 1991. One of the first significant documents was the Law "On Denationalization and Privatization" (1991), which defined the main mechanisms for the transition to a market economy. An important milestone was the adoption of the Law "On Joint-Stock Companies and Protection of Shareholders' Rights" (1996), which established the legal norms for the functioning of JSCs, mechanisms for their management and protection of minority shareholders. In 2008, changes were made to

improve the transparency of the activities of joint-stock companies.

In recent years, reforms have intensified. In 2019, the Presidential Decree was adopted to reduce the state's share in the economy, which launched the processes of accelerated privatization. The government is also introducing international standards of corporate governance, expanding opportunities for IPOs and improving the investment climate. These changes contribute to the development of joint-stock companies in Uzbekistan, increasing their competitiveness and integration into global capital markets.

The transformation of state-owned enterprises into joint-stock companies has had a significant impact on the economy of Uzbekistan. The contribution of joint-stock companies to the country's GDP is constantly growing due to the attraction of private and foreign investment. Corporatization contributed to the creation of new jobs and increased the efficiency of enterprise management. In addition, the development of the stock market has allowed companies to raise capital through IPOs and SPOs, which strengthens the financial stability of the corporate sector.

Despite the positive trends, there are differences in the dynamics of corporatization among industries. For example, the greatest success has been achieved in the banking sector and industry, while agriculture and small businesses face difficulties in integrating into the stock market. Despite the positive results, the process of corporatization in Uzbekistan faces a number of problems. The main barriers include insufficient liquidity of the stock market, insufficient transparency of corporate governance and limited access to investment instruments. The lack of financial literacy among the population also limits the participation of citizens in investment activities. In addition, there are still risks of monopolization and corruption threats, which can slow down the

reform process. To overcome these barriers, it is necessary to further improve the legal framework, develop the infrastructure of the stock market and attract international experts to improve corporate governance.

Comparative Analysis with Central Asian Countries

Kazakhstan: the Samruk-Kazyna model and the role of state holdings. Kazakhstan has chosen the model of a state holding in the process of corporatization of large enterprises. In 2008, the Samruk-Kazyna National Fund was established, uniting the largest state-owned companies, such as KazMunayGas, Kazakhstan Temir Zholy and others. The fund manages assets estimated at tens of billions of dollars, and its strategy includes gradual privatization and placement of shares on the stock market. Kazakhstan is actively using IPOs of large companies such as Kazatomprom and Air Astana, which contributes to the development of the stock market and increases the transparency of corporate governance. However, challenges remain related to corruption, insufficient liquidity of the stock market and the economy's dependence on raw materials.

Kyrgyzstan: Small-scale privatization and weak development of the stock market. Unlike Kazakhstan, Kyrgyzstan has followed the path of small-scale privatization, focused on the sale of small and medium-sized enterprises. In the 1990s, many state-owned enterprises were privatized, but the lack of a strong stock market and corporate governance infrastructure led to a lack of efficiency in this process. Kyrgyzstan's stock market remains underdeveloped, and most of the transactions take place in the unorganized sector. There are virtually no large IPOs in the country, and investment activity remains low. The main barriers include a lack of institutional investors, a limited number of liquid financial instruments and a low level of financial literacy of the population. The

government is taking steps to develop the securities market, including attracting foreign investors and creating a regulatory framework to improve corporate governance. However, without structural reforms and active state support, the Kyrgyz stock market is unlikely to become a full-fledged source of capital in the near future.

Tajikistan and Turkmenistan: Limitations in Reforming State-Owned Enterprises. Tajikistan and Turkmenistan have taken a more conservative approach to the privatization of state-owned enterprises. In these countries, privatization has been slow, and the public sector continues to dominate the economy. In Tajikistan, privatization has mainly affected small enterprises, while large strategic companies remain under state control. In Turkmenistan, the privatization process is practically non-existent, and the economy continues to function in a centralized mode.

Common features and differences of corporatization models in the region. Privatization in the Central Asian countries is developing unevenly. Kazakhstan demonstrates the most advanced model with an active role of state holdings and the development of the stock market. Kyrgyzstan has faced problems of infrastructure and low investment activity. Tajikistan and Turkmenistan, on the contrary, maintain a high level of state control and are in no hurry with privatization. The common features of corporatization in the region are difficult institutional conditions, the need to reform corporate governance and the need to develop the stock market. The differences are related to the scale of privatization, the level of state involvement and the availability of financial instruments for investors.

The Impact of Corporatization on the Economy: Key Indicators

Corporatization has a significant impact on the economies of the Central Asian countries,

contributing to the development of a competitive environment, increasing investment attractiveness and increasing budget revenues. One of the key indicators is the growth of gross domestic product (GDP). In countries where corporatization is active, there is an increase in the efficiency of enterprises, which leads to an increase in productivity and the creation of additional sources of income for the state. In Kazakhstan and Uzbekistan, this process is accompanied by the active participation of the state in the management of large joint-stock companies, which makes it possible to control strategically important industries.

Another important aspect is the level of attracting investment. Joint-stock companies that have passed the process of listing on the stock markets get the opportunity to raise capital through the sale of shares. In Kazakhstan, IPO programs have allowed the largest companies to receive additional financing, and in Uzbekistan, people's IPO initiatives are being implemented, allowing the population to participate in the investment process. However, in Kyrgyzstan, Tajikistan and Turkmenistan, this process is slower, which is due to the limited development of the stock market and the lack of effective mechanisms for attracting investment.

Corporatization also affects the level of employment. In countries where the privatization of state-owned enterprises is proceeding rapidly, there has been an increase in the number of jobs in the private sector. However, this process is accompanied by certain challenges, such as the restructuring of enterprises and the possible reduction of inefficient jobs. In Kazakhstan and Uzbekistan, such processes are regulated by state employment programs, and in Kyrgyzstan and Tajikistan, the problems of adaptation of the released labor force remain relevant.

Finally, corporatization contributes to increasing the transparency of corporate

governance. Public companies are required to disclose financial statements, which reduces corruption risks and contributes to the formation of a transparent business environment. In Kazakhstan and Uzbekistan, measures have been taken to introduce international standards of corporate governance, which increases investor confidence. In countries with a more closed economic system, such as Turkmenistan, this process is slowed down due to limited access to information and a low level of development of the stock market.

Discussion. Problems and prospects for further development

Despite the obvious advantages of corporatization, the process of its implementation in the Central Asian countries faces a number of difficulties. One of the main problems is the low level of financial literacy of the population, which limits the participation of citizens in investment activities. In some countries, there is a lack of transparency in the privatization process, which leads to risks of corruption and mismanagement of joint-stock companies. Another serious obstacle is the insufficient development of the stock market. In Kyrgyzstan and Tajikistan, share trading volumes remain low, and regulatory mechanisms are underdeveloped. Without the active development of the stock infrastructure and the introduction of modern investment tools, the corporatization process will not be able to fully reveal its potential.

Prospects for further development of corporatization are associated with the strengthening of state regulation and the introduction of international standards of corporate governance. In Kazakhstan and Uzbekistan, steps are already being taken to improve the investment climate, measures are being introduced to protect the rights of shareholders and increase the transparency of the activities of joint-stock companies. However, in other countries of the region, it is necessary to intensify reforms and

attract external experts to create an effective corporate governance system. In the long term, corporatization can become an important tool for attracting foreign investment and stimulating economic growth. However, in order to achieve sustainable results, the countries of the region need to overcome existing barriers, create conditions for free circulation of shares and strengthen public confidence in investment mechanisms.

Conclusion and recommendations

The corporatization of state-owned enterprises is one of the key areas of economic reforms in the countries of Central Asia. It helps to attract investments, improve the efficiency of management and develop the stock market. However, its implementation is accompanied by a number of challenges, including a low level of financial literacy, insufficient development of the stock market and problems with the transparency of corporate governance. For the successful development of corporatization in the region, comprehensive measures are needed aimed at improving legislation, improving the investment climate and increasing public confidence in the stock market. In particular, financial education programs should be intensified, the protection of the rights of minority shareholders should be strengthened, and companies should be encouraged to disclose financial information.

The experience of Kazakhstan and Uzbekistan shows that successful corporatization is possible with the active participation of the state in the development of the stock market and the attraction of foreign investors. At the same time, less developed economies, such as Kyrgyzstan, Tajikistan and Turkmenistan, need to make additional efforts to modernize the corporate governance system and create an investor-friendly environment. Thus, corporatization remains an important tool for economic growth, but its successful implementation requires a systematic

approach that takes into account the specifics of each country in the region.

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