



**THE ROLE OF INVESTORS IN IMPROVING THE EFFECTIVENESS OF METHODS OF
IMPROVING THE SYSTEM OF CORPORATE GOVERNANCE**

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Annotation:

This article explores the crucial role investors play in enhancing the effectiveness of methods employed to improve corporate governance. By actively participating in the decision-making process and advocating for transparency and accountability, investors have the power to influence corporate behavior and promote responsible governance practices. This article investigates various methods utilized by investors, analyzes their impact, and highlights the importance of their involvement in shaping the corporate landscape.

Keywords: investors, corporate governance, effectiveness, methods, shareholder activism, engagement.

Аннотация:

В данной статье исследуется решающая роль, которую инвесторы играют в повышении эффективности методов, используемых для улучшения корпоративного управления. Активно участвуя в процессе принятия решений и выступая за прозрачность и подотчетность, инвесторы имеют возможность влиять на корпоративное поведение и продвигать практику ответственного управления. В этой статье исследуются различные методы, используемые инвесторами, анализируется их влияние и подчеркивается важность их участия в формировании корпоративного ландшафта.

Ключевые слова: инвесторы, корпоративное управление, эффективность, методы, активность акционеров, вовлеченность.

Corporate governance serves as the framework that guides the behavior and decision-making processes within organizations. Effective corporate governance is crucial for ensuring the long-term sustainability, growth, and success of companies. Investors, as key stakeholders, possess the ability to drive positive change and enhance corporate governance practices. This article delves into the methods through which investors contribute to improving corporate governance.



Shareholder Activism: Shareholder activism involves active engagement by investors to influence corporate decisions, policies, and practices. It encompasses activities such as filing resolutions, proxy voting, and engaging in dialogue with company management. Shareholder activism acts as a catalyst for change, pressuring companies to adopt better governance practices, align their strategies with sustainable goals, and enhance shareholder value.

Engaging in Dialogue: Investors can engage in constructive dialogue with companies to raise concerns, provide feedback, and propose improvements in governance practices. By utilizing their voting rights, attending annual general meetings, and participating in engagement initiatives, investors can influence decision-making processes, encourage transparency, and hold companies accountable for their actions. Investors play a crucial role in improving the effectiveness of methods of enhancing the system of corporate governance in enterprises like Uzbek Pakhtasanoat. They can influence the governance practices, promote transparency, and encourage responsible decision-making. Here's an overview of the role investors can play in improving the corporate governance system, using Uzbek Pakhtasanoat as an example:

1. **Active Ownership and Engagement:** Investors can actively engage with Uzbek Pakhtasanoat's management and board of directors to advocate for good corporate governance practices. They can exercise their voting rights in shareholder meetings to support resolutions that promote transparency, accountability, and shareholder rights. By actively participating in the decision-making process, investors can influence the appointment of independent directors, the adoption of governance policies, and the establishment of effective board committees.
2. **Monitoring and Disclosure:** Investors can monitor Uzbek Pakhtasanoat's performance and ensure that the company provides accurate and timely information to shareholders. They can review financial reports, corporate disclosures, and sustainability reports to assess the company's performance, risks, and governance practices. Through active monitoring, investors can identify any discrepancies, potential conflicts of interest, or non-compliance with regulatory requirements, thereby promoting transparency and accountability.
3. **Proxy Voting:** Investors can exercise their voting rights through proxy voting. They can carefully evaluate proposals related to corporate governance, executive compensation, and board composition. By casting their votes in favor of resolutions that align with good governance principles, investors can exert influence and encourage Uzbek Pakhtasanoat to adopt best practices. This can include supporting resolutions for independent board chairs, executive pay linked to performance, and disclosure of environmental and social risks.
4. **ESG Integration:** Investors increasingly consider Environmental, Social, and Governance (ESG) factors when making investment decisions. They can encourage Uzbek Pakhtasanoat to prioritize sustainability, social responsibility, and ethical practices. By integrating ESG considerations into their investment analysis and decision-making, investors can push for improvements in areas such as environmental stewardship, employee welfare, supply chain management, and community engagement. This can enhance the long-term value and resilience of Uzbek Pakhtasanoat as an investment.



5. **Shareholder Activism:** In cases where there are significant governance concerns or underperformance, investors can engage in shareholder activism. This involves using their ownership stakes to propose changes in Uzbek Pakhtasanoat's governance structure, board composition, or strategic direction. Through constructive dialogue and engagement, investors can drive improvements, encourage better risk management, and safeguard the interests of shareholders.

6. **Stewardship and Collaborative Initiatives:** Investors can participate in stewardship initiatives and collaborate with other stakeholders, including regulators, industry associations, and other investors, to promote effective corporate governance practices. By sharing best practices, engaging in collective engagement efforts, and supporting industry-wide initiatives, investors can create a positive influence on Uzbek Pakhtasanoat and the broader business ecosystem. This collaborative approach can lead to the development of industry standards, guidelines, and benchmarks that raise the bar for corporate governance practices.

In summary, investors have the power to shape and improve the system of corporate governance in enterprises like Uzbek Pakhtasanoat. Through active ownership, monitoring, proxy voting, ESG integration, shareholder activism, and collaborative initiatives, investors can push for greater transparency, accountability, and responsible decision-making. Their engagement can contribute to the long-term success and sustainability of Uzbek Pakhtasanoat while safeguarding the interests of shareholders and other stakeholders.

Investor involvement in improving corporate governance has yielded significant results in recent years. Studies have shown that companies with engaged and responsible investors tend to exhibit improved financial performance, reduced risk, and enhanced shareholder value. Additionally, companies that prioritize corporate governance and address investor concerns attract long-term investors, enjoy better access to capital, and maintain a positive reputation.

Enhancing Transparency: Investor participation promotes greater transparency within organizations. By demanding timely and accurate disclosure of financial information, risks, and governance practices, investors help establish a culture of transparency that enhances investor confidence and safeguards against corporate misconduct.

Fostering Accountability: Active investors play a vital role in holding companies accountable for their actions. Through proxy voting, they can influence board composition, executive compensation, and other critical decisions. This ensures that management remains aligned with shareholders' interests and helps prevent instances of governance failures and ethical lapses.

Conclusions and Suggestions:

Investors hold a significant responsibility in improving corporate governance practices. By leveraging their ownership rights and engaging in constructive dialogue, they can drive positive change, enhance transparency, and foster accountability within organizations. To further strengthen their impact, investors should collaborate with other stakeholders, adopt sustainable investment strategies, and advocate for robust governance frameworks. Regulators and policymakers should also encourage and



support investor engagement by establishing clear guidelines, providing access to relevant information, and promoting responsible investing practices.

In conclusion, the active participation of investors is instrumental in improving the effectiveness of methods employed to enhance corporate governance. Their engagement not only promotes transparency and accountability but also contributes to the long-term success and sustainability of organizations. It is essential for investors, companies, and regulators to recognize the importance of investor involvement and work collaboratively to create a corporate landscape characterized by responsible governance practices.

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