

MODELS OF CORPORATE GOVERNANCE IN GLOBAL PRACTICE



Suyunov Dilmurod Kholmurodovich,
Doctor of Economic Sciences, Professor,
Higher School of Business and Entrepreneurship
Khojakulov Kahramon Karimkulovich,
Listener (Trainee),
Higher School of Business and Entrepreneurship

Abstract. *This article examines the main models of corporate governance practiced around the world, including the Anglo-American (outsider), Continental (insider), and Japanese models, with an emphasis on their institutional features, stakeholder involvement, and mechanisms of managerial control. The analysis highlights how each model reflects the socio-economic, legal, and cultural specificities of its respective region. Additionally, the paper explores the hybrid model implemented in Uzbekistan, identifying its challenges and potential in fostering innovation, investment attraction, and corporate development. The study concludes with a call for aligning Uzbekistan's corporate governance practices with international standards to support economic modernization.*

Keywords: *Corporate governance, stakeholder model, Anglo-American model, Continental model, Japanese model, insider vs outsider systems, Uzbekistan, shareholder rights, managerial control, innovation economy.*

In global practice, there exist various models of corporate governance. Each country develops its own corporate governance model based on its unique characteristics. All corporate governance models in the world are generally categorized into four main types. Corporate governance refers to the system of relationships among managers, boards of directors, shareholders, and other stakeholders involved in the management of a company. Such a system affects not only the profits of the founders but also the future investments of the company.

The **Anglo-American or Outsider Model** is a corporate governance model characterized by a high level of external market-based control over joint-stock

companies and their management. This model is common in the United States, the United Kingdom, Canada, and New Zealand. It features a large number of individual investors with differing interests, who are connected to the management of the joint-stock company. Professional managers carry out the actual management of the company. A key issue in this model is the potential conflict of interest between the founders (shareholders) and the hired managers. In such conditions, the importance of the stock market in controlling management significantly increases. The main actors include managers, directors (the board of directors), and investors. In addition, government agencies, stock exchanges, self-regulating organizations, and consulting firms offering advisory services on corporate governance and proxy voting also participate in this model. Among countries following the Anglo-American model, the United States demonstrates the strictest standards for information disclosure.

The Continental (German) or Insider Model prioritizes internal mechanisms of corporate control or self-regulation. This model is characteristic of countries in Central and Western Europe, such as Germany, the Netherlands, Switzerland, Austria, Norway, Scandinavian countries, Belgium, and France. It is based on the principle of social partnership: all stakeholders in a joint-stock company (shareholders, managers, employees, banks, and public organizations) have the right to participate in decision-making processes. The German model is less focused on stock markets and shareholder value, as companies monitor their competitiveness and performance internally. Several objective and subjective factors have influenced the formation of this model. Notably, the high concentration of share ownership and the leading role of banks in corporate decision-making should be emphasized. For example, in large companies, more than 40% of shares are typically held by five major shareholders. As a result, Germany's stock market has relatively low liquidity compared to the U.S. and the UK. Thus, the Continental model is characterized by a higher degree of ownership concentration and the presence of strategic investors,

such as banks, that hold block shares. In recent years, the influence of foreign investors on governance under the German model has been increasing.

The Japanese Model of corporate governance was formed in the post-World War II period based on financial-industrial groups known as *keiretsu*. It reflects the country's political-economic conditions, culture, and traditions. This model is characterized by a fully closed system based on bank control, which reduces managerial oversight issues. A large portion of ownership is concentrated in the hands of large and medium shareholders within the *keiretsu*. Around 70% of shares in joint-stock companies are owned by financial institutions. Monitoring of a company's activities is carried out not only by its shareholders but also through its main creditor bank. Typically, a *keiretsu* is formed around a major bank capable of financing all member companies within the group.

In Uzbekistan, a hybrid model of corporate governance exists, where the state and major property holders play a dominant role. This often results in passive participation of management bodies and labor collectives, especially during times of crisis. In such a context, the effective organization of functional mechanisms within joint-stock companies serves as a key driver for forming an innovative economy, promoting economic development, attracting investors, enhancing competitiveness, and successfully entering global markets.

However, the development of the corporate governance system in Uzbekistan in accordance with modern international standards remains largely unexplored. Therefore, it is crucial to prioritize the formation of corporate structures that enhance existing innovation potential.

Conclusion. The study reveals that corporate governance systems differ significantly across countries, influenced by national legal systems, cultural traditions, and economic structures. While the Anglo-American model emphasizes shareholder value and external market mechanisms, the Continental model supports internal control and stakeholder involvement. The Japanese model is distinguished

by strong financial-industrial ties and bank-led monitoring. Uzbekistan's hybrid model, still in development, combines elements of state ownership and private participation but faces structural limitations. To enhance competitiveness, attract foreign investment, and support sustainable growth, Uzbekistan must modernize its corporate governance framework in line with international best practices, focusing on transparency, shareholder protection, and board accountability.

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