



## FOREIGN EXPERIENCE IN THE EFFECTIVE MANAGEMENT OF STATE ASSETS AND THE POSSIBILITY OF ITS APPLICATION IN UZBEKISTAN

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<b>Received:</b> 1 <sup>st</sup> August 2022 <b>Accepted:</b> 1 <sup>st</sup> September 2022 <b>Published:</b> 4 <sup>th</sup> October 2022	Considering the role and importance of state asset management, which has been growing in recent years, we have carried out analytical work, which showed how important state asset management is in the economy of any country. The experience of some foreign countries in the management of state assets, methods and approaches for its management were studied, conclusions and suggestions were made.
<b>Keywords:</b> State assets, market relations, state enterprises, foreign experience, privatization, corporate governance, supervisory board, OECD.	

### 1. THE ROLE AND IMPORTANCE OF PUBLIC ASSET MANAGEMENT

The issues of state asset management and ways of further improvement, methods and principles of its transformation into other forms of ownership, were considered in all countries as a matter of priority in order to create market relations in their economies.

However, in each individual country, there are differences and peculiarities in the management and transformation of state property. There are countries in the world with a high level of development of market relations, such as the USA, Great Britain, Japan, Italy, France, Germany and Canada, and in these countries the public sector of the economy is more or less present, depending on the need to preserve them. So, in the USA, it includes the post office, railways, the National Aeronautics and Space Administration (NASA) and other important objects. In France, there are about 1,000 public organizations, including such large ones as Électricité de France, Gaz de France, in total, more than 1 million people are employed in the public sector. Their share in different countries varies significantly: from about 4% in China to 70% in India. In some countries (India, China, Germany, Russia), government organizations number in the thousands. Many of them have received international status and are among the 2000 largest companies in the world. [1]

Supporters of the public sector of the economy point out that it allows you to create natural monopolies (electricity, gas, water supply, etc.), ensure national security (defense sector), public services (post, education, science, etc.), overcome negative externalities (environmental, etc.), contributes to the achievement of social justice, which is manifested in the redistribution of national wealth. [1]

State assets are essential in the economy of any country. Undoubtedly, they are an integral part of the state, its supporting link in the system of economic relations. They have unique properties, with the help of which basic social needs are almost unlimitedly satisfied, and the economy functions in accordance with national economic interests. It is with their help that complex macroeconomic problems are solved, major investment programs are implemented, and conditions are provided for the continuous process of reproduction of national capital.

Critical infrastructure is a term used by many governments to refer to assets that are essential to society and the smooth running of the economy. Basically, such assets include the following:

- production, transmission and distribution of electricity;
- production, transportation and distribution of gas;
- extraction and processing of oil, its transportation and distribution;
- telecommunications sector;
- water supply (drinking water, sewerage system);
- agriculture, food production and distribution;
  - heat supply system (supply of natural gas, heating oil, city heat supply system);
  - health care (inpatient and outpatient hospitals);
  - transport system (fuel supply, railway system, airports, seaports, loading and unloading system at seaports);
  - financial services (central banking system, clearing system);
  - ensuring national security (armed forces).

In order to more effectively manage state assets, such objects of public property (state and collective property) in some countries of the



Organization for Economic Cooperation and Development (OECD) are grouped according to their areas of activity. Then, within each area of activity, they are ranked according to the importance of the social tasks that these enterprises perform. The share of state ownership of state-owned enterprises depends on the degree of importance of decision-making on such enterprises.

In general, more than half of state-owned enterprises in OECD countries (there are 36 of them) are wholly owned by the state, in 20% of state-owned enterprises the state has a predominant share of ownership. [2].

## 2. FEATURES OF MANAGING STATE ASSETS ABROAD

**In Germany**, for example, the state owns enterprises in whole or in part in accordance with the decisions of the German Bundestag, the Budget Committee and the Audit Committee, as well as on the basis of the recommendations and instructions of the Federal Court of Auditors. At the same time, there is collective ownership of some objects. Such enterprises may take legal form in the form of joint-stock companies and limited liability partnerships, as well as other forms of collective ownership. German law prohibits the participation of the federal authorities as shareholders in Open Trade Associations and Limited Partnerships.

**In Sweden**, most state-owned enterprises are registered as joint-stock companies and limited partnerships, and they operate under the Companies Act. At the same time, there is the Airports Authority and the National Energy System, functioning as state-owned enterprises under separate legislative acts. Ownership rights are concentrated in one or more government agencies and holdings. This body is commercially oriented and professional, organized as a public service provider, and is accountable to higher government bodies. The interests of the state as an owner are implemented through corporate governance mechanisms, including the appointment of a board of directors, approval of development strategies, development plans (business plans), approval of investments, financial instruments, key management figures, through a system for hiring and remunerating employees, dividend policy and other. [3]

**In France**, authority and responsibility for management, including strategy and operations, is transferred to the board of directors of public property. Directors of state-owned enterprises and companies with state participation are also provided with a sufficient period of work (3-5 years), while property and

financial liability is imposed on them for possible damage caused by their actions.

**In South Korea**, some state-owned enterprises act as joint-stock companies under the State Enterprise Law. Other state-owned companies (gas industry, airports) operate under the Law "Improving corporate governance and privatization of state-owned companies".

**In the UK**, state-owned enterprises have three types of legal form: a) limited liability companies and joint-stock companies operating under the law "On enterprises"; b) corporations established by a special act of Parliament; c) trading funds, which are also the executive bodies of various ministries. The activities of these trading funds are regulated by separate laws for the categories of state-owned enterprises. [4]

The system of control of state-owned objects abroad is comprehensive and covers not only the control of the use of budgetary funds, but also the activities of state-owned objects. Data comparing the performance of public sector and private sector enterprises are contradictory. On the one hand, in a number of countries (Sweden, South Korea, France), the value of public sector companies grew faster than the value of private companies, in other countries, labor productivity exceeded the same indicator of private companies (France, Italy), largely due to the superiority in terms of investment volumes. , i.e. state-owned companies are, on average, more modernized and technically modern than private ones. Thus, in Germany, the ratio of the fixed capital of state-owned companies to the cost of production in the 1970s was three times higher than that of the private sector. On the other hand, a study conducted in the 80-90s. in Germany by E. Hamer, showed that the costs of private enterprises are on average 50% lower than those of public ones. [5]

- The study shows that the presence of state-owned enterprises is considered necessary in cases where:
- there is a need to maintain low-profit or capital-intensive, but vital for society production and enterprises that are not profitable for the private sector (infrastructure, environmental enterprises, some types of high-tech industries, etc.);
- the state seeks to control those industries that it considers important for the economy or defense of the country. [6]

In the countries of Latin America, especially in Brazil, in the course of ongoing reforms, their own principles were formulated to determine the range of enterprises that should be left in the public sector: the



use of non-renewable natural resources by an enterprise (or control over such use), high investment risk, high social significance enterprises, historical traditions.

In general, in the world, the organizational and legal form of a joint-stock company is recognized as more effective for companies operating in market conditions. They allow the state to be a full-fledged participant in market relations, to form a mechanism for the reproduction and use of state property, and to have additional income from the sale of shares. At the same time, they retain control over the enterprise, increase capital through additional issues, expand the possibilities of mergers and concentrations, attract debt financing without transferring obligations to other state assets, and have additional mechanisms for monitoring and evaluating performance [7]

### **3.CONCLUSIONS AND SUGGESTIONS**

World experience testifies to the multitude of tasks that can be solved with the help of privatization of enterprises. These include increasing the profitability of enterprises, reducing government spending, increasing budget revenues, eliminating internal and external debt, fighting monopoly, expanding the capital market, increasing the investment demand of the population, attracting employees to participate in the capital of the company, which will ultimately lead to increased efficiency. management of state assets. In accordance with them, the structure of state ownership will be optimized, work will be intensified on privatization and limiting the participation of the state in those areas where the private sector is represented today.

Thus, the experience of managing state assets in various countries has shown the importance of state ownership. The governments of many developed countries still retain control over public property.

At the same time, it should be noted that the privatization of state property is a very serious and responsible undertaking that can have both positive and negative results.

In many countries (Europe, USA, China) most of the assets were sold to foreign investors who brought with them new technologies and management models. Moreover, they were sold not a part of the enterprise, but a block of shares as a whole. Another, much more important connecting factor is a good institutional environment that ensured property rights and their full protection, helped to demonopolize economic sectors and maintain their fair regulation.

At the same time, there is also a negative side to the privatization of state property, for example, in the

1990s, many Latin American countries sought to privatize telecommunications assets and airlines. The sale of the latter two years later showed a negative effect, and about the same thing happened and everything turned out differently with the telecommunications sector. In the wake of the boom in Internet companies, these assets were in high demand, because of which their value was unreasonably inflated. At first, private managers managed to improve the operating and financial results of companies, but due to the systemic crisis in the Internet industry and a series of bankruptcies of companies around the world, the achievements quickly faded away.

In addition, the latest major asset to be privatized by the British Conservative government was Railtrack, which manages the railways. By 2000, its managers made a number of serious investment and management mistakes, after which it was again nationalized by the government of Tony Blair. In 2009, the East Coast main line rolling stock operator was also returned to the state, after citizens' dissatisfaction with the quality of services of all operators reached a critical point. A similar situation was observed in New Zealand. [8]

Analyzing the state of the management of state assets in various countries, the positive and negative consequences of privatization, foreign experience in the management of state assets gives several main conclusions for their application in Uzbekistan.

1. It is necessary to organize the management of a relatively small number of large state enterprises, that is, to maintain state control over the activities of large enterprises.

2. Organize mergers and consolidations of similar enterprises, privatization of small enterprises. For example, there is a successful management experience in Sweden. At the same time, it is necessary to pay attention to the systemic organization of the management of state enterprises after their privatization or transformation into other forms of ownership. This applies to enterprises, as mentioned above, large and important state-owned enterprises for the country's economy.

3. The authorized state body needs to annually monitor the fulfillment of the goals and objectives of enterprises after their privatization or transformation and monitor and evaluate the achievement of these goals (types and scales of activities, exports and imports, attraction of investments, income and expected dividends, agreements with suppliers and employees, compliance with the requirements of the authorized body, etc.).



4. The interests of the state as an owner must be implemented through corporate governance mechanisms, including the appointment of a board of directors, approval of development strategies, development plans (business plans), approval of investments, financial instruments, key management figures, through a system for hiring and remunerating employees, dividend policy and more. Such an effective experience exists in Sweden. At the same time, it should be noted that in the Republic of Uzbekistan much attention is paid to the development of corporate governance. However, we would consider it expedient, when appointing chairmen or members of supervisory boards, to clearly define the criteria for their selection and placement, for example, the length of service and experience of their work in managerial positions, especially pay attention to their specialty by education (mainly appoint economists and lawyers). Thus, the study of international experience in managing state assets indicates the presence of different approaches to managing them in different countries. At the same time, we would consider it necessary, when choosing a specific model, to pay attention to the correspondence of the features of the model to the specifics of the national economy of Uzbekistan.

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