



THEORETICAL AND CONCEPTUAL FOUNDATIONS FOR THE FORMATION OF A BEHAVIORAL AUDIT SYSTEM IN CORPORATE MANAGEMENT

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Article history:	Abstract:
<p>Received: 11th April 2026 Accepted: 10th May 2026</p>	<p>This paper examines the theoretical and methodological foundations of the behavioral audit concept within the corporate management system and explores conceptual approaches to its integration into corporate governance practices. The study reveals the significance of evaluating behavioral aspects of managerial decision-making, corporate culture, ethical standards, stakeholder relations, and human factors in enhancing corporate management effectiveness. The interrelationship between behavioral audit and major theoretical perspectives, including Agency Theory, Stakeholder Theory, Institutional Theory, Behavioral Economics, and Stewardship Theory, is scientifically substantiated. Furthermore, a conceptual model consisting of six interrelated components is proposed: Strategic Management, Risk Management, Internal Control, Corporate Culture, ESG Governance, and Investor Relations. The findings demonstrate that the implementation of a behavioral audit system serves as an effective mechanism for reducing corporate risks, enhancing transparency, preventing conflicts of interest, and improving overall corporate management effectiveness. The study contributes to the development of a new institutional and behavioral paradigm in corporate management and provides a practical framework for sustainable corporate governance.</p>

Keywords: corporate management, behavioral audit, corporate governance, corporate culture, agency theory, stakeholder theory, behavioral economics, corporate ethics, risk management, governance effectiveness.

INTRODUCTION.

In modern corporate management systems, organizational effectiveness is determined not only by financial performance indicators but also by the behavior of managerial actors, adherence to corporate values, compliance with ethical standards, and the quality of stakeholder relationships. The accelerating pace of digital transformation, the widespread adoption of Environmental, Social, and Governance (ESG) principles, and the increasing demand for corporate accountability and transparency have created the need for new mechanisms to evaluate the human dimension of corporate governance.

From this perspective, behavioral audit has emerged as one of the most important contemporary instruments for identifying and monitoring the qualitative aspects of corporate governance. While traditional auditing systems primarily focus on the reliability of financial statements, the effectiveness of

internal control systems, and compliance with regulatory requirements, behavioral audit extends its scope to the psychological, institutional, and ethical dimensions of corporate relationships. This form of audit enables organizations to assess decision-making processes, managerial leadership styles, employee motivation, the level of corporate culture, and potential conflicts of interest within the organization.

The theoretical foundations of behavioral audit rest on five complementary scientific perspectives. Agency Theory suggests that divergences between the interests of shareholders and managers may negatively affect corporate performance, making behavioral audit a mechanism for evaluating managerial alignment with strategic objectives. Stakeholder Theory emphasizes that corporations must consider the interests of employees, customers, investors, and society, thus providing a framework for assessing how well corporate management fulfills its responsibilities toward all



stakeholder groups. Institutional Theory explains how formal rules and informal social norms shape organizational behavior, while Behavioral Economics demonstrates that human decision-making is often influenced by cognitive limitations and psychological biases, such as excessive optimism, confirmation bias, and groupthink, that may significantly reduce decision quality. Stewardship Theory complements these perspectives by recognizing that managers, under appropriate governance conditions, may act as responsible stewards of organizational resources rather than purely self-interested agents.

Building on this interdisciplinary foundation, the present study develops a conceptual framework for a behavioral audit system in corporate management. The framework integrates six functional components: Strategic Management, Risk Management, Internal Control, Corporate Culture, ESG Governance, and Investor Relations into a unified evaluation mechanism that addresses both the behavioral and institutional dimensions of corporate governance. The research gap this study addresses is clear: despite growing interest in governance quality, existing audit frameworks remain largely limited to financial and compliance dimensions, leaving behavioral and ethical factors systematically unevaluated.

RESULTS AND DISCUSSION

The findings of this study present a structured conceptual framework through which behavioral audit can be systematically integrated into corporate

management. Unlike traditional audit mechanisms that concentrate on financial accuracy and regulatory compliance, behavioral audit addresses the human dimension of governance, evaluating how decisions are made, how values are upheld, and how organizational actors respond to institutional expectations.

The five theoretical perspectives underpinning this framework are not applied in isolation, but their value lies precisely in their interaction. For instance, Agency Theory may identify a principal-agent conflict at the board level, but without Behavioral Economics, the cognitive biases sustaining that conflict would remain invisible to conventional audit procedures. Similarly, Institutional Theory and Stewardship Theory together explain why behavioral compliance varies across organizational levels even when formal governance structures appear identical on paper.

Applied across the six functional components, this integrated theoretical lens produces a governance evaluation mechanism that is sensitive to context. A behavioral audit of Internal Control, for example, does not merely check whether control procedures exist; it examines whether those procedures are genuinely followed, whether there is pressure to circumvent them, and whether leadership behavior reinforces or undermines their intent. The same logic applies across Strategic Management, Risk Management, Corporate Culture, ESG Governance, and Investor Relations, as reflected in Table 1.

Table 1

Relationship Between Corporate Management and Behavioral Audit

Corporate Management Element	Impact of Behavioral Audit	Expected Outcome
Strategic Management	Evaluates the quality of managerial decision-making	Strategic effectiveness
Risk Management	Identifies behavioral risks and governance weaknesses	Risk reduction
Internal Control	Strengthens the control environment	Increased transparency
Corporate Culture	Assesses alignment with corporate values	Organizational sustainability
ESG Governance	Monitors social responsibility and ethical conduct	Sustainable development
Investor Relations	Enhances stakeholder trust and confidence	Greater investment attractiveness

Table 1 illustrates that behavioral audit does not operate uniformly across all governance dimensions, as

its impact and expected outcomes vary depending on the nature of each component. The first three



components of Strategic Management, Risk Management, and Internal Control represent the structural core of corporate governance, where behavioral audit primarily functions as a quality-checking mechanism. In these areas, the key concern is whether decision-makers act in alignment with organizational objectives, whether risks are honestly reported rather than concealed, and whether control procedures are genuinely followed rather than formally observed.

The remaining three components: Corporate Culture, ESG Governance, and Investor Relations, represent the relational and reputational dimensions of governance. Here, behavioral audit shifts from checking compliance to assessing alignment: whether organizational values are internalized rather than displayed, whether ESG commitments reflect actual conduct rather than formal reporting, and whether investor relations are built on genuine transparency rather than selective disclosure. Together, these six components suggest that behavioral audit covers both the internal mechanics and the external credibility of corporate governance, making it a more complete evaluation instrument than traditional audit approaches alone.

The analysis also suggests that a behavioral audit may serve as an early warning mechanism within risk management systems. By identifying behavioral patterns, such as risk concealment, authority misuse, or groupthink in executive decision-making before they escalate into financial or reputational damage, organizations may reduce the cost of governance failures significantly. This preventive function distinguishes behavioral audit from retrospective compliance reviews and positions it as a forward-looking governance instrument.

Overall, the proposed framework indicates that behavioral audit is not a standalone tool but an integrative one, connecting governance quality, strategic discipline, ethical conduct, and stakeholder trust within a unified evaluation system.

CONCLUSION

The formation of a behavioral audit system in corporate management represents a new institutional stage in the evolution of corporate governance. By extending the boundaries of traditional audit beyond financial indicators, behavioral audit introduces a systematic approach to evaluating the ethical conduct, decision-making quality, and value orientation of corporate actors, which are dimensions that have historically remained outside the scope of formal organizational assessment.

The proposed six-component framework, encompassing Strategic Management, Risk Management, Internal Control, Corporate Culture, ESG Governance, and Investor Relations, demonstrates how behavioral audit can be practically integrated into existing governance structures. Each component offers a distinct entry point through which behavioral factors can be identified, monitored, and addressed, collectively strengthening the overall effectiveness of corporate management.

The implementation of such a system may contribute to reduced agency conflicts, enhanced transparency, improved stakeholder trust, and greater investment attractiveness, resulting in outcomes that are particularly relevant for joint-stock companies operating in emerging governance environments. At the same time, it is acknowledged that the present framework is conceptual in nature and requires empirical validation.

Subsequent research will empirically test this framework using data from joint-stock companies through expert surveys, structured interviews, and case analysis, with particular attention to the applicability of behavioral audit in transitional corporate governance contexts such as Uzbekistan.

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