

# Teaching Corporate Governance in Uzbekistan

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## **Abstract**

***Though corporate governance (CG) debates have been highly focused in the press recently and in research agenda, very few universities in Uzbekistan offer courses on CG. In this paper we attempt to analyze teaching models for corporate governance, and show some challenges in designing and teaching CG based on individual survey of the faculty at Uzbek Higher Education Institutions (HEI) that offer such courses.***

***Key words: Corporate Governance, Uzbekistan, teaching.***

## **INTRODUCTION**

Developing the corporate governance (CG) system in Uzbekistan has recently received considerable attention in the business world as well as in academic research publications. The number of scholarly contributions, such as textbooks on CG, CG styles in large state-owned enterprises (SOEs) in Uzbekistan, and the related articles has increased. But still a limited dedicated courses in CG has been offered in higher education curricula.

University courses on CG are still rare, but the importance of such courses at various levels and with various purposes is now being recognized. At Tashkent University of Law (TSUL), for instance, regular courses on CG in a master of Corporate Law program have been arranged since 2014.

There has, however, been a growing recognition that issues related to corporate governance and the role and work of board of directors is something that have to be learnt. Based on considerable evidence of poor performances at large joint-stock companies, and even at State joint-stock companies, this learning perspective has been included in their objectives. However, the questions such as

who need to learn about CG? Are they potential directors or managers working at JSCs? Or should they be only students taking courses in (business) management? Finally, is CG important for private companies/NGOs as well? are open yet.

In our opinion, the need of knowledge about corporate governance goes beyond present (and potential managers) and directors. Detailed knowledge is also important for persons related company performance, such as shareholders or bank officers providing financing, etc.

As for teaching CG, it is becoming prevalent recently. In the beginning of 2000s, Uzbekistan had only two academic institutions that offer courses related to CG, and by 2012, the number of business schools was five. However, currently there is no central government body in Uzbekistan that is specialized in coordinating the CG related curriculum.

Moreover, unlike business schools in other parts of the world, a vast majority of students taking CG related courses in Uzbekistan have no prior work experience. In this context, courses such as CG tend to be seen as “necessary evil” rather than a

useful subject which has relevance in their future roles as potential leaders.

Furthermore, a scarcity of research in the field of CG in the context of Uzbekistan, and offering courses integrating CSR, governance and sustainability require a deep investigation of the state of teaching of such courses. Besides, with rapid growth in the number of CG related courses, the demand for the faculty far surpasses the supply in all fields of management. In such a situation, lack of formally trained professionals, and fewness of professional courses available for training or certification, the impact of a poor course design is likely to be a greater impediment in teaching CG.

With this background, the objective of the present study is to:

- a. To explore the existing state of teaching of CG related courses at 5 academic institutions in Uzbekistan;
- b. To understand the course design and in particular the pedagogy used and identify the gaps that exist
- c. To propose suggestions for improving CG teaching.

The paper has three sections. First follows the presentation of teaching model for CG, then comes a section where challenges in teaching CG is discussed. The final section is devoted to conclusions.

## **TEACHING CORPORATE GOVERNANCE: COURSE DESIGN**

Teaching CG may be different depending on the levels of education: the general educative level, the research oriented level and the practical level. These various levels have different audiences, and teaching should be designed accordingly. How courses and teaching at various levels may be designed, are displayed in table below:

Below we discuss each of these specific courses:

**Undergraduate courses.** Though currently no university offers CG major, most of them have included CG related courses in their management/business curricula. Examples are Tashkent State University of Economics (TSUE), Tashkent University of Law (TSUL), Management Development Institute of Singapore in Tashkent (MDIST) and Westminster International University in Tashkent (WIUT). And the first textbook on CG for undergraduates in Uzbek language, one of main sources in this field, was published in 2011.

However, though boards of directors and corporate governance are issues that should be important in many business disciplines, till very recently almost no textbook for business courses contained anything about boards of directors at all. Topics on corporate governance and boards of directors have hardly been given to undergraduate students in management disciplines, strategy, organization, entrepreneurship, accounting or finance.

Nevertheless, exceptions exist and things are changing rapidly. Executives have been used as guest lecturers teaching board related topics, some universities have introduced such topics in their teaching modules (such as MDIST or WIUT).

**Graduate courses.** At present, three universities offer master level courses (MBA program at WIUT and MDIST, and Master of Corporate Law at TSUL) that have included broad topics on corporate governance. These topics cover analyzing board structures (including board committees, chairmen, and chief executives, board remuneration and board effectiveness); corporate governance principles and codes of practice; assessment of board and director performance; various theories of corporate governance; and corporate governance

processes around the world (adopting an international and comparative perspective on the subject; contrasting corporate governance regimes around the world), and recognizing the issues that are influencing CG (strategic risk management, corporate social responsibility, sustainability, and business ethics).

The basic format of these courses has been teaching and student group assignments. The readings have, as a rule been a combination of textbooks (mostly in Russian/English) and research articles. The student assignments have been integrated into the classroom teaching. The assignments have been presentations of research articles on assigned topics, and an empirical course papers. Several course papers initiated through the student assignments have been published in local journals. And some of the students that wrote their master theses on CG at TSUL continued as research assistants, and continued as a doctoral student doing research on legal aspects of CG.

**Executive courses.** Trainings/seminars for the representatives of the large business have been arranged for several recent years, and the extent and the content of them has increased significantly. So has also the number of actors organizing such seminars or courses. The audience and content of the seminars are ranging from practical courses for non-experienced staff to top management training. Course materials for them are consequently increasing year by year. And often one of the biggest motivations to participate in such seminars is their impact on network building.

Many management consultants are developing their product portfolio to include boardroom consulting products. Main actors are the auditing companies such as Price Waterhouse Coopers, Ernst & Young, etc. The number of minor consulting firms

and individual consultants devoting efforts to CG are also growing fast.

There are also various NGOs supporting or arranging educative efforts on corporate governance and boards of directors. Examples are found among regional development agencies, industry agencies, such as Chamber of Trade and Industry of Uzbekistan and even agencies supporting entrepreneurship among women (i.e. 'Tadbirkor ayol' NGO).

## METHODOLOGY

To reach the objectives of this study we conducted an individual, verbal/phone call/e-mail survey among 15 faculty members of the above-mentioned Uzbek HEI. All the faculty members had at least 3 years of teaching expertise in CG, and four of them had foreign degree in Business and/or Management.

The survey questions were simple, and in logical order, including the full name of course they teach (as they are slightly different from each other), course content, hours allocated, evaluation system, textbooks, extra-curricula activities, the type of home assignments, and class size and the previous background of students taking the course. It usually ended with overall opinion of the lecturer about CG courses regarding issues in teaching and suggestions to overcome them.

## CHALLENGES FACED BY THE FACULTY IN TEACHING CG.

Any course related to CG should enable students to anticipate issues and find ways of dealing them they would face in the business world. In particular, the focus of any CG course should be:

To create awareness among the students to the role of the corporations in a society;

To appreciate the theoretical frameworks as tools to enable their

decision-making and to understand the consequences of their actions;

To provide a holistic perspective to the field of ethical and social responsibilities of business.

However, according to our surveys with CG faculty at HEI mentioned above, several challenges were faced in meeting these objectives. While validating some of the findings through discussions among faculty, key challenges faced by them while teaching also emerged, including:

Bringing new, relevant and contemporary Uzbekistan-centered material to the classroom was an important challenge. Most of the case studies used in the course were largely in the Anglo-Saxon or Russian context;

The multi-dimensional perspective needed to deliver the course was an intimidating task and added lack of professional courses (such as CSR Report, Sustainability, Board of Directors, etc.);

The composition of the class posed a number of problems. Apparently, most of students taking CG courses do not have related work experience; accordingly, they tend to value functional courses very high. This, in turn, leads to poor acquisition of necessary skills of CG (and less classroom participation);

Most faculty members surveyed mentioned that the lecture method as the most common pedagogy. In such a system, there is no incentive for faculty members to improve or upgrade their pedagogy styles;

Lack of different industry perspectives needed to be taken into account into designing the CG courses;

Most of faculty members surveyed were not very comfortable teaching CG courses since it aligns to their core area of expertise.

## **CONCLUSION AND IMPLICATIONS OF THE STUDY**

The field of CG has evolved during the last decade in Uzbekistan. The rapid growth and the need to privatize national joint-stock companies has accentuated the necessity for incorporating the CG principles into the world of business and academics, particularly at universities that deliver CG courses. Recent corporate scandals, Global Financial Crisis of 2008, need for ethical standards, gross exploitation of environment and the need for having a socially responsible business has brought to the forefront the need for integrating CG courses at the universities.

This study investigated the state of teaching of CG, along with related courses (CSR, environment and sustainability) at HEI in Uzbekistan. The course content and the pedagogy used were analyzed and the challenges faced by faculty in teaching these courses were identified through individual surveys.

The findings of the survey reinforced the fact that while CG has emerged as an important area for companies with practical relevance as well as for research in the academia, it has largely been ignored as an academic course at HEI surveyed. The following key issues were found in teaching CG courses:

Teaching CG required understanding of regulatory framework and legislation aspects and hence the full offerings are limited to some schools where such lecturers with legal background are available;

Lack of recognition for studying CG courses as they are considered as non-value adding in terms of employability of the students, compared to other functional courses;

CG courses require multi-disciplinary understanding and therefore

these courses require team teaching or breadth of understanding among faculty;

The teaching pedagogy itself poses a challenge due to lack of available Uzbek cases, and due to limitations posed by HEI syllabus in terms of the non-integrated topics, and hours allocated.

To address some of the challenges, we make the following recommendations for teaching CG courses at Uzbek HEI:

It is highly recommended that CG should be made one of core courses in most economy-related graduate majors;

There is need for an integrated course combining business ethics, CSR, environment and CG. This is particularly important since most students who take CG courses in Uzbekistan do not have related work experience;

The lack of professional faculty in CG can be addressed by conducting more faculty development programs by institutes such as Center for Corporate Governance, Westminster International University in Tashkent. This would not only provide legitimacy to the faculty who are largely from different, functional backgrounds, but also helps to build confidence among young faculty members who require formal knowledge before they can demonstrate proficiency in teaching CG;

Faculty teaching business ethics need to re-examine the objectives that they intend to achieve through such courses. And the objective should be providing an opportunity for students to clarify their values and developing a critical perspective on these areas.

In order to engage the students meaningfully in such courses, a diverse set of teaching aids should be used. The use of

online sources needs to be included more deliberately in teaching the course. Role plays have an enormous potential for active engagement in learning by the student community. Inviting speakers from the industry would allow for more contemporary practices to be discussed in the class room. This would also expose the students to the realities and the concerns of operating managers in the industry.

These suggestions should be viewed as a beginning for greater discussion on teaching CG at any university, and to encourage students to study CG-related courses fully, and the faculty members to further improve their knowledge in the area.

## REFERENCES

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<b>Audience</b>	<b>Objectives</b>	<b>Organizers</b>	<b>Curriculums and readings</b>	<b>Research contributions</b>	<b>Examples</b>
Undergraduate students	General educative	Universities	Textbooks	Dissemination	Courses in Corporate finance, Business Research methods, Business Law, etc.
Graduate students	Research oriented	Universities	Textbooks Research publications	Dissemination Collecting and analyzing data	Master courses Doctoral courses
Executives	Practical	Consultants, professional organizations	Handbooks	Sharing of experiences	Consultants Professional associations Agencies

*Note: The table presents general types, but these types may also be combined.*