

THE IMPACT OF TRANSPARENCY LAWS ON CORPORATE ACCOUNTABILITY IN THE UNITED STATES

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ABSTRACT

This article aims to illustrate the journey and impact of transparency laws on corporate accountability in the United States, highlighting their significance in shaping ethical business practices, along with the comparison to the previous laws. The author also suggests the possible benefits of knowing them for Uzbekistan.

Keywords: *transparency laws, corporate accountability, legislation, capacity building, international collaboration, adaptation to local context.*

INTRODUCTION

“The upcoming reformer and investor should know that Uzbekistan has a democratic system, that Uzbekistan is open and there is no bureaucracy. Most importantly, if there is no corruption, all our work will be as promised to the people ...”

Shavkat Miromonovich Mirziyoyev

In the realm of governance and ethical business practices, the United States stands as a beacon championing transparency laws aimed at fostering corporate accountability. These legislative measures, steeped in the pursuit of ethical conduct, have wielded a significant influence, reshaping the landscape of corporate responsibility and integrity.

The genesis of this crusade can be traced to landmark legislation, notably the Foreign Corrupt Practices Act (FCPA) of 1977. Its inception marked a paradigm shift, signifying the U.S. government's firm stance against bribery and corrupt practices by corporations operating overseas. The FCPA, enforced by the Securities and Exchange Commission (SEC) and the Department of Justice (DOJ), set the stage for transparency as a cornerstone of corporate accountability.

Uzbekistan can draw insights from the U.S. experience to formulate or refine its own anti-corruption legislation. Understanding the structure and effectiveness of transparency laws can aid Uzbekistan in crafting similar measures tailored to its socio-economic and political context.

LITERATURE ANALYSIS AND DISCUSSION.

Studying the success and challenges faced by the U.S. in implementing transparency laws provides a wealth of best practices. Uzbekistan can adopt and adapt these practices, considering their applicability within its legal and regulatory framework. Knowledge about the impact of transparency laws can assist in capacity building efforts. Training programs, workshops, or educational initiatives can be designed to educate stakeholders, including government officials, policymakers, and corporate entities in Uzbekistan, on the importance and implementation of transparency measures.

Building upon the foundation laid by the FCPA, subsequent legislative acts such as the Sarbanes-Oxley Act of 2002 and the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 further fortified the regulatory framework. These acts introduced stringent reporting requirements, whistleblower protections, and mechanisms aimed at fostering transparency within corporate entities, particularly in the financial sector.¹ The impact of these laws on corporate behavior has been profound. Corporations, under the scrutiny of heightened transparency laws, have undergone a seismic shift in their operational ethos. Disclosures of financial information, adherence to compliance protocols, and the establishment of robust

¹ Dodd-Frank Wall Street Reform and Consumer Protection Act, and other regulatory documents.

internal controls have become the norm rather than the exception. Noteworthy cases, such as the enforcement actions against companies for violating the FCPA or instances where whistleblowers exposed corporate malpractice under the protective umbrella of Sarbanes-Oxley, underscore the tangible impact of these laws. The penalties levied and the reforms instituted following these cases serve as poignant reminders of the transformative power of transparency laws in upholding corporate accountability. However, challenges persist.¹ The global nature of business operations poses hurdles in ensuring uniform adherence to these laws across borders. The continuous evolution of technology also presents both opportunities and challenges in maintaining transparency and combating new forms of corporate malfeasance.

Five significant events have played a dominant role in establishing the modern form and practice of corporate governance in the United States. These five factors have had a profound impact on corporate governance practices over the past two hundred years. Academic research on corporate governance has been significantly influenced by the academic research on corporate governance to form a complete picture showing the role of only one of these factors.²

The evolution of the concept of corporate governance in the United States, viewed, as it should be, in a historical context, can be linked to five defining events.

The first was the decision of the North American colonies to retain the British common law system at the time of their independence from Great Britain. As a result, they acquired a body of corporate law on which all subsequent U.S. corporate law was based. Perhaps the most important single piece of this legislation was created by Lord Hartwick's decision in *The Charitable Corporation vs. Sir Robert Hutton* that directors are legally responsible to shareholders for proper supervision of the corporation's activities and can be charged with compensation in favor of shareholders in case the latter lose money due to directors' negligence.

¹ Amoako-Adu B, Smith B.F. 1995. Outside financial directors and corporate governance. In: Daniels R. J., Mork R. (eds.). *Corporate Decision Making in Canada*. University of Calgary Press: Calgary; 401- 420.

² Bhagat S., Black B. 2002. The non-correlation between board independence and longterm board performance. *Journal of Corporation Law* 27 (2): 231-273.

The second major development was the famous decision of Chief Justice Marshall of the United States Supreme Court in 1819 in the Dartmouth College case, where he defined a corporation as follows:

A corporation is a collection of individuals united in one collective organization, which has a special name and possesses certain capabilities. A corporation is a collection of individuals united in one collective organization, bearing a special name and possessing certain capabilities. Due to its collective character that are not possessed by the individual natural persons who formed it. It also has the capacity for perpetual renewal and action based on the collective vote or wishes of its members. In short, it is a man-made entity that exists by virtue of the rules of law and is endowed with certain powers. and so clearly observable as if it were a real character.

The third event was the publication in 1932 of a book by A. Berle and G. Minz "The Modern Corporation and Private Property" which opened up a whole new perspective on corporate governance and had a major impact on both the relevant legal norms and academic research in this field.¹

The fourth event is not reduced to a single action. It is related to the emergence of a new category of actors on the scene: the growing importance of institutional shareholders. In the final part of the XX century they played a key role in creating the possibility and widespread hostile takeovers of the 1990s.²

The fifth event is happening nowadays - the effectiveness of corporate governance is melting right before our eyes, as illustrated by the collapse of the companies and the corresponding intellectual crisis of the whole field of theoretical and practical research on corporate governance.³

The journey toward corporate accountability through transparency laws in the United States is an ongoing saga. While these laws have undoubtedly reshaped corporate practices, the path to unwavering accountability is a dynamic and evolving one. The commitment to transparency, coupled with robust enforcement and

¹ Berle A., Means G. 1932. The Modern Corporation and Private Property. MacMillan: N.Y

² Bruck C. 1988. The Predators Ball. Simon and Schuster: N. Y.

³ Burrough B., Helyar J. 1990. Barbarians at the Gate: The Fall of RJR Nabisco. Harper and Row: N. Y.

adaptability to emerging challenges, remains paramount in fortifying the ethical fabric of corporate America.¹ In essence, the impact of transparency laws on corporate accountability in the United States is a testament to the nation's resolve in fostering ethical conduct and integrity within the corporate sphere.

CONCLUSION

Understanding how transparency laws operate in an international context, especially considering the global nature of corruption, can facilitate international collaborations and partnerships. Uzbekistan can engage with international organizations and other countries to exchange experiences, foster cooperation, and garner support for its own anti-corruption endeavors. While drawing from the U.S. experience, Uzbekistan should also tailor anti-corruption strategies to suit its unique cultural, social, and political landscape. Understanding the principles behind transparency laws allows for adaptation without losing sight of core ethical values.

Overall, leveraging the insights from the U.S. experience can serve as a guiding light for Uzbekistan's journey toward enhancing transparency, fostering corporate accountability, and combating corruption within its own socio-political setting.

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