

CRITERIA FOR THE ECONOMIC EFFICIENCY OF PRIVATIZATION

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Privatization is the process of transferring state property to the private sector, which is aimed at the widespread introduction of market mechanisms in the economy, the formation of a competitive environment, and the efficient use of resources.

The economic efficiency of privatization is assessed based on a number of criteria.

First of all, efficiency indicators at the enterprise level are important. Since profit-making has become the main goal in privatized enterprises, the level of profitability increases. Indicators such as net profit, return on assets, and return on capital improve. Labor productivity also increases, that is, the volume of output per employee increases. Reducing costs, reducing redundant management links, and introducing modern technologies also increase economic efficiency. For example, after the privatization of British Telecom, technological modernization and investment volumes increased significantly.

At the macroeconomic level, privatization increases state budget revenues and reduces subsidy costs. The funds allocated for the maintenance of state-owned enterprises are reduced. This allows budget funds to be directed to other social sectors.

The large-scale privatization policy implemented in the United Kingdom in the 1980s served to increase economic growth rates and create a competitive environment. Another important criterion for privatization is the improvement of the quality of services and products. In market conditions, enterprises strive to improve quality and efficiency in order to attract consumers. For example, after the privatization of Japan National Railways, the quality of railway services and management efficiency improved significantly.

Also, the main indicators determining the economic efficiency of privatization are considered to be an increase in the volume of investments, the creation of new jobs, increased market competition, and an improvement in the standard of living of the population. In conclusion, privatization is an economically effective process that produces its results through increased profits and profitability, increased labor

productivity, reduced burden on the state budget, increased investment, and the development of a competitive environment.

A system of indicators is used to scientifically assess the results of privatization, and this system should cover financial, operational, market, management and social dimensions. Financial criteria are expressed through indicators such as profitability (ROA, ROE), cash flows, debt level, investment volume and dynamics of capital investments. It is expected that financial results will improve in privatized enterprises, but this situation requires dynamic analysis, since it depends on the industry, market conditions and the quality of management.

Operational performance indicators are measured by labor productivity, production costs, efficient use of resources (energy, materials), production discipline and quality system. Market indicators are assessed by the competitive environment, market share, exports, product diversification and customer satisfaction. In the management block, corporate transparency, audit quality, the functioning of the supervisory board and internal control system, management and reporting discipline based on KPI play an important role.

Social criteria are determined by indicators such as employment, wage dynamics, working conditions, quality of service, and impact on regional development. According to the scientific approach, privatization should not be evaluated “only by financial profit”; it should also be comprehensively assessed by its impact on social well-being and quality of service.

The risks of the privatization process are highlighted with particular emphasis in the scientific literature. One of the most important risks is monopolization and increased market power. If the privatization of a state-owned enterprise does not increase competition, but, on the contrary, increases concentration in the hands of a few entities, prices may increase unreasonably and the quality of service may decrease. The second risk is the sale of assets at a low price. If the valuation system, data transparency, and openness of the trading process are insufficient, the likelihood of state-owned assets being sold at a price below market value increases.

The third risk is social tension: short-term optimization, downsizing, or reorganization processes after privatization can have a negative impact on employment. Therefore, social protection and retraining programs should be considered as an integral part of privatization policies. The fourth risk is rent-seeking and corruption; in conditions of weak institutions, privatization can become a campaign of “redistribution of assets” rather than “institutional strengthening”. In strategic sectors (energy, transport, utilities), security and continuity issues are also seen as important constraints. Therefore, in theory, privatization should be combined with mechanisms such as antitrust policy,

regulation, transparent trading, post-privatization monitoring, auditing, and KPI-based accountability.

The concept of privatization is understood as a comprehensive transformational process aimed at ensuring the efficient use of resources through the clarification of property rights, modernization of management institutions and strengthening of the market order. Theoretical approaches justify the possibility of privatization as a means of strengthening incentive and accountability mechanisms, and also show that its effectiveness is closely related to the quality of institutions, the competitive environment, regulatory capacity and the level of transparency. Therefore, the scientific concept of “strategic directions for improving privatization processes” should be based on the creation of incentives for the private sector, as well as on protecting competition, ensuring social stability and strengthening corporate governance and monitoring mechanisms.

1- image Auctions on state real estate objects

Financial Analysis →	Reducing Debt Burden
Credit Management →	Efficient Resource Management
Increasing Profitability →	Financial Planning and Forecasting
Financial Control →	Compliance with Laws

Auctions of state real estate and privatization objectives

Sales of state real estate (auctions) are a process carried out by the seller or an organization engaged in real estate, as well as a specialized organization providing services for organizing and conducting auctions, including in electronic form, in accordance with the procedure established by the Cabinet of Ministers of the Republic of Uzbekistan. This mechanism ensures fair and transparent sale of state property based on market principles.

Privatization of state property is the process of transferring state-owned enterprises, organizations and other property objects to private individuals or non-governmental organizations. The main goal of this process is to develop market relations in the economy and increase the share of the private sector. This reduces the direct participation of the state in the economy and creates an environment of free competition.

One of the most important goals of privatization is to increase economic efficiency. This serves to improve the management system of enterprises, increase the efficiency of production and service provision, and ensure optimal use of resources.

Because the private owner acts in his own interests, which leads to an increase in production, a reduction in costs, and an improvement in product quality. Privatization also serves to inject additional funds into the state budget, attract foreign investment, and create new jobs.

Conclusion

The tasks of privatization of state property are aimed at ensuring these goals in practice. This includes the gradual transfer of state-owned enterprises to the private sector, their transformation into joint-stock companies, the inclusion of a wide range of the population among property owners, the stimulation of entrepreneurial activity, and the reduction of the negative impact of monopolies.

Housing can exist in various forms. In particular, these include individual residential houses, apartments in apartment buildings, private houses, residential premises included in the state or municipal housing stock, as well as service houses and rental housing. Each form has its own legal regulation, which differs depending on the form of ownership and the procedure for use.

Housing is one of the basic social needs of citizens, providing the necessary conditions for living. Therefore, the right to housing is protected by the state and occupies a special place in the legislation. Legal relations related to housing are closely related to the constitutional rights of the individual.

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