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DIGITAL CORPORATE GOVERNANCE AND FINANCIAL PERFORMANCE IN AN EMERGING MARKET AUTOMOTIVE ENTERPRISE

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Abstract *This article examines how the digitalisation of corporate governance relates to financial performance in a large emerging-market automotive enterprise. The case of UzAuto Motors JSC is analysed using audited IFRS statements, official disclosures on digital projects and national automotive production statistics for 2019-2025. The study separates evidence of system implementation from evidence of economic impact. Revenue, profit, margins, inventories and operating cash flow are reviewed alongside the introduction of SAP S/4HANA, electronic document management, customer-facing digital channels and contract verification. A descriptive pre-post comparison initially shows higher revenue and profit after 2021, but an exploratory model changes sign once national production is included. The result demonstrates that annual open data cannot identify a causal digitalisation effect. The article proposes a project-process-intermediate KPI-financial outcome chain and a unit-period panel design for future evaluation. The main conclusion is that digital infrastructure can support scale and transparency, yet realised financial value must be verified through process-level evidence, appropriate controls and lagged outcome measurement.*

Аннотация. *В данной статье исследуется взаимосвязь цифровизации корпоративного управления с финансовыми результатами крупного предприятия автомобильной промышленности развивающегося рынка. На примере АО «UzAuto Motors» проведён анализ аудированной финансовой отчётности по МСФО, официальных данных о проектах цифровизации и национальной статистики производства автомобилей за 2019–2025 годы. В исследовании разграничиваются свидетельства внедрения цифровых систем и свидетельства их экономического эффекта. Динамика выручки, прибыли, рентабельности, запасов и операционного денежного потока рассматривается во взаимосвязи с внедрением SAP S/4HANA, системы электронного документооборота, цифровых каналов взаимодействия с клиентами и механизмов проверки договоров. Первоначальное описательное сравнение показателей до и после внедрения демонстрирует рост выручки и прибыли после 2021 года, однако в рамках разведочного моделирования знак зависимости меняется после включения в модель показателя национального объёма производства. Полученный результат свидетельствует о том, что годовые открытые данные не позволяют достоверно установить причинно-следственный эффект цифровизации. В статье предложена аналитическая цепочка «проект – процесс – промежуточный KPI – финансовый результат», а также панельный дизайн исследования на уровне отдельных подразделений и временных периодов для дальнейшей оценки. Основной вывод заключается в том, что цифровая инфраструктура способна способствовать масштабированию деятельности и повышению прозрачности управления, однако фактически реализованный финансовый эффект должен подтверждаться данными на уровне процессов, применением соответствующих контрольных переменных и оценкой результатов с учётом временных лагов.*

Annotatsiya. *Ushbu maqolada rivojlanayotgan bozor sharoitida faoliyat yurituvchi yirik avtomobilsozlik korxonasida korporativ boshqaruvni raqamlashtirish bilan moliyaviy natijalar o‘rtasidagi bog‘liqlik tadqiq etilgan. UzAuto Motors AJ misolida 2019–2025-yillar uchun MHXS (IFRS) asosida auditdan o‘tkazilgan moliyaviy hisobotlar, raqamlashtirish loyihalari bo‘yicha rasmiy ma’lumotlar hamda O‘zbekiston avtomobil ishlab chiqarish milliy statistikasi tahlil*

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qilingan. Tadqiqotda raqamli tizimlarning joriy etilganligini tasdiqlovchi dalillar ularning iqtisodiy ta'sirini ko'rsatuvchi dalillardan alohida ko'rib chiqilgan. Daromad, foyda, rentabellik ko'rsatkichlari, tovar-moddiy zaxiralar va operatsion pul oqimi SAP S/4HANA, elektron hujjat aylanishi, mijozlar bilan ishlashga mo'ljallangan raqamli kanallar hamda shartnomalarni tekshirish tizimlarining joriy etilishi bilan bog'liq holda tahlil qilingan. Dastlabki tavsifiy «joriy etishdan oldingi va keyingi» taqqoslash 2021-yildan keyin daromad va foydaning oshganini ko'rsatgan bo'lsa-da, milliy ishlab chiqarish hajmi modelga kiritilganda eksplorativ modeldagi bog'liqlik yo'nalishi o'zgargan. Ushbu natija yillik ochiq ma'lumotlar asosida raqamlashtirishning sababiy ta'sirini ishonchli aniqlash mumkin emasligini ko'rsatadi. Maqolada kelgusidagi baholashlar uchun «loyiha – jarayon – oraliq KPI – moliyaviy natija» analitik zanjiri hamda alohida bo'linmalar va vaqt davrlari kesimidagi panel ma'lumotlarga asoslangan tadqiqot dizayni taklif etilgan. Asosiy xulosa shundan iboratki, raqamli infratuzilma faoliyat ko'lamini kengaytirish va boshqaruv shaffofligini oshirishga ko'maklashishi mumkin, biroq amalda erishilgan moliyaviy samaradorlik jarayonlar darajasidagi dalillar, tegishli nazorat o'zgaruvchilari va vaqt kechikishini hisobga olgan natijalarni baholash orqali tasdiqlanishi lozim.

Keywords *digital corporate governance, financial performance, ERP, SAP S/4HANA, automotive industry, panel data, Uzbekistan.*

Ключевые слова: *цифровое корпоративное управление, финансовые результаты, ERP, SAP S/4HANA, автомобильная промышленность, панельные данные, Узбекистан.*

Kalit so'zlar: *raqamli korporativ boshqaruv, moliyaviy natijalar, ERP, SAP S/4HANA, avtomobilsozlik sanoati, panel ma'lumotlar, O'zbekiston.*

Introduction. Digital transformation changes more than the technology used by a corporation. It alters decision rights, information flows, internal control and the evidence available to boards and executives. The corporate value of a digital system therefore depends on whether data are reliable, managers use the system in real decisions, control responsibilities are explicit and operational improvements can be linked to financial outcomes. This governance perspective is especially important in a state-influenced industrial enterprise, where commercial performance, public policy objectives and multi-level accountability coexist [1-4].

The literature describes digital transformation as an organisation-wide change in value creation rather than a collection of isolated IT projects. Board-level IT governance is associated with better organisational performance when the board evaluates, directs and monitors technology in relation to strategy. Information-system success research similarly suggests that system and information quality affect organisational benefits through use and intermediate process outcomes. These insights caution against attributing changes in revenue or profit directly to the date on which an ERP platform became operational [5-8].

UzAuto Motors provides a useful case because public disclosures document a progression from customer information services to integrated enterprise systems and high-load online contracting. At the same time, the company publishes consolidated IFRS statements that permit a consistent seven-year review. The research question is whether open evidence for 2019-2025 is sufficient to infer that digitalisation improved financial performance, and, if not, which empirical design is required for a defensible evaluation.

Literature review and analytical framework

Agency theory explains why digital records, automated controls and faster disclosure may reduce information asymmetry between owners, boards and management. Stakeholder and stewardship perspectives add that the same infrastructure can improve service quality, employee coordination and responsible use of data. Dynamic-capability theory treats digitalisation as the ability to sense change, reconfigure resources and learn. Taken together, these approaches imply

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that technology creates value only when governance capabilities convert it into repeatable decisions and accountable action [9-12].

For empirical purposes, the article uses a four-link result chain. A project first delivers a technical product such as an ERP module, electronic workflow or verification service. The product must then change a process, for example planning accuracy, closing time, manual intervention, inventory days or complaint handling. That process change affects a financial channel such as cost, working capital, loss avoidance or revenue quality. Only after these links are documented can a financial outcome be attributed to the project with reasonable confidence.

Table 1

Digital initiatives and the required evidence chain

Initiative	Verified public scope	Intermediate KPI required	Financial channel
SAP S/4HANA and ERP CRM	Production, procurement, logistics, finance, HR and sales	Closing days, forecast error, inventory days, manual corrections	Cost, working capital, administrative expense
Electronic document and content management	Workflow, document control and archiving	Approval time, overdue tasks, rework and paper use	Labour cost and control loss
Digital sales and customer channels	Contract status, model and dealer services	Conversion, failed sessions, service time and complaints	Cost to serve and revenue quality
QR contract verification	Verification of customer, dealer, vehicle and payment data	Scans, rejected documents, fraud cases and disputes	Loss avoidance and compliance cost

Data and methods

The dataset combines consolidated IFRS statements for 2019-2025, official company announcements on digital initiatives and the national series for passenger-car production. Where a later audited report restated a comparative figure, the most recent public comparative amount was used. Income-statement and cash-flow values are annual amounts, while assets and inventories are year-end balances. Ratios were recalculated using consistent definitions.

The empirical analysis proceeds in three steps. First, financial dynamics are described without causal language. Second, the means for 2019-2020 are compared with those for 2021-2025 because SAP S/4HANA reportedly went live in March 2021. This comparison is diagnostic rather than a treatment-control design. Third, a parsimonious log-revenue model is estimated with a post-2021 indicator, and then re-estimated after adding the logarithm of national passenger-car production. With only seven annual observations, coefficients and heteroskedasticity-consistent standard errors are interpreted as sensitivity diagnostics, not confirmatory estimates.

Results. Four sources of bias remain material: non-random project adoption, reverse causality from financial capacity to digital investment, common shocks and omitted operational factors. The pandemic, semiconductor constraints, model mix, exchange rates, input prices, production recovery and advance payments can change performance at the same time as a digital platform. Reliable identification consequently requires a unit-period panel and a comparison trajectory, consistent with panel and modern difference-in-differences methods.

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Table 2

Selected financial indicators of UzAuto Motors JSC for 2019-2025

Indicator	2019	2020	2021	2022	2023	2024	2025
Revenue USD million	2,798.926	2,623.554	2,162.333	3,298.349	4,609.608	4,239.586	4,080.954
Operating profit USD million	347.249	230.370	200.551	281.778	469.169	383.267	292.472
Net profit USD million	256.573	160.055	166.019	235.934	333.765	314.948	339.638
Operating cash flow USD million	258.910	-125.192	517.608	676.437	-249.714	2.113	70.189
Gross margin percent	18.12	14.22	15.05	13.06	13.68	13.73	11.26
Operating margin percent	12.41	8.78	9.27	8.54	10.18	9.04	7.17

Revenue increased by 45.80 percent between 2019 and 2025, equivalent to an annual compound rate of approximately 6.49 percent. Net profit rose by 32.37 percent over the same period. Scale growth, however, was not accompanied by stronger operating margins. Gross margin fell from 18.12 to 11.26 percent, and operating margin declined from 12.41 to 7.17 percent. Cost of sales consequently absorbed a larger share of revenue. These patterns show why absolute growth and operational efficiency must be evaluated separately.

Cash conversion was volatile. Operating cash flow was negative in 2020 and 2023 even though net income remained positive. It was only USD 2.113 million in 2024 and USD 70.189 million in 2025. Inventory represented 41.88 percent of year-end assets in 2023 before declining to 36.86 percent in 2025. The evidence indicates that working-capital movements, contract liabilities and supplier settlements are central to performance interpretation. A fall in inventory cannot automatically be credited to digital optimisation without SKU-level inventory days, demand forecasts and transaction evidence.

Table 3

Descriptive comparison before and after the 2021 SAP implementation

Indicator	2019-2020 mean	2021-2025 mean	Difference	Cautious interpretation
Revenue USD million	2,711.240	3,678.166	+35.66%	Higher scale; source not identified
Net profit USD million	208.314	278.061	+33.48%	Includes non-operating influences
Gross margin	16.17%	13.36%	-2.81 pp	Scale did not improve margin
Operating margin	10.59%	8.84%	-1.75 pp	Core operating quality weakened
Operating cash-flow margin	2.24%	8.16%	+5.92 pp	Higher mean but highly volatile
Inventory share of assets	31.88%	37.79%	+5.92 pp	Working-capital pressure increased

The pre-post averages generate mixed signals. Revenue, profit, assets and average cash flow are higher after 2021, while gross and operating margins are lower and the inventory share is higher. Selecting only scale variables would suggest a favourable digitalisation story; selecting

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operating-quality indicators could suggest the opposite. A defensible protocol must therefore pre-specify primary outcomes and report both favourable and unfavourable indicators.

Table 4

Exploratory annual regression and sensitivity result

Statistic	**Post indicator only**	**Post indicator plus national production**	**Interpretation**
Post-2021 coefficient	0.2718	-0.0358	Sign changes after production control
Revenue-equivalent difference	+31.24%	-3.52%	Not a stable digital effect
Diagnostic p value	0.123	0.501	Not used as confirmatory evidence
R squared adjusted	0.065	0.920	High fit does not establish causality
Observations	7	7	Annual sample is too small

The coefficient on the post-2021 indicator corresponds to 31.24 percent higher revenue when it is the only explanatory variable. Once national production is added, the equivalent difference becomes -3.52 percent and the sign changes. A leave-one-year-out exercise produces post estimates ranging from -8.03 to +5.75 percent. These results do not prove that digitalisation had no effect. They prove that its direction and magnitude are not identified by the available annual series.

Discussion and proposed empirical design

The public evidence confirms an expanding digital operating environment. SAP S/4HANA integrated major back-office processes; electronic workflow supported document control; customer-facing channels consolidated contracting and service functions; and contract verification created an additional control layer. Yet public disclosures largely establish functional scope, not the project cost, baseline process KPI, realised benefit or counterfactual outcome. The appropriate conclusion is therefore that digitalisation created measurable processes, not that it generated a known percentage of profit.

A future evaluation should use monthly or quarterly observations for departments, plants, production lines, dealers or modules. The core explanatory variable should combine rollout coverage, active-user share, automated-transaction share and verifiable system evidence. Outcomes should include operating margin, inventory days, forecast error, closing time, manual adjustments, process cycle time and cash conversion. Unit and time fixed effects would absorb stable unit characteristics and common shocks. Where rollout dates differ, group-time treatment effects and heterogeneous event-study estimators should be preferred to a simple two-way fixed-effects model.

Process mediation is equally important. An ERP project should first improve a theoretically relevant process variable before a later financial response is interpreted as a project benefit. Governance quality may also moderate performance: a digital system is more likely to create value when the board receives decision-oriented information, benefit owners are named, data definitions are stable and unresolved control exceptions are escalated. This mechanism turns digital corporate governance from a background condition into a testable part of the performance model.

Conclusion

UzAuto Motors expanded revenue and profit over 2019-2025 while simultaneously experiencing margin compression and volatile cash conversion. Digital initiatives developed from

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customer information services into integrated enterprise systems and large-scale digital contracting. However, the seven-year open dataset cannot isolate their causal financial effect. The post-2021 coefficient is highly sensitive to the production cycle and individual years.

The article's practical contribution is a disciplined evaluation rule: verify implementation and use, identify the affected process, observe the intermediate KPI before the financial outcome, construct a credible comparison path and test robustness. This approach protects boards and investors from both unsubstantiated digital success claims and premature conclusions that technology has no value. For UzAuto Motors, the next research stage should build a unit-period panel and connect it to an evidence-adjusted digital governance measure.

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