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 Research Article

## THEORETICAL AND FUNDAMENTAL ASPECTS OF THE FORMATION OF FINANCIAL STRATEGIES IN JOINT STOCK COMPANIES

**Submission Date:** September 03, 2023, **Accepted Date:** September 08, 2023,

**Published Date:** September 13, 2023

**Crossref doi:** <https://doi.org/10.37547/marketing-fmmej-03-09-05>

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### ABSTRACT

The article substantiates the importance and relevance of developing a financial strategy in joint-stock companies. The research works of domestic and foreign economists on this topic have been studied and conclusions have been drawn. The main characteristics, elements and scientific and theoretical aspects of developing a financial strategy in joint-stock companies and organizing relations are also disclosed. The connection between the financial mechanism and financial strategies is substantiated. Proposals have been developed to improve the mechanism for developing a financial strategy in joint-stock companies.

### KEYWORDS

Finance, strategy, investment strategy, financial stability, crisis, efficiency, business management, financial instruments, corporate governance, cost of capital.

### INTRODUCTION

Development and implementation of a financial strategy in joint-stock companies are of urgent importance in financing prospective projects, identifying investment opportunities, evaluating

various financial crises and their impact on financial and investment activities, considering the changes in external factors in the future, and minimizing the level of financial risks. In the

following years, in the joint stock companies operating in our country, through the gradual development of the modern corporate management system, in order to form financial strategies and ensure corporate transparency, the procedure of announcing to investors and the public through the appropriate corporate information portal and the official websites of joint stock companies is being introduced.

In the capital market development program in 2021-2023, "Creation of a unified platform for disclosure of corporate and market information on information disclosure by listed companies and shareholders on the basis of the unified corporate information portal and relevant sections of the website of the "Tashkent" Republican Stock Exchange" [1] defined as a task.

In joint-stock companies, financial strategies as an integral part of the general activity strategy are considered one of the important directions directly facing the management bodies and executive bodies. Wide use of international practical experience in the effective development and implementation of financial strategies in joint stock companies operating in our country today, in particular, the use of econometric instruments in making financial decisions, establishing the

practice of systematic analysis of external and internal factors, developing the institution of independent supervisory boards in making strategic decisions. it is urgent to implement such tasks. Therefore, it is necessary to conduct scientific research in this direction, to identify problems in the field and to develop scientific proposals aimed at eliminating them.

#### Review of literature

Scientific issues such as the theoretical-fundamental foundations of financial strategy development, and the impact of prospective investment strategies on the financial stability of joint-stock companies have been researched by our country and leading foreign scientists.

The mechanism of financial strategy is used for systematic analysis of financial activity while gaining importance in increasing the market value of the company. It is possible to assess the prospective development trends of the company on the basis of ensuring the implementation of priority tasks defined in the financial strategy in real conditions [2]. Financial strategy represents the way to achieve and maintain business competitiveness and develop the company as an international organization. Financial strategies

are goals, models, or alternative choices aimed at further improving and optimizing financial management to achieve corporate results [3]. According to Blank, "Financial strategy is the functional strategy of the enterprise, which forms long-term financial goals, determines all the main directions of development of its financial activities and financial relations by choosing the most effective ways to achieve them, forms and uses financial resources in the conditions of changing external factors. is one of the most important types" [4]. Corporate strategy refers to the general activity of the entire company, while functional strategy refers to the specific function of the company within the general strategy. On the other hand, the financial strategy is functional. Therefore, its main purpose is to increase efficiency by attracting capital [5]. Khominich's scientific work, "Financial Strategy of Companies", defines the financial strategy as a generalizing model of actions necessary to achieve the goals set within the framework of the corporate mission by coordinating, distributing and using the company's financial resources [6]. The financial strategy can be approached as a subsystem of the general strategy presented in the form of a long-term program of specific actions to implement the concept of using the

company's own and debt funds to achieve a strategic competitive advantage. Therefore, in the definition given to financial strategy, it is possible to see the harmony of the relationship between strategic and financial management [7]. According to Borisova and Sychev, the financial strategy can include two components: a targeted financial strategy and a financial strategy for the use of capital. Each of these strategies has its own content and characteristics. In particular, we can approach the target financial strategy as a strategy for increasing the company's market value, a strategy for increasing the volume of (product) sales, and a strategy for maximizing profit. We consider the financial strategy for the use of capital a strategy of self-financing and a strategy of financial investments [8].

Based on the definitions given by scientists above, we can say that the financial strategy is of urgent importance in the future development of the company, increasing its investment attractiveness, ensuring its financial stability, and preventing potential financial risks.

#### Research method

In the research's course, the scientific and theoretical aspects of financial strategy

development in joint-stock companies were studied, the practical aspects of financial strategy development in the practice of foreign companies were studied, much theoretical literature related to the topic, logical thinking based on empirical research, scientific observation, systematic approach methods were widely used.

### Analysis and results

Continuing with the conclusions of the studies carried out to clarify the concept of "financial strategy", the following can be noted:

firstly, there is no single definition of this economic category, all authors interpret the meaning of the concept of "financial strategy" from different positions;

secondly, all authors, to one degree or another, believe that financial strategy is a simultaneous tool and/or method of managing the company's financial and other resources;

Thirdly, the main goal of financial management is to maximize the company's profit through the efficient use of financial assets and capital.

Based on the analysis of the essence of the financial strategy, it was possible to confirm the conclusion that the financial strategy is the

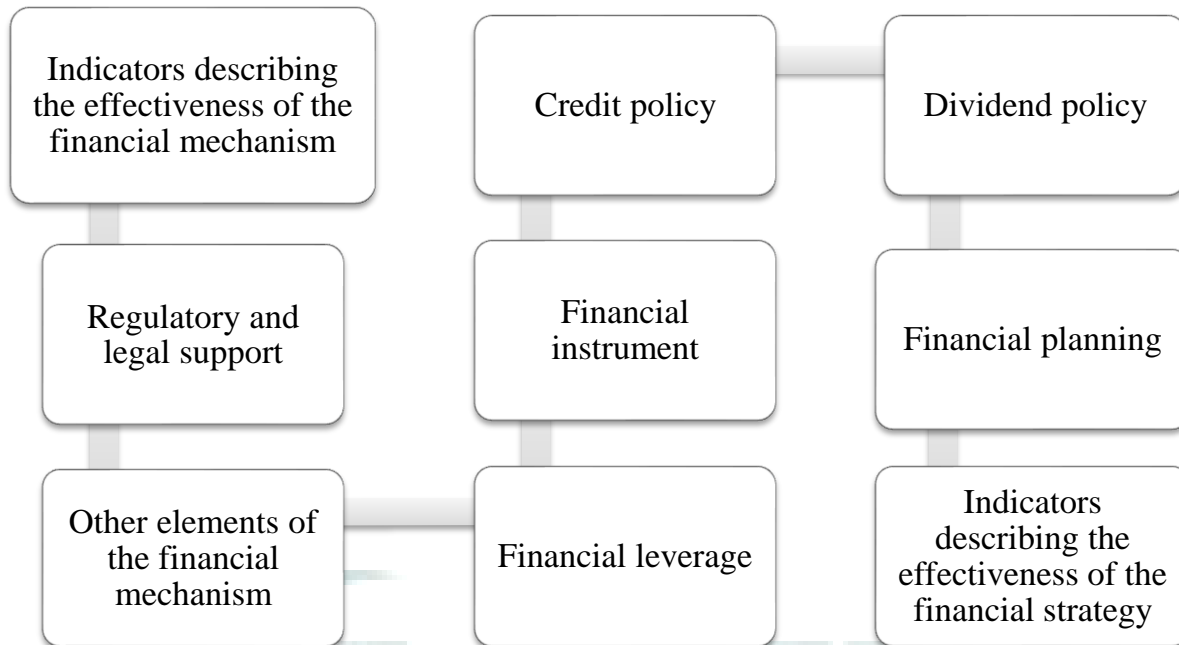
"intersection" of financial and strategic management and a field of specialized integration. In our opinion, financial strategy has a dual nature: basic and functional. Basically, it forms the basis of the implementation of other functional strategies, and its duality is manifested in its priority over other functional strategies, but it itself remains functional. Based on this conclusion, the following features of the financial strategy can be distinguished:

- 1) as a financial factor - it is the most important decisive factor in both tactical and strategic aspects of any business;
- 2) as a financial counter - a single, counter of all key points of any business; the state of financial stability is characteristic of any strategy and important for all of them, therefore, all functional strategies, including financial strategy, are structural aspects of a single general strategic system. Based on this, it can be said that the financial strategy is a universal strategy in a broad sense;
- 3) the mechanism of developing a financial strategy and controlling its implementation is one of the most relevant activities both in theory and in practice.

At the current stage of international integration processes, according to the rates given by many foreign and domestic economists, financial strategy is considered as a system of behavior to achieve specific goals or a mechanism for making management decisions aimed at attracting financing and capital, as an important element of strategic, financial management. In other words, financial strategy is one of the most important types of functional strategies, it is a system of actions to achieve long-term goals of financial activity, on the basis of which the policy of attracting and using capital is developed. This policy includes a unique mechanism for forming the optimal amount of financing through various sources and methods, as well as a mechanism for effectively investing the financial resources

involved in the company's assets, taking into account the changing trends of the external environment and ensuring financial stability.

It can be said that the financial strategy performs a dual function, on the one hand, it plays the role of the main element of the financial mechanism, and on the other hand, it defines the mutual relations of the elements of the financial mechanism, which reveals its necessity and importance. Taking into account that the financial strategy is developed taking into account the features of the company's activities related to the external environment, its components can be divided into two groups, namely: the elements of the financial strategy and the system of interactions between them (Fig. 1).

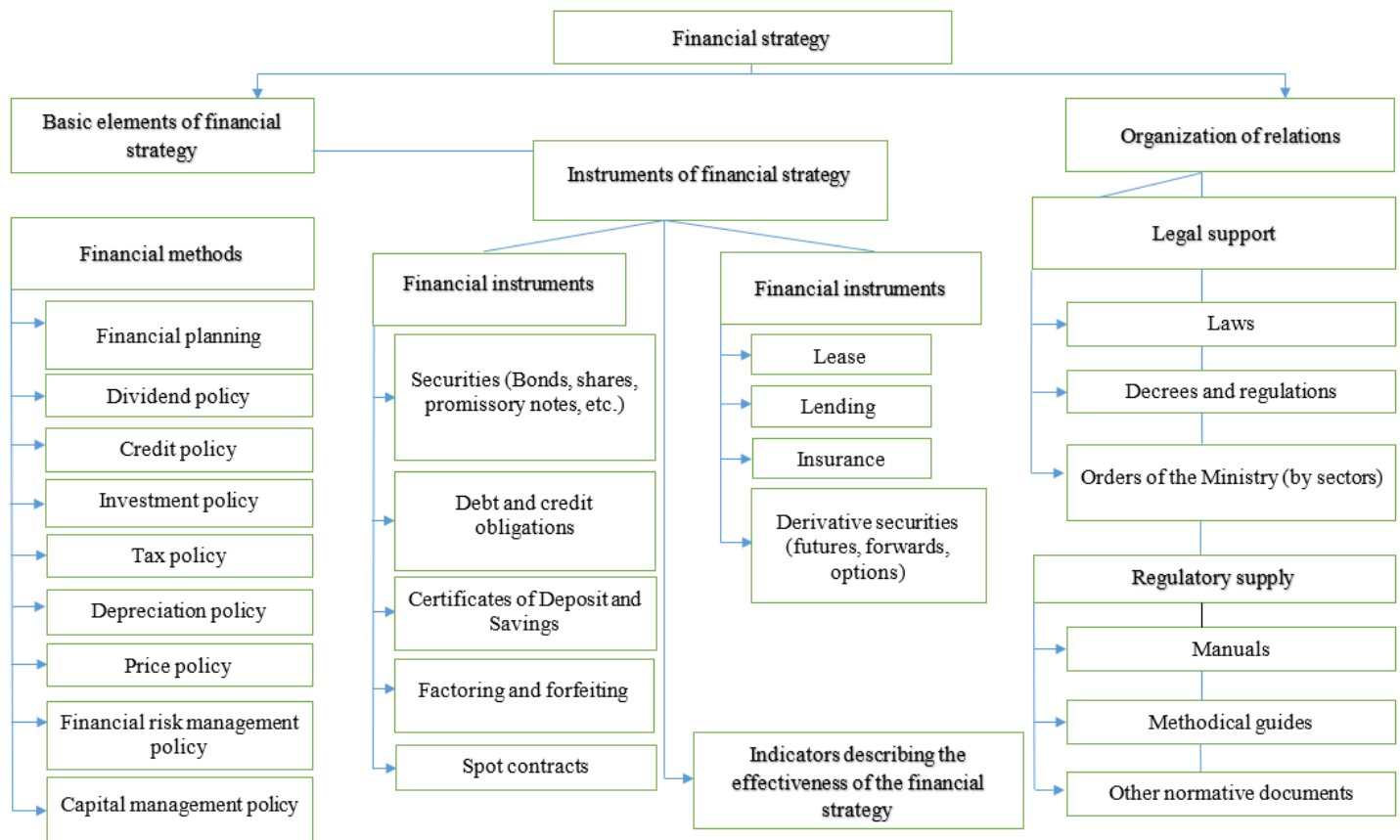


**Figure 1. Interdependence of financial mechanism and elements of financial Strategy.**

We can divide the elements of the financial strategy into financial methods and tools. Financial methods mean a set of methods and methods used to achieve the defined goal of the financial strategy. They divide financial strategy instruments into financial instruments, financial leverage and indicators reflecting the effectiveness of financial strategy. Financial leverage plays an important role in eliminating financial risks associated with the use of capital as a component of financial strategy. The relationship between the elements of the financial strategy ensures the implementation of

legal documents and internal normative documents regulating the activities of companies by the state. The components of the financial strategy are the organization, legal form of the company, scope of activity, volume of production, etc is formed based on (Fig. 2).

It can be seen from the data of the picture that financial methods include the main types of policies on the formation of the company's financial resources and their effective use. In turn, the interdependence of these elements is important in ensuring financial stability.



**Figure 2. Structural structure of financial strategy and mechanism of organization of relations**

In a sense, financial planning is the starting "point" of all elements and covers almost all stages. The instruments of the financial strategy are implemented directly through financial means and are controlled accordingly. As we mentioned above, the selection of relationships in the implementation of the financial strategy and ensuring the effectiveness of the activity constitutes a special approach and serves to

strengthen the legal basis of the company's activity.

## CONCLUSION

The development of the financial strategy of joint-stock companies is of great importance in solving positive solutions in important scientific and practical directions, such as the formation of financial resources and optimization of resources,

increasing investment opportunities, and improving the practice of corporate evaluation. It should be noted that the level of financial stability of most joint-stock companies operating in our country today is kept at a low level, the delays in the introduction of international standards of financial reporting, the existence of problems in the introduction of modern standards of corporate management, and this, in addition to showing the relevance of the research topic requires effective use of international practice experiences in the field.

It is necessary to widely introduce the road-mapping method in the improvement of investment strategies in joint-stock companies. Based on the development of this modular system, it is possible to systematically analyze the mutual (project) interdependence at all stages in making investment decisions, identify existing shortcomings, and evaluate the planned indicators and actual indicators through the KPI system. Also, through this method, scenarios of possible crisis situations are developed and forecast trends for making relevant decisions are offered.

In order to achieve the goals of the investment process aimed at modernization of fixed assets in

joint-stock companies, it is necessary to have a detailed plan of investment and innovative activities and a system of its financial support. Combining investment and financial strategies into a single strategy, implementation of projects on modernization of production funds and diversification of product types, as well as development of a high-quality strategy aimed at increasing the volume of sales of products, gain a competitive advantage and increase the market value of the company.

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