BEST JOURNAL OF INNOVATION IN SCIENCE, RESEARCH AND DEVELOPMENT
ISSN: 2835-3579
Volume:3 Issue:9 | 2024
www.bjisrd.com

The Importance of Strategic Corporate Management Practices in Joint-Stock Companies in the Capital Market

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Abstract: *Strategic corporate management practices play a critical role in enhancing the performance and competitiveness of joint-stock companies in the capital market. These practices involve long-term planning, resource allocation, and decision-making aimed at achieving sustainable growth and maximizing shareholder value. Effective strategic management ensures that joint-stock companies align their operations with market conditions, regulatory frameworks, and investor expectations. In the capital market, where shareholder interests and financial performance are closely monitored, strong corporate governance, risk management, and corporate transparency become vital. Moreover, the integration of digital technologies and innovation into strategic management allows joint-stock companies to respond to dynamic market changes and global competition. This abstract highlights the importance of these practices in ensuring the stability, profitability, and market valuation of joint-stock companies, emphasizing their role in creating investor confidence and fostering long-term growth.*

Key words: *Corporate management, Strategic corporate management, Capital market, large joint-stock companies, corporate governance, corporate transparency, Market competitiveness, Investor confidence.*

INTRODUCTION.

Strategic corporate management practices are crucial for joint-stock companies operating in the capital market, as they provide a framework for achieving competitive advantage, ensuring operational efficiency, and maximizing shareholder value. These practices encompass a range of activities, including strategic planning, corporate governance, financial management, and market capitalization strategies. The following sections delve into the importance of these practices, supported by insights from the provided research papers.

Strategic management is essential for the success of joint-stock companies, as it helps in navigating the dynamic and challenging economic environment. It involves setting goals, devising strategies, and implementing them effectively to achieve organizational objectives [1,2,3].

The strategic management process is integral to the development and competitive advantage of multinational corporations, reflecting changes in global economic and market structures [4,5,6]. Effective strategic management practices have been shown to positively impact organizational performance, as evidenced by the case study of the Dedebit credit and saving institution

Corporate governance is a critical component of corporate management, ensuring that joint-stock companies operate efficiently and sustainably. It involves leadership, governance structures, and human resource management[7,8,9].

The introduction of effective corporate governance elements in joint-stock companies enhances their competitiveness and profitability, as well as helps in managing corporate culture and preventing conflicts[10,11,12]. Strategic financial management is vital for aligning an organization's financial practices with its strategic goals, ensuring both operational and financial sustainability[13,14].

Managing market capitalization is a strategic priority for joint-stock companies, as it involves maximizing the market value of the enterprise and ensuring sufficient capital for development[15,16,17]. The strategic management of market capitalization includes financial and non-financial goals, such as managing shares, dividends, investment risks, and corporate image[18,19,20].

Evaluating corporate actions is crucial for identifying shortcomings and improving the effectiveness of corporate management in joint-stock companies. This involves using criteria and indicators to assess the functional quality of management activities[21,22,23]. Continuous improvement in corporate management practices is necessary to adapt to changing market conditions and enhance economic, financial, and market performance

Corporate culture plays a significant role in the success of joint-stock companies, influencing their ability to compete and thrive in the capital market. Developing a strong corporate culture aligned with strategic goals can prevent social problems and conflicts within the organization. [24, 25, 26].

While strategic corporate management practices are essential for the success of joint-stock companies, it is important to recognize potential challenges. These include the difficulty of translating strategy into actionable plans, short-term planning pitfalls, and the need to adapt to external trends and market changes. Addressing these challenges requires a comprehensive understanding of strategic management processes and a commitment to continuous improvement and adaptation.

Literature Review.

Strategic corporate management plays a pivotal role in determining the performance, competitiveness, and long-term sustainability of joint-stock companies, especially within the capital market. This section reviews key theoretical frameworks, empirical findings, and strategic practices that highlight the importance of corporate management in ensuring the efficient functioning of joint-stock companies.

The foundation of modern corporate management practices in joint-stock companies can be traced to several key theories. Agency Theory emphasizes the need for alignment between the interests of shareholders (principals) and management (agents) to mitigate conflicts and improve firm performance (Jensen & Meckling) [27]. According to Donaldson Stewardship Theory, on the other hand, argues that management acts in the best interest of shareholders, particularly when corporate governance practices are strong [28].

Research on Stakeholder Theory Freeman, 1984 adds another dimension by positing that strategic management must not only focus on shareholders but also other stakeholders, such as employees, customers, and the community [29]. The intersection of these theories provides a basis for understanding how strategic corporate management practices enhance the competitiveness and financial performance of joint-stock companies in the capital market.

The link between corporate governance and performance in joint-stock companies has been extensively studied. According to Shleifer and Vishny, strong governance structures ensure that management is accountable to shareholders, leading to improved financial transparency and reduced risk, which is essential in the capital market where investor confidence is critical [30].

Empirical studies by Claessens and Yurtoglu demonstrate that good governance practices such as board independence, clear shareholder rights, and transparent disclosure lead to higher market valuations and firm performance. Strong governance is particularly important in joint-stock companies, where dispersed ownership structures often necessitate mechanisms to ensure that management’s actions align with shareholder interests [31].

Risk management is another integral part of strategic corporate management in joint-stock companies. The increasing complexity and volatility of global financial markets make risk management an essential practice to safeguard capital and ensure long-term sustainability. Research by Stulz emphasizes that companies with robust risk management frameworks tend to perform better, particularly in terms of stock market performance and reducing the cost of capital [32].

Further, the role of strategic decision-making in risk mitigation is highlighted by McKinsey & Co. [33], which shows that companies adopting forward-looking risk management strategies are better positioned to mitigate financial crises and market shocks. This is especially critical for joint-stock companies, whose market valuation and shareholder confidence are closely tied to risk management.

Digital technologies and innovation have reshaped corporate management practices in joint-stock companies, particularly in the capital market. According to Brynjolfsson and McAfee [34], the integration of digital technologies into strategic management leads to improved decision-making, enhanced operational efficiency, and better market responsiveness. In joint-stock companies, this is reflected in increased value creation and a stronger competitive position.

Recent empirical work by Schwab [35], highlights how digital innovation transforms corporate governance by providing tools for more effective monitoring and decision-making. The adoption of digital platforms also enhances transparency, making it easier for investors to assess company performance in real-time, which can positively impact a company's stock price and market capitalization.

The evolving expectations from stakeholders regarding corporate sustainability and CSR have led joint-stock companies to incorporate these considerations into their strategic management frameworks. Studies by Porter and Kramer [36], show that companies integrating sustainability into their business strategies outperform competitors in both financial and non-financial measures. The adoption of CSR practices strengthens brand reputation, investor relations, and overall market performance in the capital market.

Finally, strategic management practices ensure that joint-stock companies remain competitive in efficient capital markets. According to Fama [37], and the Efficient Market Hypothesis (EMH), the capital market rapidly incorporates all available information into stock prices. Hence, companies that adopt transparent, strategic management practices are better positioned to attract investment and maintain high market valuations.

Research methodology.

This research methodology outlines the approach used to investigate the importance of strategic corporate management practices in joint-stock companies operating in the capital market. The study utilizes a mixed-method approach, combining qualitative and quantitative research techniques to gain a comprehensive understanding of how strategic management influences company performance, governance, and market competitiveness. The research adopts an explanatory research design aimed at identifying and analyzing the relationship between strategic corporate management practices and the performance of joint-stock companies in the capital market. The study focuses on gathering empirical evidence from financial data, corporate governance reports, and interviews with key stakeholders within joint-stock companies.

ANALYSIS AND RESULTS.

Strategic corporate management practices are critical for the sustainable success of joint-stock companies operating in the capital market. The following analysis explores key areas where strategic management plays a crucial role, focusing on long-term growth, competitiveness, risk management, and the integration of technology and innovation.It maintains control over large state-owned enterprises for a number of reasons: to support the activities of natural monopolies in cases where market regulation is deemed inappropriate or inefficient (for example, alcohol sales, energy production), economic and strategic introducing goals. that relate to national interest or security issues, such as nationalizing certain industries or propping up failing companies that are systemically important (nuclear power, weapons, oil and gas), or maintaining employment during a crisis possible

Companies that are agile and responsive to market changes tend to outperform less adaptable competitors. Strategic management plays a key role in allowing joint-stock companies to pivot in response to changes in consumer preferences, regulatory environments, and global economic conditions.

Although the state's intervention in the national economy is reduced to a certain extent, it will not be completely eliminated.

In this regard, even in countries with a developed market economy, it has been witnessed that the state still retains its share in economic sectors and sectors.

Corporate governance is a core component of strategic corporate management. Strong governance structures in joint-stock companies promote transparency, accountability, and ethical business practices. These are key factors that investors consider when evaluating a company's worth in the capital market.

Another group of studies on corporate governance mechanisms in foreign literature attempted to evaluate the impact of corporate governance mechanisms on the company's performance based on empirical research.

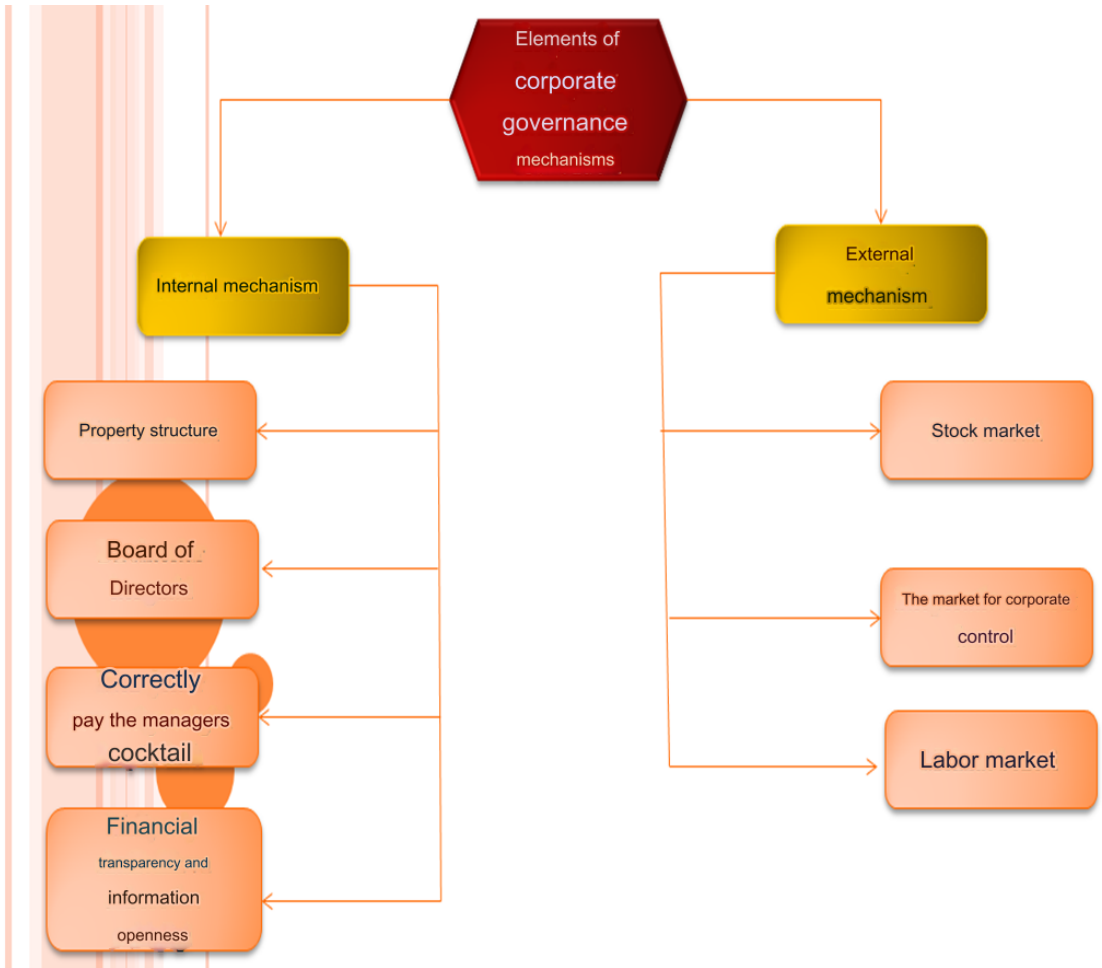


Figure 1. Mechanism of corporate governance in corporate structures[1]

From Figure 1, we can see that state share in large corporate structures, modern corporate governance mechanisms are the elements affecting the internal and external environment and its economic efficiency in large state enterprises.

The phrase "organizational-economic mechanism" is often a concept specific to the field of management and used in the field of management, with the help of which problem management is carried out. A legally integrated organizational and economic mechanism is defined in the research of network and territorial management. Issues of the organizational-economic mechanism of management are usually studied as a whole, and their separate study is characteristic of the interests of a simplified analysis.

When studying the organizational-economic mechanism of corporate management in a large joint-stock company with a state share, it should be oriented to the development of organizational and economic aspects of modern corporate management, and the driving force of the mechanism's elements should be its functions. In support of this opinion, the author of the study put forward the idea that the organizational-economic mechanism of corporate management should perform the following

[1] independently developed by the author

main functions and that this mechanism should be improved under the prism of these functions in the joint-stock company.

Corporate management mechanisms are considered a conceptual model of theoretical and methodological importance, which includes the following elements:

1. elements of the organizational mechanism of corporate governance in large corporate structures with a state share:

- shows the participation of the management structure and how they interact and influence;
- management activities and factors;

2. elements of the economic mechanism of corporate management in large corporate structures with a state share: - economic methods (it is unclear what economic methods the objects of corporate management can be used to ensure the efficient operation of enterprises);

- forms of economic influence (indicates what types of documents economic influence can be exercised by management subjects);
- information supply (shows what information is required by management subjects to use the methods, levers and forms of economic influence on the effective activity of the corporation);
- economic efficiency assessment criteria (indicates on what criteria the economic efficiency of the corporation can be assessed and determined).

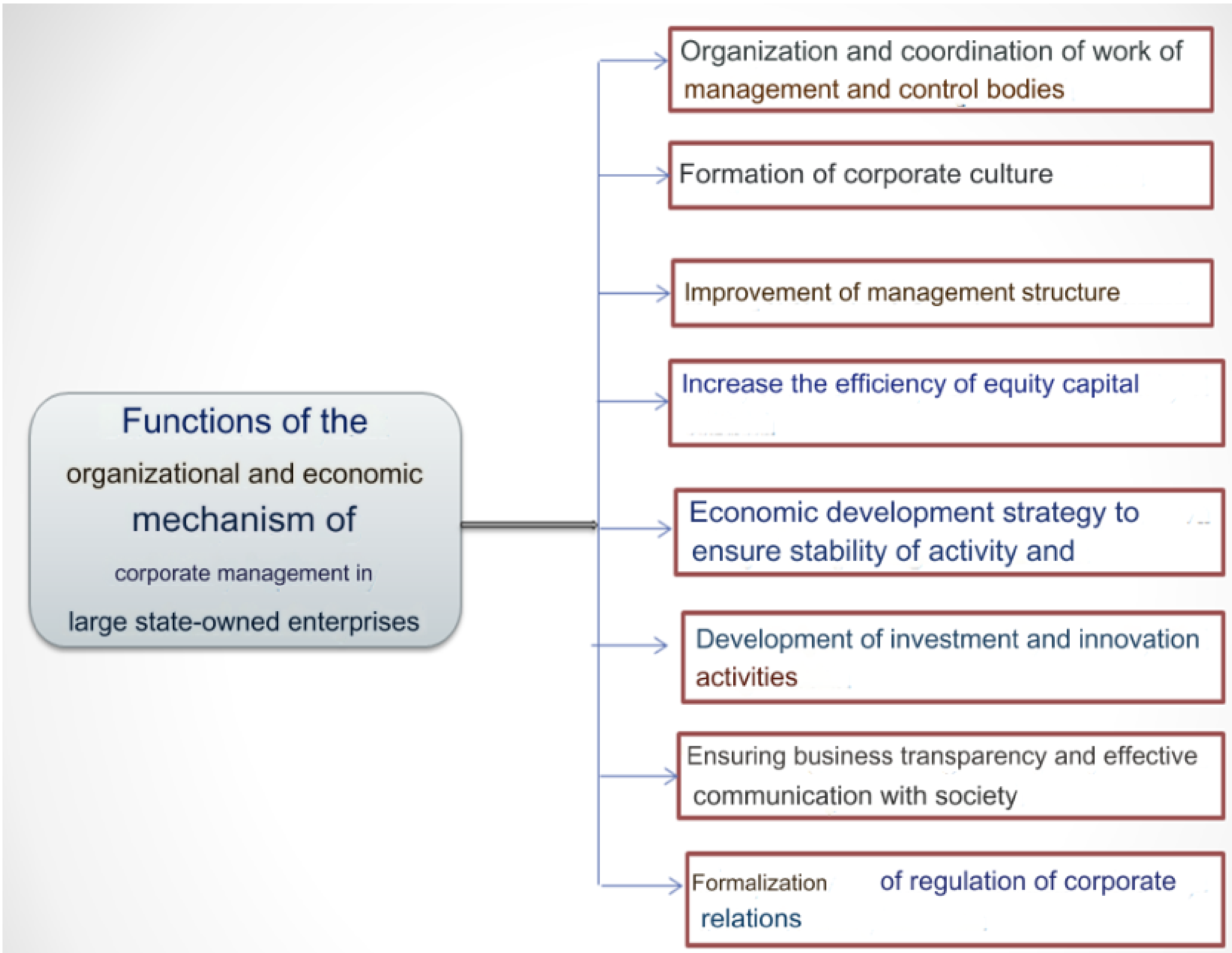
3) organizational and economic goals of the corporate governance mechanism in large corporate structures with a state share:

The following features determine the scientific novelty and practical importance of the developed organizational-economic mechanism of corporate management:

- provision of mutual communication and interdependence of elements of organizational and economic mechanisms of corporate management in a single complex;
- systematization of organizational actions and factors of management and economic methods, levers and forms of influence on management in a single set and ensuring the openness of this system;
- as a result of the management of organizational and economic mechanisms of corporate management, determining the achievement of economic efficiency criteria (increase in production volume, increase in profit (income), volume and payment of dividends, increase in investments, decrease in costs, increase in the value of shares);
- provision of interrelationship of organizational and economic mechanisms of corporate management with corporation goals and final result (effective conduct and improvement of corporation activities).

In addition, people performing management functions and organizational factors are included here. This means that the successful resolution of production and economic tasks in the corporation at different levels requires the use of various methods and levers of management by the corporate management bodies in order to coordinate the activities of the corporation.

The organizational mechanism of corporate governance is aimed at coordinating the activities of shareholders, management and control bodies and other interested parties in the course of the corporation's activities, while the economic mechanism of corporate governance aims to achieve economic efficiency of the enterprise by increasing the volume of production, maximizing profit, and attracting investment. (See Figure-2).



2-figure. functions of the organizational economic mechanism of corporate management in large enterprises[2]

Thus, the proposed organizational-economic mechanism of corporate management as a conceptual model of theoretical and methodological importance, in our opinion, is to create sufficient conditions for effective and competitive economic activity of the corporation, to identify weak links in the corporate management process and to maximize it allows to optimize the level, as well as to improve the economic indicators of the corporation.

From this, we can note that the organizational and economic mechanism of corporate management in large corporate structures with a state share should perform the following main functions, and in the joint-stock company, this mechanism should be improved under the prism of these functions.

In many foreign countries, the state is an active and professional owner of its capital, and state enterprises are given operational independence. This approach assumes that state corporate structures are isolated from political influence and interference in their economic activities and maintain their economic relations with the state.

[2] independently developed by the author

According to the centralized system of ownership, ownership entities can be located in ministries or ministerial offices, special property agencies or company-type structures. Property reform is the basis of the market reform program that begins with the government's recognition of the multi-ownership economic system and private property rights. The ownership reform of the economy played a decisive role in the emergence of non-state enterprises and significantly increased market competition during the initial period of transition. (See figure-3)

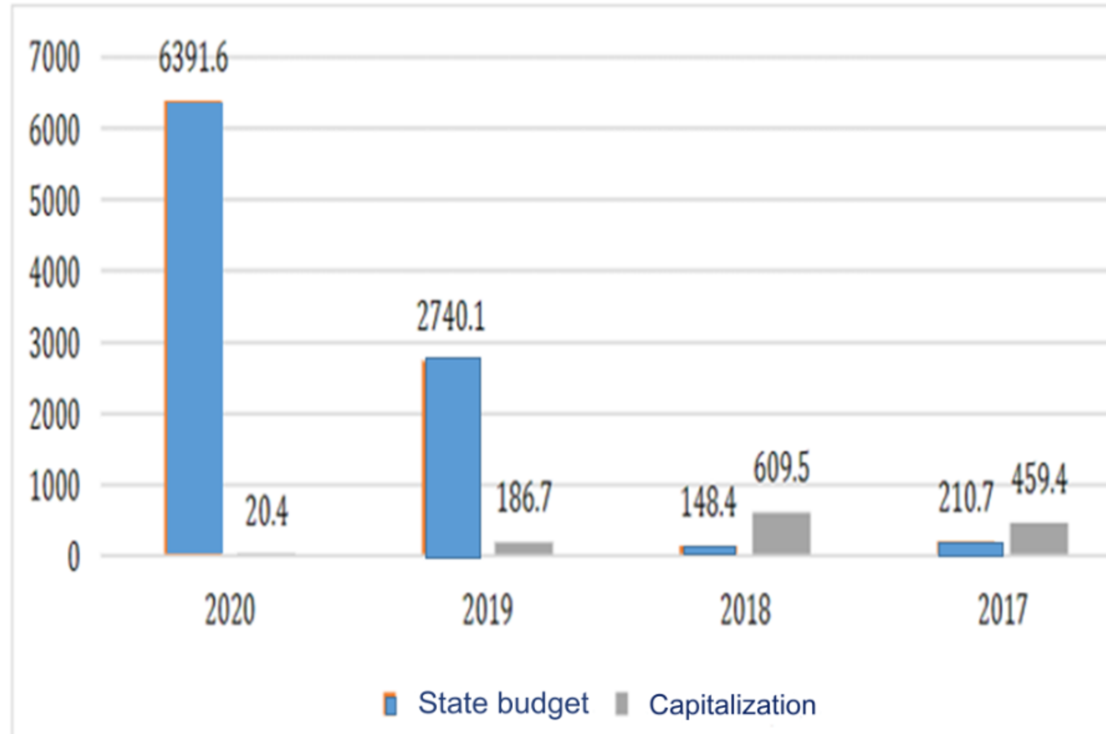


Figure-3. Payment of dividends paid by state enterprises, billion soums[3]

Currently, there are 2,698 state-owned enterprises in the Republic of Uzbekistan, of which 1,334 are state enterprises, 240 are joint-stock companies, and 1,124 are limited liability companies.

Currently, in order to evaluate the efficiency of these enterprises, the system of performance evaluation indicators (KPI) is being implemented, and as of December 1, 2020, it is planned to be implemented in 1,846 enterprises, and it has been implemented in 1,360 enterprises (74%).

The results obtained from the introduction of this system mainly consist of the correct evaluation of the activities of these enterprises.

At the same time, 192 enterprises, including 43 joint-stock companies, 97 state unitary enterprises, 52 limited liability companies, according to the "Roadmap"-financial rehabilitation program for financially vulnerable and economically risky enterprises with state participation It is aimed to rehabilitate societies through investments, own funds, bank loans and other sources, and as of October 1, 2020, 55 enterprises have been financially rehabilitated.

As a result of the effective financial activity of state enterprises, it is one of the sources of income for the state. In 2020, the amount of dividends paid by state enterprises to the state budget amounted to 6.4

[3] Figure 9. Payment of dividends paid by state enterprises, billion soums

trillion soms, which is 2 times more than in 2019 and significantly different from other years. we can't do it.

At the same time, in order to further increase the efficiency of the activities of economic societies and state unitary enterprises with a state share in the charter capital of 50 percent or more, to reduce the state participation in the economy to a reasonable level and to fundamentally improve the investment environment, the Cabinet of Ministers of the Republic of Uzbekistan The main task and purpose of the decision "On approval of the management and reform strategy of state-owned enterprises in 2021-2025" is to optimize the composition and structure of state-owned enterprises, to improve the management efficiency of state-owned enterprises, to increase competitiveness and investment attractiveness, the level of corporate management and information transparency, to ensure the openness and transparency of the activities of state-owned enterprises.

CONCLUSION.

Strategic corporate management practices are crucial for the successful operation of joint-stock companies in Uzbekistan's capital market. As these companies seek to attract investment and enhance shareholder value, effective management practices provide a framework for navigating the complexities of the market environment.

1. Strategic corporate management practices are pivotal for the sustainable growth, stability, and competitiveness of joint-stock companies in the capital market. By focusing on long-term planning, resource allocation, and effective governance, companies can align their operations with market trends and investor expectations, ensuring profitability and resilience. These practices not only optimize financial performance but also enhance shareholder confidence by fostering transparency, accountability, and robust risk management.
2. In an increasingly dynamic and competitive market environment, strategic management enables joint-stock companies to adapt to technological advances and global economic shifts, integrating innovation and digital transformation into their core business strategies. Moreover, companies that prioritize sustainability and corporate social responsibility (CSR) attract socially responsible investors, contributing to long-term value creation.
3. Strategic corporate management practices ensure that joint-stock companies can respond proactively to challenges, capitalize on opportunities, and secure their position in the capital market, thereby maximizing shareholder value and fostering long-term growth.
4. Strategic management enables companies to identify opportunities and threats in the capital market, allowing them to position themselves competitively. By leveraging their strengths and addressing weaknesses, these companies can better respond to market demands.
5. Strong corporate governance and transparent management practices instill confidence in investors. This is especially important in a developing economy like Uzbekistan, where attracting foreign and domestic investment is essential for growth.
6. Implementing strategic management practices helps companies anticipate and mitigate risks associated with market fluctuations, regulatory changes, and economic shifts. This proactive approach contributes to long-term sustainability and resilience.
7. Strategic management fosters a culture of innovation, encouraging joint-stock companies to invest in new technologies and processes. This not only enhances operational efficiency but also drives growth and value creation in the capital market.

8. Effective corporate management practices involve engaging with various stakeholders, including investors, employees, and regulators. This engagement fosters trust and collaboration, which are vital for successful corporate governance.

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