

## ANALYSIS OF CORPORATE FINANCIAL STRATEGY OF JOINT STOCK COMPANIES AND THEIR FINANCIAL STATE

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### ABSTRACT

The main goal of this article is to develop a scientific proposal and practical recommendations regarding the importance of corporate financial strategy in ensuring the financial stability and growth of joint-stock companies. Financial strategies of several joint-stock companies in order to cover such goals as maintaining financial stability, increasing labor productivity, increasing production and export indicators, achieving energy efficiency, modernizing production, and achieving an increase in share value by implementing technical and technological re-equipment. analysis was carried out.

**Keywords:** Financial strategy, marketing, corporation, consumers, corporate environment, corporate management, investors, investment activities, banking, SWOT, finance.

### INTRODUCTION

It is known that in the conditions of market relations, every business entity, in particular, joint-stock companies, is far-sighted and external in order to adapt to strong competitive conditions, to have its place in the market and to operate effectively for many years. It is necessary to determine all the main directions of financial activity and development of financial relations in order to form long-term financial goals in the conditions of the variability of means, to choose the most effective ways to ensure their success, to effectively organize the directions of formation and use of financial resources. Today, this form of ownership is important in economically developed countries, especially in the industrial sector. Correct organization of financial relations during the activity of enterprises is important in achieving the set goal. Based on this, it is appropriate to focus on the proper organization of financial management of enterprises. Correct organization of corporate finance management directly depends on corporate financial strategy. It is with this feature that the role of corporate financial strategy becomes important. The corporate strategic strategy ensures the future stability of the economic activities of the subjects. Also, it is necessary to develop strategic plans in advance and implement them effectively in order to have a positive solution to any issue that is implemented at the macro or micro level.

If we consider joint stock companies as one of the most common types of corporate structures in our republic, as of January 1, 2017, the number of joint stock companies operating in our republic was 659, and in the following years their number decreased to 613. as the reason for this, it is possible to show the high requirements for the reduction of the number of joint-stock companies. We can also explain that inefficient joint stock companies are being liquidated.

## LITERATURE ANALYSIS AND RESEARCH METHODOLOGY

The main basis of the economic reforms implemented in Uzbekistan since the first years of independence is the expropriation of property from the state and its privatization. Joint-stock companies today occupy a leading position in many areas of the country's economy, and are widespread legal entities that actively engage in corporate relations through management, monitoring and executive bodies. Joint-stock companies were first established in the 17th century in Europe among owners who worked in the field of sea trade. Legal norms on the activity of joint stock companies were first established in 1808 in the French Commercial Code. According to the legal basis of this activity, such a society can be established in our country by establishing or reorganizing (adding, dividing, separating, changing) a legal entity. The establishment of the society is carried out according to the decision of the founders.

A joint-stock company can be established by establishing or reorganizing a legal entity (adding, dividing, separating, changing). The decision to establish the society is made by the founding meeting. If the society is founded by one founder, the decision to establish the society is taken by this founder individually. The founders of the society draw up a mutual foundation agreement on its establishment, in the agreement, their joint activities related to the establishment of the society

the order of increase, the amount of the authorized fund (authorized capital) of the company, the types of shares that must be placed among the founders, the amount of the fee paid for them and the procedure for its payment, the rights and obligations of the founders regarding the organization of the company are determined. Decision on establishment of society it should reflect the voting results of the founders and the decisions taken by the founders regarding the establishment of the society, approval of its charter, formation of the management bodies of the society.

On establishing the company, approving its charter and on approving the monetary value of the securities, other property rights or other rights that have a monetary value expressed by the founder to pay for the company's shares decisions are taken unanimously by the founders. The establishment of a company with the participation of foreign investors is carried out in accordance with the laws of the Republic of Uzbekistan.

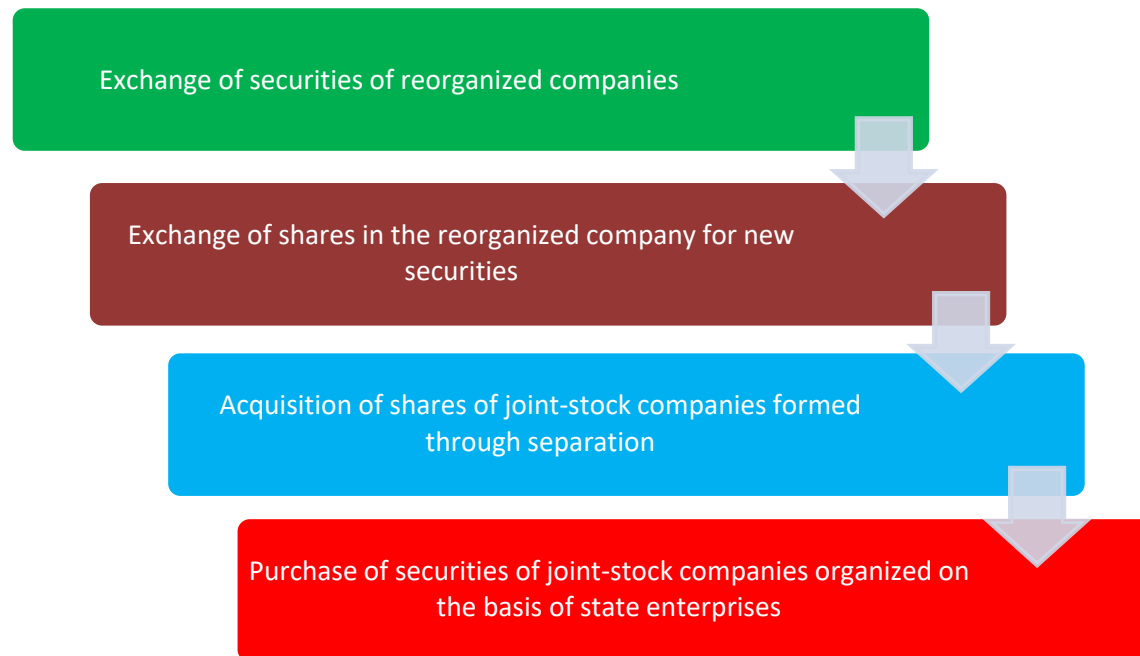
When a state organization is transformed into a joint-stock company, the decision on the establishment of a joint-stock company is made by the body authorized to dispose of state property. The number of founders and shareholders of the company is not limited.

Legal and natural persons who signed the founding agreement on the establishment of the society are recognized as the founders (founder) of the society.

State bodies may not be the founders (shareholders) of the society, unless otherwise provided by law in the decision of the President of the Republic of Uzbekistan or the Cabinet of Ministers of the Republic of Uzbekistan.

In order to solve these issues, the rules stating the importance of the supervisory board in controlling the level of risk in the joint-stock company, it is necessary to develop and regulate the criteria for assessing the level of corporate governance, internal documents aimed at effective corporate governance, and the tactics of measures to be taken in the event of a crisis in the corporate governance system. In this regard, in the reorganization of joint-stock companies, it creates an effective use of their placement methods (Chart 1). It should be noted

that the concept of corporation acquires another unique aspect in current conditions. It is used to define an economic entity established by several legal entities, and each of them can be considered as an independent economic entity related to other property relations, joint business, common goals and interests, common organizational structure.



**Flowchart 1. Placement methods in the reorganization of the joint-stock company<sup>1</sup>**

Business corporations are created for profit. These include:

- In the USA, corporations are formed only on the basis of share capital
- In the USA, corporations are established only on the basis of share capital;
- Limited liability companies, companies, cooperatives, open joint-stock companies, closed joint-stock companies in Europe.

As a business corporation, it can be:

- separate commercial organization;
- integrated corporate structure (concern, holding, etc.)

## ANALYSIS AND RESULTS

When financial planning is carried out on the basis of prospective financial analysis, the business environment in which the economic entity operates is the main aspect. In turn, the business environment covers the system of conditions and various internal and external factors affecting the financial and economic activity of an economic entity.

Economist M. Porter's "Five Forces of Competition" model is also focused on the analysis of the external environment. We will analyze the external financial environment using the "Five Forces of Competition" model of M. Porter on the example of the joint-stock company "Kokan Mechanics Plant", which is being studied in the article.

<sup>1</sup> Compiled by the author according to the text

1) The issue of entry of new competitors into the network is a very low risk for JSC "Kokon Mechanical Plant", because:

- very large capital investments are required to appear in the network. (In order to produce quality products, it is necessary to master new technologies and produce new types of goods);
- dependence of consumers on the current product of the joint-stock company;
- a sales channel has been established by the joint-stock company

2) Competitiveness of suppliers has a significant impact on the work activity, financial production and economy of JSC "Kokon Mechanics Plant", and foreign metal producers are the main suppliers (Russian Federation). There is a possibility of such delivery of raw materials and materials through trade intermediaries.

3) The emergence of commodity issuers on the market is practically non-existent. (The dimensions up to 3200 mm and the length of 20000 mm are able to manufacture individual parts up to 50 tons of mass and equipment "Kokon Mechanical Plant", it is possible to manufacture such products by mechanization of details up to 30 tons of mass, height of 2000 mm and outer diameter of 4000 mm requires highly skilled workers and constant quality control.

**1-table<sup>2</sup> Analysis of the external financial environment in the activity of the joint-stock company "Kokon Mechanical Plant".**

Field of activity	Strength	Weakness
production	- good level of product quality	- considerable wear and tear of equipment
technology	- availability of high technology. - an experienced team of technological service of the organization. - possibility to expand product nomenclature (types).	- lack of free funds for the production of new types of goods
working staff	- a well-organized team of skilled workers - low level of staff dissatisfaction	
organize	- personnel management mechanism formed over the years - effective division of duties of responsible employees by managers - organization of efficiency and control	- the organization has regular customers - inefficiency in the interaction of each department in achieving organizational goals
marketing	- low price compared to competitors who have a good reputation for quality products	- inactivity in reaching new customers - inability to bring goods to the market - failure to advertise the organization - underdeveloped price policy
finance	- absence of financial obligations from lenders who lend against interest - the possibility of conducting differentiated sales through the organization's network of stores	- general lack of working capital - low level of asset turnover - sharp increase in receivables

<sup>2</sup> Compiled by the author according to the text

4) Competitiveness of consumers. In the structural structure of "Uzbekneftgaz" JSC, the main consumers form a joint-stock company ("Transgaz" JSC, "Uzneftigazqazibolish" JSC, "Uzgeoburneftigaz" JSC). In recent years, the enterprises that are part of JSC "Uzbekneftigaz" have become consumers of the products produced by the joint-stock company "Koqon Mechanics Plant", and their share is growing year by year.

5) They make existing competitors in the network compete with each other for mutual income. Organizations such as "Uzbekkhim mash" JSC, "Andijon O EZ JSC, "NGHM Plant" JSC, "Urganchgaz mash" LLC and "Bukhara RMZ" JSC, which are part of "Uzneftigaz mash" JSC, provide equipment and assembly for the country's oil-gas and petrochemical complexes. produce parts.

The analysis of the external environment of the joint-stock company "Kokon Mechanical Plant" allows to create the conditions of its dangerous aspects and opportunities. As a result of the analysis of the organization, it is necessary to analyze the strengths and weaknesses of the external environment.

Through the SWOT-matrix analysis, it is possible to form studies on the strengths and weaknesses of the macro environment and the internal environment of the joint-stock company. Through a comprehensive approach to the negative sides and positive sides in the development of "Kokon Mechanics Plant" JSC, it shows the opportunities and risks of "Kokon Mechanics Plant" JSC.

The business environment can be divided into the following three groups according to the ability of financial managers to control the changes, factors and risks that may affect economic entities during their financial and economic activities:

- changes in the external financial environment that have an indirect effect;
- changes in the external financial environment that have a direct impact;
- changes in the domestic financial environment.

State joint-stock company "Uzbekistan Railways" Uzbekistan which was established by the Decree of the President of the Republic of November 7, 1994 No. PF-982 on the basis of divisions, enterprises and organizations of the railway transport system located in the territory of the Republic of Uzbekistan.

Decree No. PF-6096 of the President of the Republic of Uzbekistan dated October 27, 2020 "On measures to accelerate the reform of state-owned enterprises and privatization of state assets" and by the Prime Minister of the Republic of Uzbekistan, 2022 In order to ensure the timely implementation of Statement No. 55, approved on March 28, "Uzbekistan Railways" JSC, together with experts from the German consulting company "DB Engineering & Consulting GmbH", developed the medium and long-term 2030 of the society. Development strategies and "Roadmap" projects on increasing financial stability and operational efficiency were developed until 2018.

**2-table<sup>3</sup> Information on the implementation of the forecast indicators of the company's business plan of "Uzbekistan Railways" JSC in January-September 2022**

№	By type of main activity indicators	Unit of measure	the fact in 2021	Forecast in 2022	Last year relatively %	January-September			
						In 2021	The forecast in 2022	Real in 2022	to the forecast relatively %
1	Shipping	million tons	72,03	72,5	100,65	53,1	54,2	54,99	101,40%
2	Cargo turnover	mlrd.tn/km	24,6	24,62	100,08	18,5	18,8	19,1	101,90%
3	Passenger traffic	billion trip/km	3,1	3,12	100,65	2,25	2,4	2,6	110,60%
4	Passenger transportation	million passenger	7,9	7,96	100,78	5,8	6,1	6,7	110,40%
5	Export	mln.doll.	599,9	530,3	88,4	450	408,8	411,6	100,70%
6	Investment programs	mln.doll.	579,6	483,56	83,43	451,6	321,8	321,82	100,00%
7	Production of industrial products	mlrd.sum	1 424	1 467,80	103,08	1 020	1 040	1 087	104,50%
8	According to the localization program	mlrd.sum	336,6	381,9	113,46	254,2	305,2	305,2	100,00%

If we analyze the indicators of the main activities of the joint-stock company in 2022, the intended goal of cargo transportation has been achieved. Indicators for almost all main activities have been achieved, only the planned indicators for export and investment programs have not been achieved. They were 88.4 percent and 83.43 percent, respectively. The best result was achieved in terms of passenger traffic and passenger turnover. They were 110.60 percent and 110.40 percent, respectively.

Currently, it is planned to approve the development strategy by the sole shareholder of the company. Also, with the participation of experts of the World Bank, a strategy project for the transformation of the railway sector of Uzbekistan was developed.

According to point I of the report No. 1 of the meeting of the Council of the Agency for Strategic Reforms under the President of the Republic of Uzbekistan on September 28, 2022 "On measures to accelerate reforms in the field of transport" "Uzbekistan The draft resolution of the President of the Republic of Uzbekistan "On the measures of fundamental reform of the railway transport sector in the Republic of Uzbekistan", which provides for the implementation of the tasks given by JSC temir yollari, was developed. It was included in the Strategic Reforms Agency under the President of the Republic of Uzbekistan.

The future strategy of the joint-stock company is aimed at solving the following tasks:

- development of the railway infrastructure and renewal of the rolling stock of railway transport, increasing the efficiency of the use of material and non-material resources;
- Launching of high-speed trains, which is one of the important factors of the medium and long-term development program of "Uzbekistan Railways" JSC;

<sup>3</sup> It was prepared based on the information of "Uzbekistan Railways" JSC

- to ensure the integrity, independence, socio-economic growth of transport and to form a high-quality, convenient and stable transport system to meet the transport needs of citizens;
- increasing the transit potential of JSC "Uzbekistan Railways" based on the inclusion of railway transport in the system of international transport corridors;
- reduction of total transport costs, including increasing efficiency of railway transport;
- aligning the quality and safety level of transportation with the requirements of the population and the economy and world standards based on the technical and technological development of railway transport;
- increasing the investment attractiveness of railway transport;
- introduction and development of modern information and communication technologies.

### CONCLUSION

It is necessary to maximally mechanize and automate the work of various categories of managers, leading specialists and employees of the joint-stock company by using the latest technologies, as well as computing techniques. The correct definition of the financial strategy and its full implementation on time will ensure that the corporate structure will be competitive in the future. In general, financial strategy plays an important role in ensuring the strategic success of commercial organizations. Enterprises can introduce and apply different financial strategies according to their field of activity. It is possible to single out important strategies from the recommendations:

- according to financial planning
- according to financial goals
- according to the definition of the goal
- according to periodicity

Enterprise can choose and implement its financial strategy based on its characteristics and financial managers.

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