

# Introduction of international practice in activating the participation of joint-stock companies in the capital market

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**Abstract:** The article gives proposals for the development of the activities of corporations, increasing their activity in the capital market, investment financing of new modern projects, and further development of the economy through the capital market.

**Key words:** Joint-stock companies, capital market, investment, start-ups, hedge funds, development of companies through investment banks, technological innovations, economic development.



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## INTRODUCTION

The development of the global economy and increasing competition in financial markets have raised the need for joint-stock companies (JSCs) to actively participate in capital markets. Joint-stock companies turn to capital markets to expand, develop their operations, and attract capital. However, in many countries, particularly in Uzbekistan, the efficiency and level of participation in these processes remain limited. Meanwhile, the experience of developed countries highlights the importance of introducing international practices to enhance the activity of joint-stock companies in the capital market.

This article examines the issues of introducing international practices to boost joint-stock companies' participation in capital markets, reviews international experience, and explores ways and prospects for developing this process in Uzbekistan.

The capital market is the foundation of a country's economy, and its development is a guarantee of sustainable economic growth and social well-being. Investments play a crucial role in this market, helping to attract new resources to the economy, create jobs, support innovations, and increase the country's competitiveness. This article discusses the primary tasks of investments in capital market development and their socio-economic impact in detail.

In developed countries, the system that has ensured economic development is the capital market. Without the capital market and its participants, economic growth would be impossible. Uzbekistan also has plans to develop its capital market, and laws are being adopted to facilitate this. However, this alone is not sufficient. Practical actions based on the experience of developed countries' capital markets are necessary. The transformation of financial assets into tangible wealth in the capital market subsequently leads to the development of trade and industry sectors, thereby stimulating economic growth. In countries where capital markets are underdeveloped, people tend to spend their savings in less productive or inefficient channels, such as consumer goods or not at all, which becomes a significant obstacle to economic growth. According to Uzbekistan's draft strategy for capital market development for 2021-2025, the formation of a national IPO/SPO stock market could serve as an effective tool for privatization and the development of the financial market. Transparent and open privatization, along with the availability of all necessary information, will increase the interest of both local and foreign investors. Government programs emphasize attracting active investments, particularly increasing the volume of direct investments. Based on this, and considering the crucial role of developing this sector in ensuring the country's economic growth, it is advisable to promptly implement the proposed strategy and further develop the nation's financial markets.

## Literature Review

In existing literature on economics and finance, the topic of "Introducing International Practices to Activate Joint-Stock Companies' Participation in Capital Markets" has been studied by foreign and local scholars, with relevant definitions provided by experts.

1. Kenny, P. A., & Moss, T. (2020). *Global Capital Markets: Integration, Crisis, and Growth*. Routledge. This book provides information on the international financial and stock markets, methods for forming investment markets, and their role in financing newly established companies and projects.
2. Brealey, R. A., Myers, S. C., & Allen, F. (2019). *Principles of Corporate Finance* (13th ed.). McGraw-Hill Education. This book presents valuable information on capital market experiences in developed countries and the acceleration of financing processes for new projects by attracting citizens' funds to stock markets.
3. Taxumova Oksana V., Kasatkina Elena V. Discusses the formation of international financial and stock markets and their role in financing new companies and projects, offering a financial perspective.
4. Vahobov A.V. Focuses on the importance of financing new projects not through bank loans but through capital markets and investment funds.

## Research Methodology

A capital market is a type of economic market where financial resources, such as stocks, bonds, and other financial instruments, are bought and sold. Through capital markets, joint-stock companies can attract new investments, which help them expand operations and obtain the financial resources necessary for technological development.

The active participation of joint-stock companies in capital markets is significant for the following reasons:

1. **Capital Raising:** By accessing capital markets, joint-stock companies can attract large amounts of funding, enabling them to finance innovative projects and expand their businesses.
2. **Stimulus for Corporate Growth:** Companies operating in capital markets become more competitive, increasing efficiency within the organization. Engaging in investment processes allows companies to grow internationally.
3. **Increased Confidence of Market Participants:** Active participation in the capital market instills confidence in investors, encouraging them to invest more in the company.

## Discussion and Results

**International Practices and Experiences** Developed countries have introduced many international practices to manage capital markets more effectively. Below are some examples of the experiences of certain countries:

1. **U.S. Model:** The U.S. capital markets are among the most efficient systems globally. There is a comprehensive legal framework for joint-stock companies, ensuring transparency and accountability for market participants. Companies participating in American stock exchanges (NYSE and NASDAQ) must meet numerous requirements, ensuring high financial performance and management standards.
2. **European Union Experience:** In EU countries, international standards such as IFRS (International Financial Reporting Standards) are widely applied for joint-stock companies. These standards ensure that companies' financial reports are understandable and reliable for international investors. The processes of raising capital through stock exchanges in the EU are simplified and transparent.
3. **Japanese Experience:** Japanese companies place a strong emphasis on using digital technologies to provide real-time information to investors. This allows investors to make informed decisions quickly, based on timely data about the company's status.

**The Need for Introducing International Practices in Uzbekistan** As Uzbekistan transitions to a market economy, it is paying special attention to implementing international financial practices and standards. However, joint-stock companies' participation in capital markets remains underdeveloped due to several reasons:

1. **Underdeveloped Legal Framework:** International standards and laws for joint-stock companies to work with capital markets are not fully implemented in Uzbekistan.
2. **Lack of Transparency for International Investors:** Many joint-stock companies do not present financial data and reports in accordance with international standards, making it difficult for foreign investors to participate actively in the capital market.

3. **Underdeveloped Financial Infrastructure:** The absence of widespread digital technologies in Uzbekistan's capital market creates difficulties in providing prompt information to companies and investors.

**Ways to Introduce International Practices** To activate joint-stock companies' participation in capital markets and implement international practices in Uzbekistan, the following measures can be taken:

1. **Implementing International Standards:** It is necessary to fully implement and enforce international financial reporting standards (IFRS) for joint-stock companies. This will provide investors with clear and reliable information about companies' financial positions.
2. **Liberalizing the Capital Market:** By liberalizing the capital market, opportunities for foreign investors should be created. Tax incentives, state guarantees, and favorable conditions for investors will increase capital inflows.
3. **Widespread Use of Digital Technologies:** Real-time information exchange between companies and investors through digital platforms should be established in the capital market. This will enable investors to track market changes and company statuses quickly.
4. **Increasing Transparency and Accountability:** Independent financial institutions that monitor companies' activities should be expanded to ensure transparency. This will increase investors' confidence and stimulate capital inflows.

Diagram Title: **Introduction of International Practices to Activate Joint-Stock Companies' Participation in Capital Markets**

**Main Diagram Sections:**

1. **International Practices in Capital Markets (Outer Section)**
  - U.S. Capital Market Model
  - European Union Standards (IFRS)
  - Japanese Digital Technology Implementation
2. **Challenges in Uzbekistan (Middle Section)**
  - Underdeveloped Legal Framework
  - Lack of Transparency for Investors
  - Weak Financial Infrastructure
3. **Proposed Measures for Uzbekistan (Inner Section)**
  - Implementing IFRS Standards
  - Capital Market Liberalization
  - Digital Technology Adoption
  - Increased Transparency and Accountability
4. **Benefits for Joint-Stock Companies (Core Section)**
  - Access to Capital
  - Corporate Growth
  - Investor Confidence
  - Technological Advancements

Implementing international practices effectively requires the combination of financial reforms and updates to the education system. The future development of Uzbekistan's capital market will depend on how quickly and successfully international practices are adopted. In this sense, the integration of joint-stock companies into the market and their international activities will have a positive impact on the entire economy, improving the investment climate. Adopting international practices alongside developing innovative strategies suited to local conditions will be key to success.

**This table provides a structured overview of the article's content, summarizing the main sections and their key points.**

Section	Key Points
Introduction	- Joint-stock companies (JSCs) need capital markets to expand and attract investment.
	- Participation in capital markets in Uzbekistan is limited compared to developed countries.
	- Importance of adopting international practices to enhance JSCs' participation in capital markets.
Importance of Capital Market	- Capital markets are crucial for economic growth and development.
	- Investments from capital markets create jobs, support innovations, and increase competitiveness.
Uzbekistan's Capital Market	- Uzbekistan has plans to develop its capital market, including through

	IPO/SPO strategies.
	- However, practical steps are required, such as implementing international practices to stimulate economic growth.
Literature Review	- Kenny & Moss (2020): Discusses global capital markets' integration and financing new projects.
	- Brealey, Myers & Allen (2019): Focuses on corporate finance in developed countries and the role of stock markets in financing.
	- Taxumova & Kasatkina: Analyze the formation of financial markets and their impact on financing new companies.
	- Vahobov: Highlights the significance of capital markets over bank loans for financing new projects.
Research Methodology	- Capital markets involve the buying and selling of financial instruments.
	- JSCs' participation in capital markets aids in raising capital, corporate growth, and investor confidence.
International Practices and Models	- <b>U.S. Model:</b> Comprehensive legal frameworks ensure transparency and accountability.
	- <b>EU Model:</b> Uses IFRS for reliable financial reporting and ensures simplified capital-raising processes.
	- <b>Japan Model:</b> Emphasizes digital technologies for real-time information access by investors.
Challenges in Uzbekistan	- Underdeveloped legal framework, lack of transparency for international investors, and insufficient digital technologies hinder JSCs' participation in capital markets.
Recommendations for Uzbekistan	- Implement IFRS standards for clear financial reporting.
	- Liberalize the capital market to attract foreign investors with favorable conditions.
	- Use digital technologies for real-time information exchange between companies and investors.
	- Increase transparency and accountability by expanding independent financial monitoring institutions.
Conclusion	- Introducing international practices is crucial for enhancing JSCs' capital market participation and boosting Uzbekistan's economic growth and global competitiveness.

**Conclusion** Introducing international practices to activate joint-stock companies' participation in capital markets is of significant importance for Uzbekistan. By implementing international financial standards, expanding the use of digital technologies, increasing transparency, and attracting foreign investors, joint-stock companies can succeed in international markets, which will benefit not only these companies but the entire economy. Simultaneously, adopting international practices will enhance Uzbekistan's competitiveness and help it secure a worthy place in global capital markets.

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