



International Congress on Economics, Management and Business Studies

Hosted Online from New York, USA

Date: 23rd June , 2026

Website: <https://econferencia.com>

ENSURING THE FINANCIAL STABILITY OF JOINT-STOCK COMPANIES IN FINANCING INVESTMENT PROJECTS

Fazliev Farrukh Fakhriddinovich

Independent Researcher

Tashkent State University of Economics

Abstract:

This article presents a systematic analysis of the theoretical foundations for effectively financing the investment activities of joint-stock companies. In particular, it discusses critical aspects of investment decision-making such as the cost of capital, level of risk, capital structure, and the balance between shareholder interests and managerial decisions.

Furthermore, the article examines the development of financial infrastructure, the utilization of stock market instruments, and the role of institutional and legal mechanisms in enhancing the investment activity of joint-stock companies in the context of the Republic of Uzbekistan. Based on statistical data from the national stock market, the practical state of investment financing is assessed, and the need to develop effective financing strategies for Uzbek joint-stock companies is substantiated.

The study also puts forward scientific and practical recommendations for designing an improved financing model tailored to Uzbekistan's economic environment, drawing upon relevant international experiences.

Keywords: joint-stock companies, investment, investor, investment activity, financing, investment projects, sources of financing, stock markets, real investments, financial investments.



International Congress on Economics, Management and Business Studies

Hosted Online from New York, USA

Date: 23rd June , 2026

Website: <https://econferencia.com>

Intriduction

Financing of investment projects is understood as the effective use of allocated financial resources with a clearly targeted approach to meet the needs of a specific investment project. This form of financing is mainly aimed at making investments in real assets, rather than financial ones, and plays an important role in the innovative activities of joint-stock companies.

As is known, investment projects, especially in the infrastructure, energy and real estate sectors, require large capital expenditures. In many large projects initiated by joint-stock companies, finding sources of financing is one of the pressing problems, especially in the initial stages of the project. Practical experience shows that most financial investors and strategic partners make decisions only after at least a third of the capital attracted to the project has already been invested. This encourages joint-stock companies to gradually seek sources of financing, including through the stock market, commercial banks, investment funds and international financial institutions.

In this regard, the optimized capital structure model, cost of capital and analysis of investment risks are the main theoretical and practical aspects of financing investment projects of joint-stock companies. Especially in resource-limited conditions, the use of diversified financing methods by joint-stock companies, that is, the combination of equity, debt resources and financial sources based on public-private partnerships, is of particular importance.

Today, in our economy, one of the priorities of state policy is to stimulate employment, incomes and economic growth rates by increasing investment activity in industry, services, construction and other strategic sectors. In this context, improving institutional conditions for financing investment projects of joint-stock companies, strengthening the legislative framework, and developing financial infrastructure are of urgent importance.



International Congress on Economics, Management and Business Studies

Hosted Online from New York, USA

Date: 23rd June , 2026

Website: <https://econferencia.com>

Analysis of literature on the topic

In recent years, the consistent implementation of economic reforms in the Republic of Uzbekistan, in particular, as a result of the development of long-term strategic development concepts by President Sh.M. Mirziyoyev, has further strengthened the role of investments in sustainable economic development. In this regard, the establishment of financing funds on the basis of adopted state programs, the attraction of existing savings of the population to investment circulation, and the expansion of the financial capabilities of joint-stock companies are considered urgent tasks. [1] Joint-stock companies are using the opportunities of the stock market to effectively finance their investment projects. In particular, raising resources through the issuance of shares and bonds in the capital market is an important financial tool for these entities.

According to the views of the famous economist W. Sharp on investment strategy, an investment approach that provides a balance between the profitability and riskiness of securities serves as the theoretical basis for financing corporate investment activities. Especially for joint-stock companies, gaining investor confidence and managing risks are key factors determining the success of financing through the stock market. [2]

One of the economists who developed this point of view, Ya. Mirkin, analyzing the importance of stock markets in investment financing for the corporate sector, indicates the level of confidence of market participants as a key factor in the formation of equity capital. [3] According to him, in the CIS countries, including Uzbekistan, the low demand for corporate securities in the stock market, the relatively high level of risk, and the insufficient development of institutional participants limit the possibilities of financing investments through the stock market. In such conditions, as U. Sharp noted, financial intermediaries appear as indirect, but important participants in attracting capital through the stock market



International Congress on Economics, Management and Business Studies

Hosted Online from New York, USA

Date: 23rd June , 2026

Website: <https://econferencia.com>

for joint-stock companies - commercial banks, pension funds, insurance companies and other institutional investors. Through them, real sector entities can attract the necessary financial resources for investment projects. According to the Modigliani–Miller theorem, in perfect market conditions, the value of a corporation is independent of its capital structure. However, in real conditions (in the presence of taxes, bankruptcy costs, asymmetric information), the choice of capital structure serves as an important signal for investors. [4]

According to R. Brealey and S. Myers, the basis of investment decisions is the cost of capital, cash flows, and risk assessment. In joint-stock companies, calculating the NPV of projects and combining it with the capital structure is a central part of the investment strategy. [5]

According to J. Tobin, if the market value of a company is higher than the replacement cost of its assets, then it is advisable to invest. The price of joint-stock companies on the stock market has a strong influence on their investment decisions. [6]

One of the economists of our country, D.G. According to Gozibekov, investment is a process of attracting funds from clear and reliable sources, mobilizing them in a reasonable manner, managing risks and achieving the expected economic efficiency while maintaining the value of capital [7]. This approach is especially important in the activities of joint-stock companies, since their investment strategy is based on the optimal balance between risks and profits. According to A.V. Vahabov, investment projects of joint-stock companies are closely related to the development of the capital market. Financing through shares and bonds in financial management is the main source of attracting long-term investments. [8] Based on the above scientific views and state policy, it can be concluded that the development of the stock market, the activities of institutional participants, as well as the implementation of international financial experience in national



International Congress on Economics, Management and Business Studies

Hosted Online from New York, USA

Date: 23rd June , 2026

Website: <https://econferencia.com>

practice require special attention in financing investment projects by joint-stock companies. Therefore, improving sources and means of financing in this area based on scientific, theoretical and methodological approaches will contribute to the sustainable growth of the national economy.

Research methodology

This article studies the scientific works of economists from Uzbekistan and foreign countries devoted to the theoretical aspects of sources and methods of financing investments and investment activities. The research methodology used is a comparative analysis of literature and methods of hypothesis substantiation.

Analysis and results

Theoretical approaches used in financing investment projects of joint-stock companies directly affect their financial stability and strategic development. Based on the above theories and classifications, it becomes possible to develop optimal financing strategies for joint-stock companies. In particular, effective cooperation with the stock market, credit institutions and investors contributes to the optimal formation of the capital structure.



International Congress on Economics, Management and Business Studies

Hosted Online from New York, USA

Date: 23rd June , 2026

Website: <https://econferencia.com>

1-table Scientific and theoretical classification of sources of financing investment projects of joint-stock companies¹

Classification criterion	Types of sources	Explanation (scientific basis)
Origin of the funding source	- Internal sources - External sources	The impact of capital structure on decisions is studied based on the theory of Modigliani and Miller (Modigliani & Miller, 1958)
Source of capital formation (by origin)	- Domestic capital (national capital) - Foreign capital	In the context of liberalization of capital movements, foreign investments serve as an important resource for JSCs.
According to property law	- Personal funds - Borrowed funds	Based on Pecking Order Theory, corporations prefer internal resources first, then external ones (Myers & Majluf, 1984)
By material form	- Cash - Financial assets - Real (tangible) assets - Intangible assets	It is evaluated based on the investment portfolio theory developed by Sharpe (1964)
By financing term	- Long-term resources (fixed capital) - Short-term resources	Based on the Matching Principle, long-term assets should be financed with long-term sources.
By direction of use	-Resources for real investments - Resources for financial investments	Real investments – creation of productive assets; financial investments – investment in instruments on the stock market
By stage of the investment process	- Pre-Investment- Investment- Post-Investment Stage Resources	Project Finance model based on Gatti (2012) – each stage requires separate risk and financial strategies

¹ Author's development



International Congress on Economics, Management and Business Studies

Hosted Online from New York, USA

Date: 23rd June , 2026

Website: <https://econferencia.com>

This distribution of investment resources is used only in the process of ensuring the implementation of real investment projects. The effectiveness of investment activities is largely determined by the targeted formation of its investment resources. The main goal of forming sources and methods of financing investment projects is to meet the needs for the purchase of necessary investment assets and optimize their structure in terms of ensuring effective results of investment activities. The method of financing investment projects is understood as attracting investment resources in order to ensure the financial feasibility of the project.

2-table Advantages and disadvantages of sources of financing investment projects²

Source of funding	Advantages	Disadvantages
Internal funds	Maintains independence Low risk Reinvest profits	Limited size Not enough for large projects
Loan funds	Tax deductions Increase ROE through financial leverage	High payment obligations Increases financial risk
Share issue	Attracts a wide audience Dividend is not mandatory	Diminished Ownership Cash Flow Uncertainty Due to Market Price
Bond issue	Long-term source Less risk for the investor	Interest payments are mandatory Rating required
Foreign investments	Innovation and technology import Large-scale resources	Currency risks Dependence on foreign investors
Government subsidies or grants	Non-refundable funds Convenient for social projects	Limited scope Required to comply with the terms of targeted referral

² Author's development



International Congress on Economics, Management and Business Studies

Hosted Online from New York, USA

Date: 23rd June , 2026

Website: <https://econferencia.com>

The above table and analysis show the need for a correct strategic choice of resources in terms of source, form, term and stages of financing investment projects for joint-stock companies. Each source of financing has its own advantages and limitations, and when choosing them, it is necessary to take into account the financial condition of the company, development strategy and market conditions.

The process of financing investment projects is directly related to the use of financial instruments, which directly affects the interests of investors in joint-stock companies. When organizing investment activities, joint-stock companies strive to attract the capital of shareholders, taking into account their economic and financial interests. This, in turn, determines the level of implementation of investment projects with the participation of shareholders.

By attracting various sources in the financing of investment projects implemented in the national economy, it is possible to analyze the dynamics of investment activity by sector. In the case of joint-stock companies, this process is inextricably linked to their availability of financial resources and the effective allocation of these resources. By identifying the relationship between the development of industries and their potential to attract investments, it becomes possible to assess the competitiveness of joint-stock companies in market conditions. In this regard, there is a proportional relationship between the pace of investment attraction activities and their results.



International Congress on Economics, Management and Business Studies

Hosted Online from New York, USA

Date: 23rd June , 2026

Website: <https://econferencia.com>

3-table Analysis of changes in financial stability coefficients in the assessment of investment projects of Almalyk KMK JSC³

Indicators	Years						The difference between 2023 and 2018,(+;-)
	2018	2019	2020	2021	2022	2023	
Debt to equity ratio	1,15	0,95	0,77	0,75	1,81	1,25	0,1
The ratio of the share of the enterprise's own funds in total funds	0,46	0,51	0,56	0,57	0,35	0,44	-0,02
The ratio of the share of fixed and tangible working capital in the total assets of the enterprise	0,76	0,87	0,87	0,81	0,76	0,84	0,08
Ratio of long-term assets to total assets of the enterprise	0,61	0,64	0,70	0,65	0,65	0,73	0,12
Equity ratio	-0,16	-0,35	-0,49	-0,22	-0,08	-1,14	0,98
Capital employed ratio	0,55	0,60	0,56	0,39	0,50	0,64	0,09
Current assets to debt ratio	0,72	0,74	0,66	0,81	0,54	0,46	-0,26
The quick ratio of the enterprise's own funds	0,37	0,36	0,29	0,35	0,35	0,26	-0,11

The indicators shown in the table above allow us to analyze the financial condition of joint-stock companies in the context of annual changes. In the process of this analysis, the specificity of each indicator, annual trends and their impact on financial stability are considered.

First of all, if we consider the ratio of borrowed and own funds, this indicator means how much debt capital is in the financial structure of the enterprise compared to its own funds. In 2018, this indicator was 1.15, but in subsequent

³Author's development



International Congress on Economics, Management and Business Studies

Hosted Online from New York, USA

Date: 23rd June , 2026

Website: <https://econferencia.com>

years, in 2020 and 2021, it decreased to 0.75-0.77, indicating a decrease in debt dependence. However, in 2022, this indicator increased sharply and reached 1.81, which indicates that the enterprise is heavily reliant on borrowed funds. In 2023, it decreased slightly, reaching 1.25. The increase in 2023 compared to 2018 was 0.1 units, which indicates a significant increase in the level of financial risks. Such changes indicate the importance of debt management in ensuring the financial stability of joint-stock companies.

The coefficient of the share of the enterprise's own funds in total funds reflects the share of the enterprise's own capital in financing. This indicator has shown an upward trend since 2018, reaching 0.57 in 2021. This made it possible to expand activities at the expense of its own funds. However, in 2022 the indicator decreased sharply, falling to 0.35, and remained at 0.44 in 2023. A decrease of 0.02 units compared to 2018 indicates a weakening in the provision of joint-stock companies with their own capital. This indicates an increase in dependence on external sources of financing, that is, debt and other attracted capital.

The coefficient of the share of fixed and tangible working capital in the total assets of the enterprise indicates the stability of the material base of the activity. This indicator increased from 0.76 to 0.84 from 2018 to 2023, showing a positive difference of 0.08 units. This trend indicates that joint-stock companies have investments aimed at modernizing tangible assets and increasing production capacity.

The coefficient of the share of long-term assets in the total assets of the enterprise is also showing steady growth - from 2018 to 2023 it increased from 0.61 to 0.73, that is, an increase of 0.12 units was observed. This, in turn, indicates that joint-stock companies are focusing on the development of long-term investments and the share of assets in capital is strengthening.



International Congress on Economics, Management and Business Studies

Hosted Online from New York, USA

Date: 23rd June , 2026

Website: <https://econferencia.com>

However, the analysis of the equity ratio raises concerns from the point of view of financial stability. This indicator has been constantly in negative values from 2018 to 2023, falling to -1.14 in 2023. Negative values indicate a sharp decline in the enterprise's equity. This indicates a weakening of the joint-stock company's ability to make investments based on its own capital and may lead to increased financial risks.

The ratio of the composition of attracted capital, on the contrary, shows a positive trend - from 2018 to 2023, it increased by 0.09 units, from 0.55 to 0.64. This indicator indicates that joint-stock companies are increasing their activity in attracting external capital for financing, but the risks associated with this also increase.

Another important indicator of financial stability is the ratio of current assets to borrowed capital, which is decreasing: from 0.72 in 2018 to 0.46 in 2023, that is, a decrease of 0.26 units. This indicates that the enterprise's short-term assets have become less able to provide loans, which may lead to a decrease in financial liquidity and short-term solvency.

The last indicator - the coefficient of rapid mobility of the enterprise's own funds - is also on the decline: it decreased by 0.11 units, from 0.37 in 2018 to 0.26 in 2023. This indicates a slowdown in the effective turnover rate of funds, that is, a decrease in liquidity and operational efficiency.

The choice of sources of financing for investment projects is an important factor for joint-stock companies that determines not only the economic efficiency of investment activities, but also the distribution of income from investments, the level of use of available capital, and the financial stability of the company. The composition and structure of financing sources are formed in accordance with the organizational and legal form, scope of activities and strategic goals of the joint-stock company.



International Congress on Economics, Management and Business Studies

Hosted Online from New York, USA

Date: 23rd June , 2026

Website: <https://econferencia.com>

Therefore, effective organization of investment activities in joint-stock companies, strengthening their financial infrastructure, and rational selection of external and internal financial sources will not only increase investor confidence, but also ensure the growth and competitiveness of the enterprise's capital.

Conclusion and suggestions

For developed countries of the world and developing or economically depressed countries, maintaining or further developing the global technical and technological level of the national economy directly depends on the effectiveness of investment policy. It is from this perspective that a policy that encourages the adoption of investment decisions and the implementation of investment projects is one of the important tools in ensuring the sustainable growth and competitiveness of the national economy.

The process of financing investment projects in the activities of joint-stock companies is especially important, since their technical and financial capabilities directly determine the effectiveness of investment. At the same time, in many countries, including our republic, import duties or other tariff policies are used to protect joint-stock companies from domestic and foreign competitors. This creates opportunities for joint-stock companies to sell their products in the domestic market not at competitive prices, but at inflated prices. Although such a policy supports local producers in the short term, it can negatively affect their innovative development in the long term.

Improving the sources and methods of financing investment projects is an important condition for the financial stability and effective development of joint-stock companies. To this end, it is recommended to implement the following proposals and recommendations:



International Congress on Economics, Management and Business Studies

Hosted Online from New York, USA

Date: 23rd June , 2026

Website: <https://econferencia.com>

- study foreign experience in developing methods of financing investment projects of joint-stock companies and adapt these experiences taking into account the specific characteristics of the national economy;
- simplify the process of assessing the value of financing sources, as well as accelerate the investment process by extending the examination periods and reducing bureaucratic obstacles;
- further strengthen cooperation between investment initiators and commercial banks, including facilitating the attraction of debt resources through the development of contractual relations based on mutual trust;
- in order to overcome the lack of financial resources and difficulties in financing, joint-stock companies should actively use non-traditional methods of financing - innovative mechanisms such as leasing, seleng, syndicated loans, venture capital, crowdfunding and crowdfunding.

The effective implementation of the above measures will not only improve the quality of financing investment projects of joint-stock companies, but also ensure the stability of the country's socio-economic development and improve the well-being of the population. Therefore, the activities and financial instruments of joint-stock companies play an important role in the formation of investment policy, and their development is a key factor in increasing the overall competitiveness of the country's economy.

References

1. O‘zbekiston Respublikasi Prezidenti Shavkat Mirziyoevning Oliy Majlisga Murojaatnomasi, xalq so‘zi 2017 yil 22 dekabr.
2. Шарп У. идр. Инвестиции. Пер. с англ.-М. ИНФРА-М, 2001. -С. 9-10.



International Congress on Economics, Management and Business Studies

Hosted Online from New York, USA

Date: 23rd June , 2026

Website: <https://econferencia.com>

3. Миркин Я. Рынок ценных бумаг России: воздействие фундаментальных факторов, прогноз и политика развития. – Москва: Альпина Паблишер. 2002. – С. 117.
4. Modigliani, F., & Miller, M.H. (1958). The Cost of Capital, Corporation Finance and the Theory of Investment. The American Economic Review, 48(3), 261–297.
5. Brealey, R.A., Myers, S.C., & Allen, F. (2014). Principles of Corporate Finance. McGraw-Hill Education.
6. Tobin, J. (1969). A General Equilibrium Approach to Monetary Theory. Journal of Money, Credit and Banking, 1(1), 15–29.
7. G‘ozibekov D.G‘. Investitsiyalarni moliyalashtirish muammolari - T.:2002. i.f.d. diss. avtoref. 11-14 b.
8. Vahabov, A.V. (2020). Moliyaviy menejment. – Toshkent: Iqtisodiyot.
9. Haydarov O‘.A. “O‘zbekistonda investitsiya faoliyatini moliyaviy boshqarishning zamonaviy holati”. “Xalqaro moliya va hisob” ilmiy elektron jurnali. 2019 yil dekabr №6. 8-b., (08.00.00, №12).