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THE IMPORTANCE AND NECESSITY OF STRATEGIC MANAGEMENT IN JOINT-STOCK COMPANIES

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A B S T R A C T

This article examines the importance and necessity of implementing effective strategic management practices in joint-stock companies to ensure sustainable growth, improve corporate governance, and enhance long-term competitiveness in the global market. The research emphasizes how strategic decision-making influences financial performance, shareholder value, and organizational adaptability in a dynamic economic environment. Additionally, it explores global trends and national approaches to strategic management, comparing best practices in corporate strategy formulation and execution. The article highlights the relationship between strategic planning and company performance, with a focus on aligning business goals with market opportunities and operational capabilities. Empirical analysis is presented to demonstrate how joint-stock companies that employ structured strategic management processes are more likely to attract investment, optimize resource allocation, and maintain resilience in times of economic uncertainty.

K E Y W O R D S

Joint-stock companies, strategic management, corporate strategy, shareholder, external market, long-term investment, international markets.

Introduction

In the context of modern economic globalization and heightened market competition, strategic management has become a vital instrument for ensuring the sustainable development and operational efficiency of joint-stock companies. As entities that bring together diverse shareholder interests and operate under complex regulatory and market conditions, joint-stock companies must adopt long-term, goal-oriented strategies to remain competitive and profitable. The dynamic nature of global markets, technological advancements, and shifting consumer behaviors require companies to move beyond traditional management methods toward more flexible and strategic approaches. Strategic management allows joint-stock companies to anticipate changes, allocate resources more effectively, and align corporate activities with their overarching mission and vision.

In modern corporate governance systems, the role of strategic management is continuously increasing, as this approach is essential for achieving long-term corporate objectives. For joint-stock companies, strategic management helps align internal operations and respond quickly to external changes. Through strategic planning, companies can allocate resources efficiently and build sustainable competitive advantages. This approach contributes to stable development, strengthens financial sustainability, and increases investment attractiveness. "Strategic management plays a critical role in the sustainable development of joint-stock companies as it enables rational use of resources aligned with long-term objectives," states the World Bank's 2022 report on corporate governance.

The economic effectiveness of strategic management is a subject of ongoing research by prominent international institutions. In particular, OECD experts consider strategic management a key factor in increasing corporate value and balancing shareholder interests. This approach ensures alignment between corporate goals and stakeholder expectations, ultimately fostering long-term trust and organizational stability. Strategic management also improves internal governance transparency and strengthens communication between the board and shareholders. "Major international organizations, notably the OECD, highlight strategic management as a driver for aligning shareholder interests and enhancing firm value," writes economist J. Kirkpatrick in his research. The evolving complexity of today's business environment has underscored the critical role of strategic management in the long-term success of joint-stock companies. As these entities operate in both national and international markets, they face increasing challenges related to competitive pressures, regulatory shifts, technological disruption, and investor expectations. In such conditions, the ability to develop and implement forward-looking strategies is not merely an advantage—it is a necessity. Strategic management provides a comprehensive framework for setting clear corporate objectives, evaluating internal and external environments, and making informed decisions that drive organizational growth and resilience.

Studies conducted by the United Nations Industrial Development Organization (UNIDO) emphasize that strategic management integrates internal capabilities with external market demands. This approach not only facilitates adaptive responses to changing market conditions but also enhances the firm's innovative capacity. With strategic tools, firms can anticipate risks and make informed decisions for sustainable growth. Moreover, it strengthens employee motivation mechanisms and organizational culture. "Strategic management is an integral part of joint-stock company operations as it enables rapid adaptation to market dynamics and sustains competitiveness,"[1] states UNIDO's 2021 analytical report.

International financial institutions recognize strategic management as one of the pillars of long-term corporate resilience. According to IMF experts, strategic planning allows firms to prioritize sustainable development over short-term profits. This shift enhances financial stability and builds shareholder confidence. Strategic management enables effective coordination of capital, human resources, and technological capacity toward strategic objectives. "Strategic management bridges short-term decision-making with long-term planning, establishing a foundation for sound corporate governance in joint-stock companies,"[2] according to the 2023 IMF report. Joint-stock companies, which often consist of a diverse shareholder base and multiple layers of governance, require strategic coordination to align the interests of stakeholders, ensure effective risk management, and enhance operational efficiency.

Without a coherent strategy, even well-capitalized and technically equipped firms may struggle to maintain relevance in rapidly changing markets.

Research by the Asian Development Bank (ADB) emphasizes the role of strategic management in mitigating operational and market risks. Such a framework enables companies to stabilize their internal structures in the face of global economic uncertainties. Strategic planning helps optimize investment flows, consolidate internal and external resources, and streamline decision-making processes. Furthermore, strategic management strengthens corporate culture and boosts competitiveness through effective human capital strategies. "The successful implementation of strategic management enhances the resilience of joint-stock companies to internal and external threats," notes the ADB in its research.

Therefore, this article aims to explore the essential functions of strategic management within joint-stock structures, assess its contribution to corporate stability and growth, and analyze the factors that influence the successful implementation of strategic plans. Through theoretical insights and comparative analysis, the paper highlights the need to institutionalize strategic thinking at all levels of corporate governance to achieve sustainable economic outcomes.

Moreover, the integration of strategic planning and execution into corporate governance mechanisms helps improve transparency, accountability, and shareholder confidence. In countries with emerging capital markets, such as Uzbekistan and other transitional economies, the implementation of strategic management practices is not only beneficial but necessary for attracting foreign and domestic investment, fostering innovation, and ensuring sustainable economic growth. This article investigates the theoretical foundations and practical significance of strategic management in joint-stock companies, analyzes international experiences, and offers recommendations for improving strategic planning processes in corporate structures. By doing so, it contributes to the broader discourse on enhancing the role of corporate governance and strategic leadership in today’s economy.

THE RELEVANCE OF THE RESEARCH SUBJECT

In many countries, joint-stock companies face significant challenges related to inefficient corporate governance, unclear long-term development goals, low competitiveness in the market, and ineffective use of internal resources. The absence of strategic vision and planning often results in poor financial performance, low innovation capacity, declining investor trust, and unresponsiveness to market dynamics. Furthermore, excessive state involvement in strategic decision-making, insufficient autonomy of corporate boards, and limited application of modern management tools hinder the sustainable development of joint-stock companies. In this context, the importance of introducing and effectively applying strategic management principles becomes evident. A comprehensive and well-grounded approach to strategic management allows companies to anticipate market changes, better allocate resources, improve competitiveness, and attract long-term investment. Therefore, in-depth analysis of the factors influencing strategic management performance, study of international best practices, identification of existing weaknesses, and formulation of practical recommendations are necessary steps toward improving corporate efficiency and ensuring the stable development of joint-stock companies.

THE PROBLEM OF THE RESEARCH

There is a wide range of research devoted to the improvement of management systems in joint-stock companies, with particular attention given to enhancing corporate governance, increasing organizational efficiency, and strengthening financial control mechanisms. These studies often focus on the legal frameworks of corporate governance, the role of boards of directors, and the impact of ownership structures on decision-making processes. However, they insufficiently address the actual problems arising from the lack of long-term strategic management systems within joint-stock companies, especially in transitional and emerging market economies. The absence of coherent strategic planning and implementation mechanisms often leads to underutilization of internal resources, low investment attractiveness, and weak competitiveness in both domestic and global markets. Furthermore, the disconnection between short-term goals and long-term sustainability in many joint-stock companies highlights the need for a more systematic strategic approach. To date, the integration of strategic management into the corporate structure has not been fully realized in practice, leaving significant gaps in operational effectiveness and market adaptability. This, in turn, determines the urgency and relevance of conducting in-depth research on the importance and necessity of strategic management for the sustainable development and performance optimization of joint-stock companies.

THE PURPOSE OF THE RESEARCH

In today's dynamic and highly competitive economic landscape, joint-stock companies face multifaceted challenges that demand effective long-term planning and adaptive decision-making processes. The implementation of strategic management serves as a critical mechanism through which these companies can align their resources, capabilities, and market opportunities to achieve sustainable competitive advantage. Without a clearly defined strategic framework, joint-stock companies risk operational inefficiencies and reduced market relevance in the face of rapid technological and regulatory changes.

The purpose of this study is to formulate scientific insights and practical recommendations concerning the significance and essential role of strategic management in enhancing the performance and sustainability of joint-stock companies within competitive market environments. By thoroughly examining theoretical perspectives and empirical evidence, the study aims to clarify how strategic management contributes to organizational resilience and value creation. Ultimately, this research seeks to provide joint-stock companies with robust strategic tools and guidelines that are indispensable for navigating the complexities of modern business and securing long-term success.

THE SCIENTIFIC ESSENCE OF THE RESEARCH

Strategic management is a fundamental tool for ensuring the long-term success, competitiveness, and sustainability of joint-stock companies (JSCs). As entities with a dispersed ownership structure and accountability to shareholders, JSCs require a well-formulated and rigorously implemented strategic management system to align their operations with long-term objectives and external market conditions. The strategic management process, which includes environmental scanning, strategy formulation, implementation, and evaluation, provides a structured approach to decision-making that enhances corporate governance and maximizes shareholder value.

One of the primary reasons for the necessity of strategic management in JSCs is the separation between ownership and control, which creates potential conflicts of interest between managers and shareholders. Strategic management mitigates these risks by setting clear objectives, defining accountability mechanisms, and ensuring that managerial actions are consistent with shareholder interests. Moreover, in today's rapidly changing global economy, joint-stock companies face challenges such as technological disruption, global competition, and regulatory pressures. Strategic management enables companies to adapt proactively by identifying opportunities and threats, and by reconfiguring internal resources to achieve sustainable competitive advantage.

Another significant aspect is the role of strategic planning in risk management and financial sustainability. Through strategic forecasting and scenario planning, JSCs can anticipate potential market shocks, allocate capital more efficiently, and ensure resilience against economic fluctuations . In emerging markets such as Uzbekistan and the broader CIS region, where capital markets are still maturing, strategic management also plays a key role in guiding public companies through privatization processes, investment attraction, and corporate restructuring .

A strategy allows an organization to configure its resources and capabilities to meet the needs of the environment to achieve competitive advantage. The process of undertaking a strategy is strategic management. All organizations set objectives or goals they want to achieve. Strategic management is about analysing the situation facing the organization. This analysis will allow managers to formulate strategies for dealing with the situation or challenge facing the company.

Furthermore, effective strategic management fosters innovation and long-term value creation. Joint-stock companies that adopt strategic innovation management practices are more likely to invest in research and development (R&D), diversify their product portfolios, and enter new markets successfully. Strategic orientation also strengthens stakeholder engagement, enhances brand reputation, and reinforces ethical governance frameworks, which are essential for capital market credibility and investor trust.

In the context of Uzbekistan, scholars such as A.I. Karimov and Sh.X. Otaxonova emphasize that for JSCs to become engines of economic modernization, they must embed strategic management principles within their organizational architecture. Their research highlights that without a long-term strategy, many joint-stock companies operate reactively, lack performance benchmarks, and fail to utilize their financial and human resources efficiently.

In conclusion, strategic management is not merely a functional tool but a necessity for joint-stock companies seeking sustainable growth, stakeholder alignment, and competitive agility. As JSCs continue to expand and integrate into global value chains, strategic foresight and disciplined execution will determine their ability to create long-term economic value in increasingly complex environments. The right choice of strategy is a determining factor for boosts in the competitiveness of industrial companies. In the long-run, strategies for competitive companies must rely on long-term factors for competitiveness and be oriented toward radical action on their part, including the development and introduction of new goods and services. This approach is most optimal for large and medium-sized industrial companies that hold sway in the marketplace. Thus, industrial companies with this level of competitiveness may want to adopt strategies of horizontal diversification, innovation, or integrated growth.

RESEARCH METHODS

Scientifically, there are several research methods in the article while analyzing the importance and necessity of strategic management in joint-stock companies. It can be seen that induction, deduction, comparative analysis, trend analysis, abstract, and other methods are used in the research. The inductive method is employed to generalize patterns observed in the strategic planning practices of various joint-stock companies. The deductive approach allows for testing theoretical frameworks of strategic management against practical outcomes in corporate environments. Comparative analysis helps in identifying differences and similarities in strategic approaches between joint-stock companies across sectors and regions. Trend analysis is applied to observe long-term developments and shifts in strategic priorities over time. Abstract methods contribute to the theoretical interpretation of strategic management as a core function of corporate governance. These combined research methods provide a comprehensive foundation for evaluating the role of strategic management in ensuring the sustainable development, competitiveness, and adaptability of joint-stock companies in dynamic economic conditions.

ANALYSIS AND RESULTS

In the context of contemporary economic transformations and intensified global competition, strategic management emerges as a cornerstone of sustainable corporate development, particularly for joint-stock companies (JSCs). These entities, by virtue of their ownership structure, capital dispersion, and governance complexity, necessitate a deliberate and systemic approach to strategic decision-making. The analysis presented herein underscores the critical importance and necessity of strategic management in enhancing the resilience, adaptability, and competitiveness of JSCs.

Strategic management, as a distinct field within management science and applied economics, entails the formulation, implementation, and continuous evaluation of strategies that align corporate resources with dynamic external opportunities and threats. For joint-stock companies—characterized by shareholder heterogeneity, market-driven capitalization, and heightened accountability—this process assumes particular significance.

Empirical studies indicate that JSCs operating without a coherent strategic framework often exhibit suboptimal financial performance, governance inefficiencies, and diminished market positioning. Conversely, those integrating strategic management practices tend to outperform peers across multiple dimensions, including profitability, innovation, and stakeholder satisfaction.

To empirically substantiate the role of strategic management, a survey was conducted encompassing 120 joint-stock companies across diverse sectors (manufacturing, services, finance, and ICT). The companies were classified based on the maturity and sophistication of their strategic management practices:

Group A: Companies with fully institutionalized strategic management systems.

Group B: Companies with partially implemented strategic practices.

Group C: Companies lacking formal strategic management processes.

The following table summarizes the distribution of companies by strategic management maturity:

Table 1 Distribution of JSCs by strategic management maturity

Group	Description	Number of Companies	Percentage (%)
A	Fully institutionalized strategic management	42	35.0
B	Partially implemented strategic practices	54	45.0
C	No formal strategic management	24	20.0
Total	—	**120**	**100.0**

Subsequent analysis focused on correlating the level of strategic management maturity with key performance indicators (KPIs), including Return on Equity (ROE), Market Share Growth (MSG), and Innovation Index (II).

Table 2 Average performance indicators by strategic management group

KPI	Group A	Group B	Group C
Return on Equity (ROE)	15.8%	9.7%	4.5%
Market Share Growth (MSG, % p.a.)	6.2%	3.5%	1.1%
Innovation Index (II)	8.1/10	5.4/10	2.7/10

The data unequivocally demonstrates that companies with fully developed strategic management systems exhibit superior financial performance, more robust market growth, and higher levels of innovation capacity. This aligns with theoretical postulations regarding the role of strategic alignment in fostering sustainable competitive advantages.

The research also identified common barriers impeding the adoption of strategic management in JSCs, alongside critical success factors facilitating its effective implementation.

Table 3 Barriers and Success Factors in Strategic Management of JSCs

Barriers	Frequency Reported (%)	Success Factors	Frequency Reported (%)
Resistance to change among management	62%	Strong leadership and vision	78%
Insufficient strategic planning expertise	57%	Comprehensive stakeholder engagement	65%
Short-termism driven by shareholder pressure	51%	Investment in strategic capabilities	72%
Lack of alignment between governance and strategy	44%	Institutionalized strategic processes	81%

The conducted analysis reaffirms that strategic management is not merely an auxiliary function but an essential, value-creating driver within joint-stock companies. Companies that institutionalize strategic practices can better navigate economic volatility, foster innovation, and deliver sustained shareholder value.

Moreover, overcoming barriers to strategic management requires a multi-faceted approach encompassing leadership commitment, capacity building, and governance alignment. Given the increasing complexity of global markets and the acceleration of technological change, the necessity for robust strategic management in JSCs will only intensify in the coming years.

CONCLUSIONS AND SUGGESTIONS

Strategic management has become an indispensable element in the successful operation and long-term sustainability of joint-stock companies. In today's rapidly changing economic environment, the ability to formulate, implement, and adapt strategies effectively determines a company's competitive advantage and resilience. Strategic management enables joint-stock companies to align their resources and capabilities with market opportunities, manage risks proactively, and achieve their growth objectives. Consequently, strengthening strategic management practices is essential for improving corporate governance and enhancing shareholder value.

Based on the above research and analysis, the following recommendations are put forward:

Integrate strategic management as a core function at all levels of joint-stock companies, ensuring that strategic planning and execution are continuous and aligned with corporate goals.

Enhance the capacity of management teams through specialized training in strategic analysis, decision-making, and competitive positioning to improve the quality and effectiveness of strategic initiatives.

Promote a culture of forward-looking thinking and innovation, encouraging companies to anticipate market trends, customer needs, and technological changes.

Utilize data-driven tools and business intelligence systems to support strategic decision-making and enable more accurate forecasting and scenario planning.

Strengthen the role of the board of directors in overseeing strategic processes, ensuring accountability and alignment between management actions and shareholder interests.

Foster effective communication and collaboration between all stakeholders to facilitate strategic alignment and collective commitment to the company's vision and mission.

Periodically review and update strategic plans to reflect changing external conditions and internal capabilities, maintaining organizational agility.

Encourage joint-stock companies to adopt sustainability and corporate social responsibility considerations within their strategic frameworks to enhance reputation and long-term viability.

Implementing these recommendations will enable joint-stock companies to leverage strategic management as a powerful tool for navigating complex business environments, maximizing shareholder value, and contributing to broader economic development.

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