



**MECHANISMS FOR ENHANCING THE INVESTMENT ACTIVITY
OF JOINT-STOCK COMPANIES IN THE EXPERIENCE OF
DEVELOPED COUNTRIES**

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ABSTRACT	KEYWORDS
<p>This study examines the mechanisms for enhancing the investment activity of joint-stock companies based on the experience of developed countries. The research focuses on the theoretical foundations and practical approaches to investment activity, highlighting the role of financial markets, institutional investors, and corporate governance systems in facilitating capital formation. A comparative analysis of the United States, Germany, and Japan is conducted to identify the key features of different financial models, including market-based, bank-based, and hybrid systems. The findings indicate that the level of investment activity in developed economies is largely determined by the depth of financial markets, the presence of institutional investors, and the effectiveness of corporate governance practices. In particular, the study reveals that stock market development and access to diverse financial instruments significantly enhance the ability of joint-stock companies to attract investment. Furthermore, the research emphasizes the importance of a stable institutional environment and transparent regulatory framework in promoting investor confidence.</p>	<p>Investment activity; joint-stock companies; capital markets; institutional investors; corporate governance; financial mechanisms; developed countries; IPO; investment policy; economic growth.</p>

Introduction

In the context of globalization of the world economy and integration of financial markets, the issue of effective organization of investment activities of joint-stock companies is gaining particular relevance. In particular, the experience of developed countries shows that investment activity of joint-stock companies is an important factor in ensuring stable rates of economic growth [1].

Today, improving mechanisms for stimulating investment activity, effective attraction of capital and its optimal distribution are among the priority tasks facing joint-stock companies. In this regard, the study of advanced mechanisms used in developed countries and their adaptation to the conditions of the national economy is of great scientific and practical importance.

The experience of developed countries shows that improving the corporate governance system, diversification of financial instruments, development of the stock market, and a favorable institutional

environment created by the state play an important role in activating investment activities in joint-stock companies [2].

The purpose of this article is to analyze the mechanisms for increasing the investment activities of joint-stock companies based on the experience of developed countries and to develop scientific proposals and recommendations for their improvement.

Literature review on the topic

Issues related to enhancing the investment activity of joint-stock companies have been widely studied in both theoretical and applied economic research, especially within the context of developed countries. Aswath Damodaran in his research emphasizes that investment decisions should primarily be guided by the objective of maximizing firm value [3]. In our opinion, this approach highlights the necessity of implementing value-based management principles in joint-stock companies, which ensures efficient capital allocation and contributes to long-term financial sustainability and shareholder wealth maximization.

Michael C. Jensen, within the framework of agency theory, argues that conflicts of interest between managers and shareholders significantly affect investment efficiency [4]. In our opinion, this perspective justifies the need to strengthen corporate governance mechanisms, particularly monitoring and incentive systems, in order to align interests and improve the effectiveness of investment decisions. Eugene F. Fama, through the efficient market hypothesis, demonstrates that well-developed financial markets facilitate optimal capital allocation and stimulate investment activity [5]. In our opinion, the development of capital markets plays a crucial role in increasing investment flows and ensuring transparency and efficiency in the allocation of financial resources.

Joseph E. Stiglitz highlights the importance of addressing information asymmetry and supports the role of government regulation in enhancing investment activity [6]. In our opinion, reducing information asymmetry through institutional reforms and regulatory frameworks is essential for building investor confidence and promoting sustainable investment growth.

Michael E. Porter, in his theory of competitive advantage, underlines the role of long-term investment strategies in strengthening firms' market positions [7]. In our opinion, strategic investment planning enables joint-stock companies to enhance their competitiveness and achieve sustainable economic performance in dynamic market environments.

John Maynard Keynes argues that investment activity is largely influenced by macroeconomic conditions and government policies [8]. In our opinion, maintaining macroeconomic stability and implementing effective fiscal and monetary policies are fundamental prerequisites for stimulating investment activity at the corporate level.

Among local scholars, Said Gulyamov emphasizes the importance of institutional reforms in improving the investment climate [9]. In our opinion, strengthening institutional frameworks is a key factor in increasing the attractiveness of the national economy for both domestic and foreign investors.

A. Vahobov notes that the efficient use of financial resources is a major determinant of investment activity in joint-stock companies [10]. In our opinion, improving financial management practices contributes significantly to enhancing investment efficiency and ensuring optimal resource utilization.

N. Jumaev highlights the importance of developing the stock market as a mechanism for expanding investment opportunities [11]. In our opinion, the development of stock market infrastructure facilitates capital mobilization and broadens access to investment resources for joint-stock companies.

Research Methodology

In preparing this article, a comparative and critical analysis of the legal documents, the literature and Internet information used, and the scientific and theoretical views of economists on the topic were carried out. In the course of studying the topic, along with general economic methods, systematic analysis, generalization, abstract-logical thinking, and statistical methods were used.

Analysis and Discussion of Results

Investment activity in joint-stock companies is an important component of the economic system, which plays a decisive role in the formation of capital, its efficient distribution and ensuring economic growth. According to modern economic theories, investments are the main drivers of economic development and serve to expand production capacity, introduce innovations and increase employment [12].

The concept of investment is broadly interpreted as the process of placing capital in various assets with the aim of generating future income. While representatives of the classical economic school directly linked investments with savings, later in Keynesian theory investments are considered as the main component of aggregate demand. From this point of view, the level of investments is an important factor determining economic activity.

Investment activity in joint-stock companies has its own characteristics. First, this form of organization allows attracting capital through a large number of investors. This creates favorable conditions for financing large investment projects. Secondly, the separation of ownership and management functions in joint-stock companies enhances the role of professional management in making investment decisions. Thirdly, there is a mechanism for redistributing capital through shares and other financial instruments, which ensures the efficient movement of investment resources [13].

Factors affecting investment activity can be systematically divided into internal and external factors. Internal factors include the financial condition of the enterprise, the level of profit, depreciation policy, dividend policy and corporate governance system. For example, a high level of profit and reinvestment policy expands investment opportunities. Also, an effective corporate governance system increases investor confidence and allows attracting additional capital.

External factors are related to the macroeconomic environment, the development of financial markets, government policy and the institutional system. In particular, the level of interest rates, inflation, tax policy and guarantees provided to investors have a significant impact on investment activity. In developed countries, it is the stability of these external factors that ensures the attractiveness of the investment environment.

When theoretically analyzing the mechanisms for increasing investment activity in joint-stock companies, financial instruments play an important role. Shares, bonds, derivatives and other financial instruments are the main means of attracting and distributing capital. In particular, the mechanism of attracting capital through the stock market expands the investment opportunities of joint-stock companies.

The theory of corporate governance is also important in explaining investment activity. According to this theory, the conflict of interests between managers and shareholders (agency problem) can affect the effectiveness of investment decisions. Therefore, this problem is minimized by introducing corporate governance standards in developed countries.

In conclusion, investment activity in joint-stock companies is a multifaceted economic process, which is theoretically interpreted differently by different economic schools. However, all approaches

converge on one point: investments are a key factor in economic growth, and effective mechanisms and a favorable institutional environment are necessary to stimulate them.

The experience of developed countries demonstrates the effective use of various economic models in increasing the investment activity of joint-stock companies. The level of organization of investment activity in these countries is high, which is explained by their developed financial infrastructure, the stability of the institutional system and the perfection of corporate governance standards.

In the economic experience of the United States, the investment activity of joint-stock companies is ensured mainly through the stock market. In the United States, capital markets are deep and highly liquid, which allows enterprises to attract large amounts of financial resources through stocks and bonds. The IPO (Initial Public Offering) mechanism is widely used, allowing new companies to quickly enter the capital market. In addition, institutional investors, in particular pension funds and investment companies, are one of the main sources of financing for joint-stock companies. This model serves to ensure the efficient allocation of capital and support innovative development [14].

In the German experience, investment activity is closely related to the banking system. The German economic model is characterized as a “bank-oriented system”, in which commercial banks act not only as lenders, but also as strategic partners of joint-stock companies. Banks actively participate in the assessment of investment projects of enterprises and provide long-term financing. This system plays an important role in reducing investment risks and ensuring financial stability. At the same time, the corporate governance system in Germany is highly developed, which increases investor confidence [15].

The Japanese experience is characterized by a unique institutional structure - the keiretsu system. In this system, large companies are interconnected by mutual shareholdings, and investment decisions are based on long-term strategic interests. In the Japanese model, close ties between banks and industrial enterprises ensure the stability of investment resources. This creates less dependence on short-term market fluctuations. Therefore, investments in the Japanese economy are more focused on long-term development [16].

When summarizing and analyzing the experience of developed countries, several main mechanisms are distinguished in increasing investment activity. First, developed financial markets allow for the efficient allocation of capital. Second, institutional investors ensure the stability of investment processes. Third, a transparent and effective system of corporate governance strengthens investor confidence. Fourth, a favorable legal and economic environment created by the state stimulates investment flows.

Also, mechanisms for financing innovative activities are widely developed in developed countries. Venture capital funds, startup ecosystems, and technology parks play an important role in the formation of new investment directions. In particular, in the USA, the Silicon Valley model is recognized as an effective example of attracting innovative investments. This allows joint-stock companies to operate in high-tech industries.

In general, foreign experience shows that increasing the investment activity of joint-stock companies requires an integrated approach. That is, financial instruments, the institutional system, corporate governance and state policy must work in harmony with each other. This approach serves to increase the efficiency of investment processes and ensure economic growth.

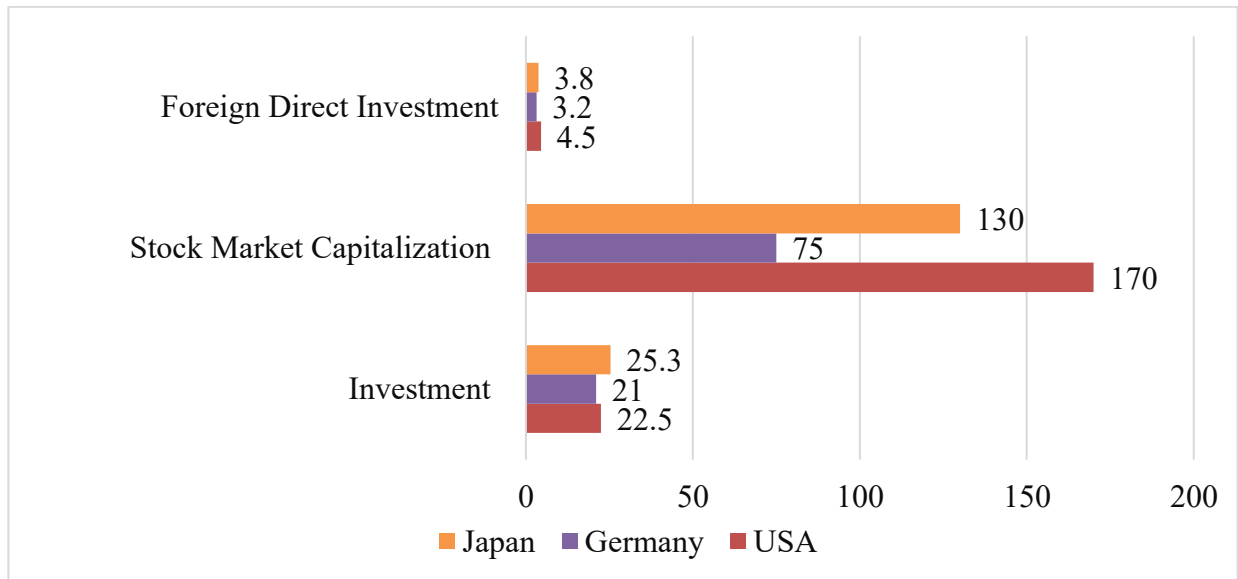


Figure 1. Key Indicators of Investment Activity in Developed Countries (% of GDP) [17]

Figure above presents key macroeconomic indicators that reflect the level of investment activity in selected developed countries, namely the United States, Germany, and Japan. The comparative analysis of these indicators reveals significant differences in investment patterns, financial market development, and capital inflows across these economies.

First, the data show that Japan has the highest level of investment relative to GDP (25.3%), followed by the United States (22.5%) and Germany (21.0%). This indicates that Japan places a strong emphasis on capital formation and long-term investment strategies. The relatively high investment rate in Japan can be explained by its industrial policy, technological orientation, and close cooperation between financial institutions and corporations.

Second, stock market capitalization as a percentage of GDP is significantly higher in the United States (170%) compared to Japan (130%) and Germany (75%). This highlights the dominant role of capital markets in the U.S. financial system. A high level of market capitalization indicates a deep and liquid stock market, which provides companies with broad access to external financing through equity instruments. In contrast, Germany’s lower capitalization ratio reflects its bank-based financial system, where companies rely more on bank loans than on stock market financing.

Third, foreign direct investment (FDI) levels also differ among the countries. The United States leads with 4.5% of GDP, followed by Japan (3.8%) and Germany (3.2%). This suggests that the U.S. economy is more attractive to foreign investors due to its stable institutional environment, strong legal framework, and developed financial infrastructure. Higher FDI inflows contribute to increased investment activity, technology transfer, and overall economic growth.

Overall, the table demonstrates that while all three countries maintain relatively high levels of investment activity, the underlying mechanisms differ substantially. The United States relies on market-based financing, Germany on bank-centered mechanisms, and Japan on a hybrid system combining elements of both. These structural differences play a crucial role in shaping the investment behavior of joint-stock companies and determining the efficiency of capital allocation within each economy.

The analysis of key investment indicators demonstrates that developed countries apply different financial mechanisms to support investment activity. However, in order to better understand how these mechanism function in practice, it is necessary to examine the specific tools and instruments used by joint-stock companies to attract and allocate capital.

In this regard, the following table presents the main investment mechanisms applied in developed economies, along with their characteristics and relative effectiveness. This allows for a more detailed evaluation of how financial instruments influence the investment behavior of corporations.

Table 1 Main Investment Mechanisms and Their Effectiveness in Developed Countries [17]

Mechanism	Description	Level of Use	Risk Level	Effectiveness
Initial Public Offering (IPO)	Issuing shares to the public to raise capital	Very high	Medium	High
Corporate Bonds	Debt financing through bond issuance	High	Low	High
Bank Loans	Financing through commercial banks	Medium	Low	Medium
Venture Capital	Investment in innovative and high-growth companies	Medium	High	Medium-High
Institutional Investors	Investment via pension funds, insurance companies, etc.	Very high	Low	Very high

Table above illustrates the main investment mechanisms used by joint-stock companies in developed countries and evaluates their relative effectiveness. The analysis shows that Initial Public Offerings (IPO) and institutional investors play a dominant role in attracting large-scale capital. IPOs are particularly effective due to their ability to generate substantial funding from a wide range of investors, although they involve moderate risk.

At the same time, corporate bonds are widely used as a stable and low-risk financing instrument, making them attractive for long-term investment projects. In contrast, bank loans, while reliable, demonstrate only moderate effectiveness due to their limited scalability and stricter lending conditions. Venture capital, although associated with high risk, remains an important mechanism for financing innovation and high-growth sectors. Overall, the table indicates that the most effective investment systems in developed countries rely on a combination of market-based instruments and institutional financing, ensuring both flexibility and stability in corporate investment activity.

In order to provide a clearer and more structured understanding of the mechanisms enhancing the investment activity of joint-stock companies in developed countries, a visual summary is presented below (Figure 2). The infographic illustrates the key factors, main financial instruments, and overall economic impact of investment activity in advanced economies.



Figure 2. Structural Framework of Investment Activity in Joint-Stock Companies: Evidence from Developed Economies [17]

The figure highlights three main dimensions of investment activity in developed countries. First, it identifies the key driving factors, including developed financial markets, the presence of institutional investors, and strong corporate governance systems. These elements form the institutional foundation that ensures efficient capital allocation.

Second, it outlines the primary financial mechanisms used by joint-stock companies, such as IPOs, bank financing, corporate bonds, and venture capital. These instruments enable companies to access diverse sources of funding and support both short-term and long-term investment strategies.

Finally, it demonstrates the overall impact of these mechanisms, including increased capital formation, efficient resource allocation, and enhanced economic growth. This confirms that the effectiveness of investment activity in developed countries is the result of a well-integrated system combining financial infrastructure, institutional support, and corporate management practices.

Conclusion and Suggestions

This study examined the mechanisms for enhancing the investment activity of joint-stock companies based on the experience of developed countries. The analysis demonstrated that investment activity is a multifaceted process influenced by financial, institutional, and managerial factors. Developed economies such as United States, Germany, and Japan have established effective systems that ensure a high level of capital formation and efficient resource allocation.

The findings indicate that the depth and development of financial markets play a decisive role in increasing investment activity. In particular, market-based systems provide companies with broader access to capital through equity and debt instruments. At the same time, bank-based and hybrid models contribute to financial stability and long-term investment orientation. Furthermore, the presence of

institutional investors significantly enhances the availability of long-term financial resources, reducing volatility and supporting sustainable growth.

Another important conclusion is that strong corporate governance and a transparent regulatory framework are essential for building investor confidence. Countries with well-established legal systems and effective protection of investor rights tend to attract higher levels of both domestic and foreign investment. In addition, innovation-driven investment mechanisms, including venture capital and technology-based financing, play a crucial role in promoting economic modernization.

Overall, the study confirms that there is no single universal model for increasing investment activity. Instead, a combination of different mechanisms adapted to national economic conditions ensures the highest level of effectiveness.

Based on the analysis of developed countries' experience, several recommendations can be proposed to enhance the investment activity of joint-stock companies:

First, it is essential to promote the development of capital markets by improving market infrastructure, increasing liquidity, and expanding the range of financial instruments. This will allow companies to access diverse and cost-effective sources of financing.

Second, strengthening the role of institutional investors, such as pension funds and insurance companies, is necessary to ensure the availability of long-term investment resources. Policies aimed at encouraging their participation in the financial market should be prioritized.

Third, improving corporate governance practices is crucial. The introduction of international standards, increased transparency, and accountability will enhance investor trust and reduce information asymmetry.

Fourth, governments should create a favorable investment climate by ensuring macroeconomic stability, reducing regulatory barriers, and providing tax incentives for investment activities. Legal protection of investors must also be strengthened.

Fifth, supporting innovation and venture financing mechanisms is important for fostering high-growth sectors. The development of start-up ecosystems and technology parks can significantly increase investment efficiency.

Finally, it is recommended to adopt a comprehensive and integrated approach that combines financial, institutional, and policy measures. Such an approach will enable joint-stock companies to increase their investment activity and contribute to sustainable economic growth.

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