

# Development of Investment Strategy of Joint - stock Companies

**Abdurazakova Nargiza Rikhsibaevna**

Alfraganus University, PhD

## Abstract

This paper examines conceptual approaches, methodological foundations, and practical aspects of forming investment strategies in joint-stock companies, with a focus on modern economic conditions and the increasing importance of investment planning. The research analyzes strategic decision-making processes, classification of investment strategies, and key factors influencing their development. Particular attention is given to the investment behavior of companies in Uzbekistan, their needs for attracting capital, and the challenges they face due to insufficient strategic planning. The study employs theoretical analysis, structured interviews, and examination of recent statistical data. The findings highlight that clearly defined investment strategies improve companies' competitiveness, financial stability, and ability to implement modernization programs. However, the lack of professional competencies and methodological tools limits their effectiveness.

**Keywords:** investment strategy, joint-stock company, investment planning, portfolio strategy, investment risks, Uzbekistan.

**Introduction.** Investment strategy is a plan by which an investor trades in the stock market depending on his goals, required time, and personal characteristics. The rules outlined in the strategy will influence the process and outcomes of investment activities. Such a strategy takes into account investment goals, time frame, transaction frequency, as well as the factors that the investor will consider when making decisions. In such a plan, the profit the investor expects and the acceptable losses for him are also specified.

The investment strategy of a company, in particular a joint - stock company, is a system of long - term investment goals and objectives. Such a strategy determines: the directions of the company's investment activities; the company's investment resources and the method of their formation; the company's investment goals and the stages of their achievement; the forms of investment activities and the framework for investing; the criteria for assessing the effectiveness of investments. Investment strategies are classified by implementation periods and for portfolio investments. Figure 1 shows the classification of investment strategies.

Large companies also use a combined strategy. It involves various divisions of the company, which implement their investment strategies. Some companies that produce a unique product use limited growth strategies. They direct investments into expanding production. The investment strategy is chosen by companies that focus on new technologies in production [1].

At present, many joint - stock companies in Uzbekistan want to attract investments in their activities in order to increase sales volumes, improve the export of their products and (or) services, modernize production and (or) service systems, become highly competitive companies, expand markets, and finally, increase profitability. But, the majority of them don't have successful investment strategies because of not clearly understanding what investment strategies are.

Therefore, in this paper we put an objective to contribute them to understand a vital role of investment strategies to attract more investments. Moreover, this paper may be useful for anybody (students, lecturers, researchers, specialists and others) who are interested in the investment strategies of companies, in particular joint - stock companies.

**By implementation periods****Long – term strategies**

In this case, the return on investment is planned no earlier than in three years.

Such strategies involve the use of any instruments with different levels of risk

**For portfolio investments****Aggressive strategies**

Within their framework, companies invest in high – yield and high – risk

**Passive strategies**

Within their framework, highly liquid securities are selected. Often, such investment strategies are followed by companies with free funds that provide a

**Medium – term strategies**

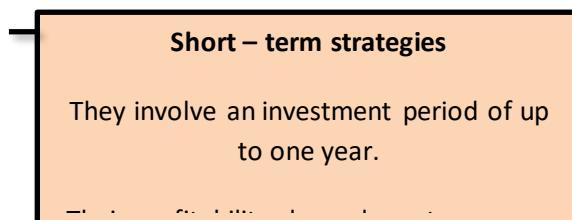
They assume an investment period of one to three years.

The set of tools for such a strategy is slightly smaller compared to a long – term one.

Within the framework of a medium – term strategy, you can choose tools that

**Moderate strategies**

They combine aggressive and passive strategies. The emphasis is on diversification of investments. Securities are acquired that can ensure the stability of the companies' investment portfolios



**Figure 1. Classification of Investment Strategies<sup>1</sup>**

**Materials and Methods.** This paper was prepared in accordance with the requirements of the international IMRAD structure, and it mainly used theoretical and practical analysis methods. These methods were mainly used in the analysis of data collected for the “Results and discussion” part of the paper.

Primary and secondary research sources were mainly used in the process of data collection for the paper. In the primary research sources, mutual interviews were conducted with local scientists, researchers and experts about investment strategies, investment strategies of companies, in particular joint - stock companies. In addition, the opinions of Alfraganus University students on investment strategies, investment strategies of companies, in particular joint-stock companies, were studied during the classes.

In the secondary research sources, necessary online information on investment strategies, investment strategies of companies, in particular joint - stock companies, was searched through Google, Google Scholar and Yandex search engines as well as foreign, CIS countries' and local websites. It is worth noting that the search for data focused on data from the last five years. The main reason for this is that in recent years, in the conditions of intense competition, especially in the era of rapid digital technologies, the requirements for investment strategies of joint - stock companies have significantly changed compared to previous periods.

In addition, in the secondary research sources, the resources in the libraries of Alfraganus University, and Tashkent State University of Economics - the leading university that trains highly educated specialists in all the fields of economy, including investments in Uzbekistan - were familiarized. It should be mentioned here that the Uzbek language was mainly used in the collection of data through the primary research sources, while the Uzbek, Russian and English languages were used in the collection of data through the secondary research sources.

<sup>1</sup> Created by the author herself on the basis of the following online article: Elena Rudneva. Investitsionnaya strategiya. 30.10.2023. [www.banki.ru](http://www.banki.ru)

In the preparation of the paper, great attention was paid to the maximum use of information and data, strict adherence to logical sequence and tracking, and not to use the “copy – paste” method, which could lead to plagiarism. As a result, the main goal of writing this article - the goal of providing more accurate knowledge about investment strategies of joint - stock companies - has been significantly achieved.

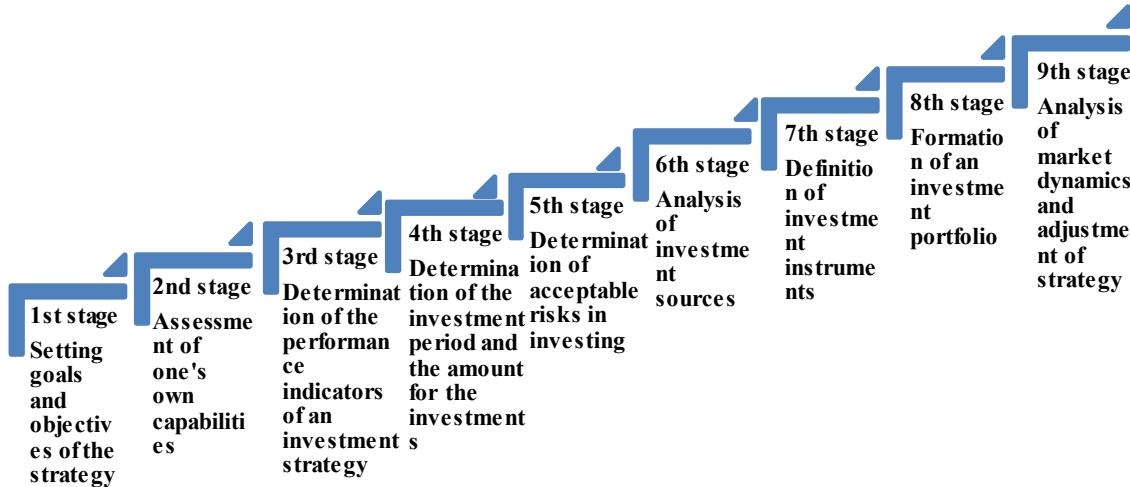
**Results and discussion.** Before investing, it is important to define an investment plan. You need to define the purpose of the investment. To do this, you need to answer several questions: why invest and how much money will be needed for this?

It is important to set the investment period. It directly depends on the investment goals and the time frame in which the invested money and income may be needed. It is worth determining the time it will take to invest. If the investor is not ready to track changes in the financial markets, read the news and study the company's reports, he can pay attention to the passive investment strategy. In this case, there will be no need to spend a lot of time analyzing the current situation. If the investor, on the contrary, is ready to regularly study the topic of investments and analytics, quickly make decisions about buying and selling securities, he can pay attention to the active strategy. In addition, the investor should also take into account the peculiarities of his character. Active strategies require more energy as well as strong nerves.

Determine the optimal level of risk. Investors who are not ready to risk their capital should choose a conservative strategy, where federal loan bonds, precious metals, etc. prevail. If an investor, on the contrary, is ready for risks and possible losses of savings for the sake of high profitability, he can choose a high - risk - aggressive strategy.

Most investors follow a moderate strategy. This allows them to get higher returns than with a conservative strategy, but with lower risks than with an aggressive strategy.

Work on the plan and implementation of the investment strategy includes several stages. Figure 2 shows these stages.



Analysis of market dynamics and adjustment of strategy

Formation of an investment portfolio

Assessing your own capabilities. It is important to decide whether the investor is ready to go through the investment process on his own or whether he will need the help of specialists.

**Table 1. Composition of investments in fixed capital by sources of financing in the Republic of Karakalpakstan (in percentage)<sup>2</sup>**

Indicators	Years				
	2018	2019	2020	2021	2022
Enterprises and residents' own means	37.9	34.3	39.1	39.9	40.0
Received Funds	62.1	65.7	60.9	60.1	60.0
State Budget	3.0	15.3	12.1	12.4	12.7

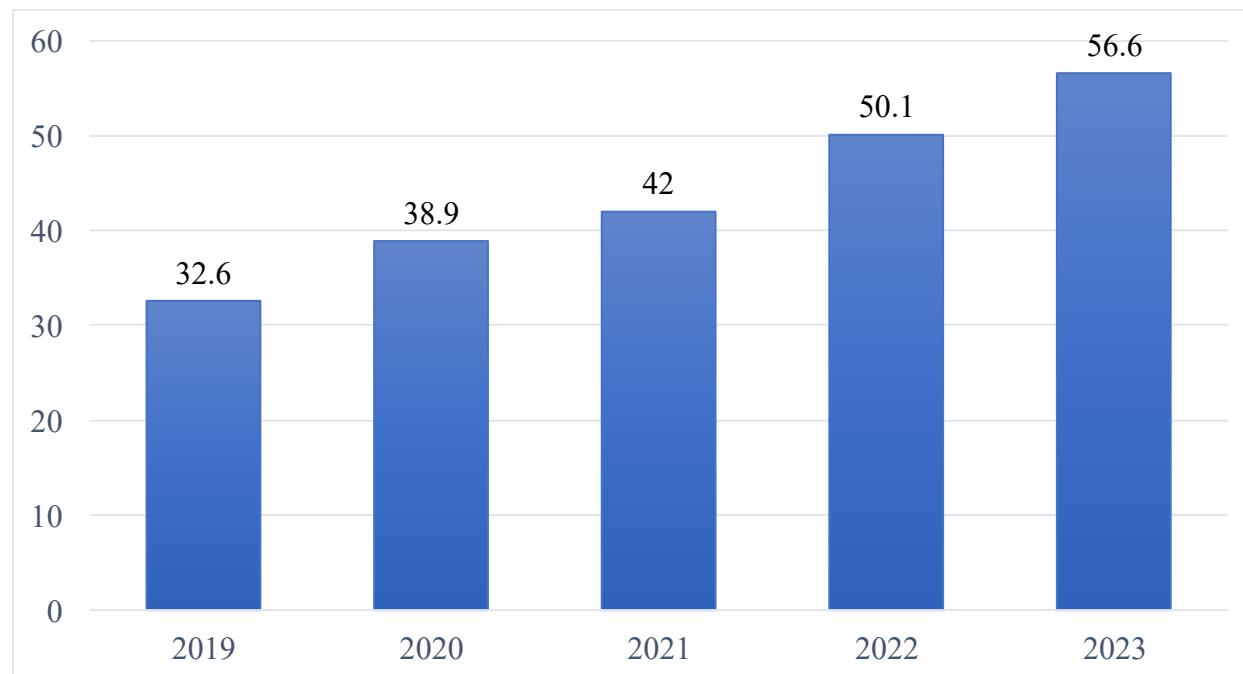
<sup>2</sup> Prepared based on the data of the Statistics Department of the Republic of Karakalpakstan.

<b>including:</b>	<b>Bank Loans &amp; Other Debt Funds</b>	14.1	7.1	7.7	6.1	5.3
	<b>Foreign Investments &amp; Loans</b>	23.7	36.9	38.9	37.4	38.9

- Bank loans & Other Debt Funds: from 2018 to 2022, the share of bank loans and other debt funds decreased from 14.1 percent to 5.3 percent. This reflects the decrease in the share of bank loans in the financing economic activity.
- Foreign Investments & Loans: from 2018 to 2022, the share of foreign investments and loans increased from 23.7 percent to 38.9 percent. This shows the efficiency of the policy of the Republic of Karakalpakstan aimed at attracting foreign investments and loans.

In general, it is known that the Republic of Karakalpakstan uses various sources of investment funding. However, at the same time, the decrease in the share of bank loans and other debt funds should be carefully monitored by regulatory authorities, because this may be related to the reduction of the role of banks in financing the economy.

Now we ask you to turn your attention to Figure 1. This Figure shows the growth dynamics of investments in fixed capital during 2021 – 2023 (January - march). As can be seen from the Figure, the dynamics of the volume of investments in fixed capital over the last five years shows that it has increased by almost two times and has a growing trend.



**Figure 1. The growth dynamics of investments in fixed capital during 2021 – 2023 (January - march), trln. Uzbek sums<sup>3</sup>**

## Conclusion

The study provides a comprehensive analysis of the development of investment strategies for joint-stock companies in modern economic conditions, examining conceptual approaches, methodological foundations, and practical implementation. It highlights the classification of investment strategies, stages of their formation, and the key factors affecting their effectiveness, with particular attention to the investment behavior of companies in Uzbekistan and their challenges in attracting capital due to insufficient strategic planning. The findings demonstrate that clearly defined investment strategies enhance a company's competitiveness, financial stability, and ability to implement modernization programs, while the lack of professional competencies and methodological tools limits their effectiveness. Therefore, the development and implementation of well-structured investment strategies are essential for sustainable growth, efficient capital management, and improved profitability of joint-stock companies, providing a foundation for better strategic decision-making and long-term success in a competitive market.

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<sup>3</sup> Prepared based on the data of the Statistics Department of the Republic of Karakalpakstan.