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Increasing the Investment Activity of Joint-Stock Companies: Experience of Developed Foreign Countries and Its Analysis

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ANNOTATION: This article examines the mechanisms for increasing the investment activity of joint-stock companies using the examples of developed foreign countries (USA, Germany, China, and Singapore). The institutional foundations of the capital market, corporate governance standards, and international practices of investment promotion are analyzed, and proposals are formulated on the possibilities of application in the conditions of Uzbekistan.

Keywords: Joint-stock company, investment activity, foreign experience, capital market, IPO, corporate governance, Singapore model, German banking system.

Introduction: In the global economy, joint-stock companies are the main driver of capital mobilization. The experience of developed countries shows that a strong stock market and a transparent corporate governance system are the primary factors ensuring investment activity. In Uzbekistan, studying international models is also relevant at the stage of privatization and capital market development. The experience of the USA is considered one of the most successful examples in the world in increasing the investment activity of joint-stock companies (JSCs). This model is called the "Market-oriented model" or "Anglo-American model." An extended analysis of this model is based on the following main pillars:

Dispersion of Shareholder Capital. A distinctive feature of the US model is that the capital of joint-stock companies is distributed among thousands or millions of small shareholders.

Investment Liquidity: Shareholders can freely sell their shares on stock exchanges at any time. This high liquidity facilitates an "exit strategy" for investors and makes the market attractive.

Broad-Based Financing: Funds for financing large projects are not reliant on one or two large investors but are attracted by relying on the general public and institutional investors (pension funds, insurance companies).

Transparency and Strict Information Disclosure. The main mechanism for increasing investment activity in the US is that investors have full and transparent information about the company.

SEC Oversight: The US Securities and Exchange Commission strictly requires JSCs to publicly announce quarterly and annual financial reports.

Market Reaction: If negative information about a company emerges, the market price immediately drops. This forces management to use investments efficiently and promptly address errors.

Priority of Shareholder Rights. In the US model, the main goal of company management is maximizing shareholder value.

- Protection of Small Shareholders: Legislation protects the rights of small (minority) shareholders from abuse by large shareholders or managers. This instills confidence in the market even for individuals owning just a few shares.

- Independent Directors: The majority of the supervisory board must consist of independent directors not tied to company management. They oversee investor interests.

IPO as a Driver of the Capital Market. In the US, JSCs widely use the mechanism of initial public offerings (IPO) and subsequent public offerings (SPO) to increase their investment activity.

Financing Innovations: Especially in the technology sector (Silicon Valley), companies attract large amounts of venture capital through IPOs and become global giants in a short period.

In recent years, significant steps have been taken to apply the US experience to the economy of Uzbekistan:

Investment Platform: The launch of the Uzbekistan-US investment platform is planned for 2026, aiming to attract investors through the US DFC corporation.

Number of Enterprises: Currently, 336 enterprises with US capital are operating in Uzbekistan.

In conclusion, the US model creates an environment for joint-stock companies where company management is constantly forced to increase efficiency and be accountable to investors. This ensures a continuous flow of capital and economic growth.

GERMAN EXPERIENCE: BANKING AND INDUSTRIAL INTEGRATION

The German experience is world-renowned as a "Bank-based model" for increasing the investment activity of joint-stock companies. The basis of this model is the close interconnection between financial institutions and industrial enterprises.

An extended analysis of this experience is presented below:

1. The "Hausbank" - Principal Bank System

In Germany, every large joint-stock company has its permanent partner, the "Hausbank."

Banks are not just short-term lenders to enterprises but partners that support their strategic development for decades. Even during crises, banks do not stop financially supporting their client enterprises, ensuring the continuity of investment projects. German banks have the right to directly participate in the capital of joint-stock companies.

Proxy Voting: Banks have the authority to vote not only on their own shares but also on shares held in custody for clients, giving them significant influence over JSC management.Degree of Integration: Because banks are fully informed about the internal situation of the enterprise, they can assess investment risks more accurately and confidently direct large amounts of capital.

In the management of German JSCs, banks exercise their supervisory role through the Supervisory Board.

Control and Advice: Bank representatives sit on the Supervisory Board, analyzing and approving investment projects proposed by management.

Balance of Interests: This system considers the interests of not only shareholders but also employees and creditors (banks), forming the principle of "Stakeholder value."

Today, German banks such as Deutsche Bank and Commerzbank are emphasizing the following directions for modernizing industrial enterprises:

- Green Energy: Special credit lines are being allocated for the introduction of "green hydrogen" and environmentally friendly technologies in the chemical, mechanical engineering, and energy sectors.

Currently, more than 200 enterprises with German capital are operating in Uzbekistan. KfW Bank and other German banks are actively participating in financing local industrial projects. The German model relies on the long-term mutual trust between banks and industry, rather than market fluctuations, to increase investment activity. This model is considered one of the safest and most effective ways, especially for industrial modernization and implementing high-tech projects.

The experience of Singapore and China demonstrates how important the strategic role of the state and a strong institutional environment are in increasing the investment activity of joint-stock companies (JSCs). These countries have created a unique "Eastern model" for attracting capital. A detailed analysis of this experience reveals the following:

1. Singapore Model: Trust and Efficient Regulation

Singapore is considered one of the most attractive environments for joint-stock companies in the world. The reason is the state's participation not as a "controller" but as a "facilitator."

- Temasek Holdings and GIC: Through its large investment holdings (Temasek), the Singaporean government participates as a shareholder in strategic JSCs. This acts as a kind of "state guarantee" for international investors and increases investment flows.

- SGX (Singapore Exchange) Benefits: JSCs listed on the Singapore Exchange benefit from low tax rates and are strictly required to adhere to International Financial Reporting Standards (IFRS). This system ensures the transparency of JSCs and has turned the exchange into a "safe haven" for foreign capital.

- Arbitration and Legal Protection: The Singapore International Arbitration Centre (SIAC) provides fast and fair protection of investor rights. This instills confidence in the future for investors purchasing JSC shares.

2. Chinese Experience: State Capitalism and Mass IPOs

In China, the investment activity of JSCs is inextricably linked to the state's industrial policy.

- State-Controlled JSCs (SOEs): China's largest enterprises have been transformed into joint-stock companies, with a portion of their shares sold on stock exchanges (Shanghai, Shenzhen). This allows for the modernization of state assets using private capital.

- "STAR Market" (China's NASDAQ): A special exchange platform has been created to increase the investment activity of high-tech JSCs. Listing requirements for innovative companies are simplified here, serving the growth of venture investments.

- International Integration: Through the "Stock Connect" program, the exchanges of Hong Kong and mainland China are linked. This has given local JSCs direct access to the capital of international investors.

In both countries, the following methodological approaches are used to increase investment activity:

1. Tax Incentives: Newly established or high-tech JSCs are partially or fully exempt from profit tax in the initial years.

2. Digital Infrastructure: The trading of shares and maintenance of shareholder registers are fully digitized, which reduces transaction costs.

3. ESG and Green Investment: Today, JSCs in Singapore and China are attracting large investments for ecological projects by issuing "green bonds."

In increasing the activity of JSCs in Uzbekistan, it is advisable to learn from Singapore regarding corporate governance transparency, and from China regarding methods of financing strategic sectors through the joint-stock form. The experience of these countries is particularly useful when listing large state-owned enterprises on the exchange through a "People's IPO."

According to international experience, the main factors increasing the activity of JSCs are:

- Corporate Governance (ESG): Companies that adhere to Environmental, Social, and Governance standards attract more foreign capital.

- Dividend Policy: A system of stable dividend payments has been established to incentivize investors.

- Digital Transformation: The process of buying and selling shares is being cheapened through blockchain and fintech solutions.

POSSIBILITIES FOR IMPLEMENTATION IN UZBEKISTAN

The following measures are recommended:

1. International Listing (IPO/SPO): Ensuring the flow of foreign capital by listing large state-owned JSCs on international exchanges.

2. Protecting Small Shareholder Rights: Guaranteeing security and information transparency as in developed countries.

3. Tax Incentives: Differentiating profit tax rates for JSCs active in the stock market.

Conclusion. In summary, the experience of developed countries confirms that the investment activity of joint-stock companies is shaped not only by internal resources but also through the trust of international financial institutions and the wider public. For Uzbekistan, harmonizing the transparency principles of the USA and the institutional approaches of Singapore will yield effective results.

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