



THE IMPORTANCE OF INCORPORATING FINANCIAL STRATEGIES TO ENHANCE THE EFFECTIVENESS OF THE CORPORATE GOVERNANCE

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Annotation: The article highlights the crucial role of financial strategies in corporate management for companies operating in Uzbekistan. This is particularly relevant in light of the growing number of competitors in the country and the increasing investment in key economic sectors, which is largely due to the development of financial and corporate management systems in these companies

Key words: Transparency, administration of the organization, accountability, company's profit-paraphrase, shareholders, financial strategies.

To succeed in a competitive business environment, it is crucial to scrutinize the financial status of companies in order to assess their profitability, not only for themselves but for stakeholders such as creditors and investors as well. Financial analysis plays a crucial role in disclosing the performance indicators of companies to all interested parties. It not only provides an insight into the financial condition of the company but also its activities and trends.

Businesses establish explicit objectives for themselves and devise a strategy to accomplish them. Nonetheless, relying only on strategic methods and techniques does not ensure success in reality since formulating and executing a strategy is not a guarantee of achieving the intended outcomes. Crafting a growth strategy for a company commences with pinpointing its primary areas of entrepreneurial operation. After that, the modes of implementation and a final verdict are determined. The strategy, essentially, is a meticulous blueprint that delineates each aspect required to reach any goal set by the company.

Research methodology:

Teamwork, corporate governance system, analysis and synthesis methods were used in this thesis





Research results:

Corporate strategic planning has significant theoretical and practical significance within the economic fundamentals and milestones of a company's development. In a market economy, companies' primary targets are to maximize profits and augment financial resources. These objectives necessitate identification of funding requirements, exploration of potential funding sources, and formation of a financial strategy that leverages internal capabilities to enhance these resources. The evolution of such a plan consists of multiple stages, comprising:

- Clarifying the company's mission and conducting a SWOT analysis to identify its strengths and weaknesses.
- Assessing long-term opportunities and creating a growth projection.
- Developing and enhancing the overall corporate governance framework.
- Identifying the most suitable strategy and executing a plan for the company's corporate governance system.

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Furthermore, with regards to a financial strategy, it is a component of the economic strategy that supports the execution of a company's overall strategy [1]. The structure of investment and credit strategies plays a key role in shaping the financial strategy of the company. Presently, the growth of companies is directly contingent on the establishment of a well-structured financial activity, along with direct credit and corporate governance. The reformation and creation of a corporate governance system by an extensive number of legal entities result in interrelated activities, which underscores the need for this system to establish long-term monitoring, financial, and investment strategies.

Once the general financial strategy is developed, specific departments develop investment and credit strategies based on the company's overall strategy and market conditions. These decisions align departmental activities with a common goal while also allowing for adjustments to other business directions at the discretion of management. The purpose of a company's





financial strategy is to ensure its financial stability. Therefore, its goals are aligned with both financial and strategic management, expressing long-term directions for financial progress. In addition, developing and implementing a sound financial strategy ensures sustainable benefits from available financial resources, increasing demand for products, maintaining liquidity levels, preserving risk levels.

Choosing a solid analytical basis is essential when selecting a financial strategy for a company. The process of selecting a financially viable corporate strategy relies on analysis after comprehensive research has been completed at all stages in accordance with accepted methods [2].

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To comprehend the corporate system in businesses, one must grasp its distinct components and evaluate the tangible duties required to execute them within the company's financial plan. This method facilitates a more thorough decision-making process when developing a financial strategy for the organization. The following are some of its main elements:

1. Gathering information.
2. Taking into account external constraints and opportunities.
3. Conducting internal audits and assessing the impact of the external socio-economic environment on achieving strategic goals.
4. Choosing specific financial strategy.
5. Implementing chosen corporate system to the company.





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It is important to note that a company's corporate strategy should not be based lonely, on individual decisions, but rather on a system of decisions that are aimed at achieving a single goal, with each decision reflecting different aspects of the overall strategy. Based on our presented ideas, it can be emphasized that financial decisions in business activities can be divided into two groups: investment decisions and financing decisions [3]. The first group highlights how necessary financial resources can be obtained through various channels to support the company's goals while the second group focuses on how to allocate these resources effectively to solve problems encountered by the company during its operations. Investment decisions determine what investments are needed to solve issues identified by the company's strategic plan; these will also identify what resources are required for their implementation [4]. Such decisions will guide what projects should be prioritized as well as how they should be evaluated financially, including determining which projects will provide viable and productive results for the company. Once the type of investment appropriate for the project related to the company has been identified, the amount of money necessary to finance the project is determined. If none of the investment options proposed are suitable for the company's goals, then additional financing may not be necessary and any benefits can be distributed among all stakeholders [5].

In conclusion, it is evident that financial strategy plays a critical role in enhancing the corporate governance system of a company. A sound financial strategy can contribute to effective decision-making, risk management, and overall performance of the organization. By aligning financial goals with the company's objectives and values, a well-planned financial strategy can promote transparency, accountability, and ethical behavior within the organization. Furthermore, it can help build trust with stakeholders such as investors, creditors, customers, and employees. Therefore, companies should focus on developing and implementing robust financial strategies that support their corporate governance goals to achieve long-term success in today's highly competitive business environment. Financial strategy is the main part of corporate governance. An effective financial strategy ensures that a





company is able to manage its finances effectively, make informed decisions and achieve its goals. The implementation of an effective financial strategy requires alignment with the company's overall objectives, a clear understanding of the market dynamics, and proactive risk management. Real-life examples of companies that have successfully implemented financial strategies to enhance their corporate governance include Apple Inc. and Amazon.com Inc. Apple implemented a financial strategy that focused on product innovation, cost optimization, and efficient capital allocation. This resulted in the creation of new products such as the iPhone and iPad, cost reduction measures such as outsourcing production to countries with lower labor costs, and efficient capital allocation through share buybacks and dividend payments. Amazon.com Inc. also implemented a successful financial strategy that focused on innovation, customer satisfaction, and risk management. The company invested heavily in new technologies such as cloud computing services, expanded its product offerings beyond books to include music, movies, and electronics, while also managing risks associated with changes in market dynamics. In both cases, the companies' financial strategies were aligned with their overall objectives and enabled them to achieve significant growth while maintaining strong financial health. Overall, an effective financial strategy is crucial for enhancing corporate governance. Companies that implement successful financial strategies are better positioned to manage risks effectively while achieving their goals. By aligning their financial strategies with their overall objectives and proactively managing risks, companies can achieve long-term success in today's dynamic business environment.

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