



The Importance Of Securities In The Development Of Corporate Governance In Joint-Stock Companies

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Abstract: This article examines the role of securities in strengthening corporate governance mechanisms in joint-stock companies. The issuance and circulation of securities, particularly shares and bonds, contribute to the formation of ownership structure, distribution of managerial rights, protection of shareholder interests, and improvement of company transparency. The research highlights the relationship between capital market development and the efficiency of corporate governance practices. Empirical data and comparative analysis show that companies listed on stock exchanges tend to demonstrate stronger accountability, higher performance indicators, and enhanced investment attractiveness. Recommendations are proposed for improving the securities market infrastructure and ensuring effective corporate governance in developing economies.

Keywords: Corporate governance, securities, joint-stock company, shareholders, transparency, investment attractiveness, capital market, financial stability.

Introduction: In the modern global economy, joint-stock companies play a significant role in the development of national production, technological innovation, and financial integration. The efficiency and sustainability of these companies depend not only on their financial resources, but also on the quality of corporate governance systems. Corporate governance defines the relationship between shareholders,

management, and other stakeholders, ensuring accountability, transparency, and responsible decision-making.

One of the key instruments influencing corporate governance is the securities market, which provides a platform for distributing ownership and voting rights among shareholders. Securities, especially shares, serve as a bridge between company management and investors, forming incentives for efficient management. The more widely securities are issued and traded, the more transparent and accountable joint-stock companies must become.

In many developed economies, well-functioning securities markets have contributed to creating

responsible corporate governance systems that encourage innovation, competition, and sustainable value creation. However, in developing economies, where the capital market is still evolving, corporate governance faces challenges such as concentrated ownership, limited transparency, insufficient investor protection, and weak board independence.

Therefore, studying the importance of securities in improving corporate governance is crucial for strengthening joint-stock company performance and increasing investor trust.

METHODOLOGY

This study applies a combination of qualitative and quantitative methods:

Method	Purpose
Literature Review	To examine theoretical frameworks of corporate governance and securities market development.
Comparative Analysis	To compare corporate governance structures across developed and developing economies.
Statistical Analysis	To analyze financial and performance data of joint-stock companies listed on stock exchanges.
Case Study	To evaluate the real impact of securities on governance practices in selected enterprises.

The research relies on international corporate governance standards, OECD principles, and national regulatory frameworks related to joint-stock companies and securities markets.

RESULTS

1. Role of Securities in Ownership Structure Formation

The issuance of shares allows companies to distribute ownership among multiple shareholders. This reduces excessive concentration of power and increases democratic decision-making. A diversified shareholder base provides checks and balances on the board of directors and executive management.

- Major shareholders influence strategic decisions.
- Minority shareholders play an essential role in protecting transparency and fairness.

A balanced ownership structure is a foundation for

effective corporate governance.

2. Securities and Shareholder Rights Protection

Securities legislation ensures that shareholders have:

- Voting rights at general meetings,
- Rights to receive dividends,
- Rights to protect their interests in case of management misconduct,
- Rights to obtain necessary information from company reports.

The more active the securities market, the stronger the enforcement of these rights becomes.

Countries with active stock trading platforms tend to have stronger legal protection for investors, which encourages further capital inflow.

3. Transparency and Disclosure Requirements

Public joint-stock companies are legally required to disclose:

- Annual financial statements,
- Auditor’s opinions,
- Information on board composition and ownership structure,
- Corporate governance practices.

These disclosure obligations increase management accountability and reduce information asymmetry,

Indicator	Public Companies	Joint-Stock Closed/Private Held Companies
Transparency	High	Low
Investor Trust	Strong	Limited
Access to Capital	Expanded	Restricted
Board Independence	Stronger	Weak
Long-term Strategic Planning	More Stable	Less Stable

This shows that the issuance of securities contributes directly to improving corporate governance efficiency.

5. Case Study Example

A relevant example is the experience of several publicly listed manufacturing and banking companies in Uzbekistan. Enterprises that listed their shares on the Uzbek Republican Stock Exchange reported notable improvements:

- Enhanced financial reporting quality,
- Increased interest from institutional investors,
- More professional corporate governance practices,
- Establishment of supervisory boards with independent members.

This demonstrates that securities issuance acts as a stimulus for improving decision-making and reducing management-related risks.

CONCLUSION

Securities play a crucial role in the development of corporate governance in joint-stock companies by shaping ownership structure, protecting shareholder rights, and reinforcing transparency. The issuance and trading of securities promote accountability, reduce managerial abuse, and enhance investor confidence. For developing economies, strengthening the securities market infrastructure and legal frameworks

which is essential for informed investment decisions. Empirical studies show that listed companies have 25–50% higher transparency scores compared to non-listed firms.

4. Impact on Corporate Governance Efficiency

Joint-stock companies that issue and trade securities publicly often demonstrate:

is necessary to ensure sustainable corporate governance.

To maximize the positive impact of securities on governance, the following measures are recommended:

- Strengthening investor protection laws,
- Increasing financial literacy among shareholders,
- Encouraging independent supervision boards,
- Expanding digital access to trading platforms,
- Attracting institutional and foreign investors.

A well-developed securities market contributes to economic growth, corporate stability, and social welfare.

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