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Improving Mechanisms for Enhancing the Efficiency of Financing Investment Projects in Joint-Stock Companies

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ABSTRACT

This article examines issues related to improving mechanisms for enhancing the efficiency of financing investment projects in joint-stock companies. It analyzes the sources of financing investment projects, capital structure, opportunities for using equity capital and borrowed funds, financial risk assessment, and factors ensuring project profitability. The study develops scientific and practical proposals aimed at increasing the investment activity of joint-stock companies, diversifying financing mechanisms, and strengthening the economic efficiency of projects.

Keywords: joint-stock company, investment project, financing mechanism, investment efficiency, capital structure, equity capital, borrowed funds, project profitability, financial risk, investment activity, corporate finance.

Introduction

Today, joint-stock companies play an important role in increasing investment activity in the national economy, modernizing production capacities, and ensuring the financial stability of the corporate sector.[1] In particular, the effective financing of large investment projects, the rational use of available financial resources, and the improvement of capital attraction mechanisms are of priority importance in the long-term development strategy of joint-stock companies.[2]

The process of financing investment projects in joint-stock companies requires the effective use not only of internal funds but also of equity capital, bank loans, bonds, leasing, foreign investments, and other financial instruments.[3] However, in practice, insufficient diversification of sources for financing investment projects, the high cost of capital, the weakness of financial risk assessment systems, and the inadequate use of modern methods for determining project profitability remain among the existing problems in this area.[4]

Methodology.

From this perspective, improving mechanisms for enhancing the efficiency of financing investment

projects in joint-stock companies is of significant scientific and practical importance. In this area, it is necessary to develop scientifically grounded proposals for optimizing financing sources, forming an effective capital structure, reducing investment risks, and increasing the economic effectiveness of projects.[5]

Result and discussion.

The main purpose of the study is to analyze the practice of financing investment projects in joint-stock companies and to develop scientific proposals and practical recommendations for improving mechanisms aimed at enhancing their efficiency.[6]

To achieve this goal, the key tasks include studying the theoretical foundations of investment project financing, analyzing existing sources of financing in joint-stock companies, identifying criteria for assessing the economic efficiency of projects, evaluating the impact of financial risks on investment decisions, and substantiating directions for improving financing mechanisms.[7]

The Figure 1. results of the study will contribute to more effective organization of the process of financing investment projects in joint-stock companies, expanding opportunities for attracting capital, increasing the efficiency of using investment resources, and improving the quality of financial decision-making in the corporate governance system.[8]

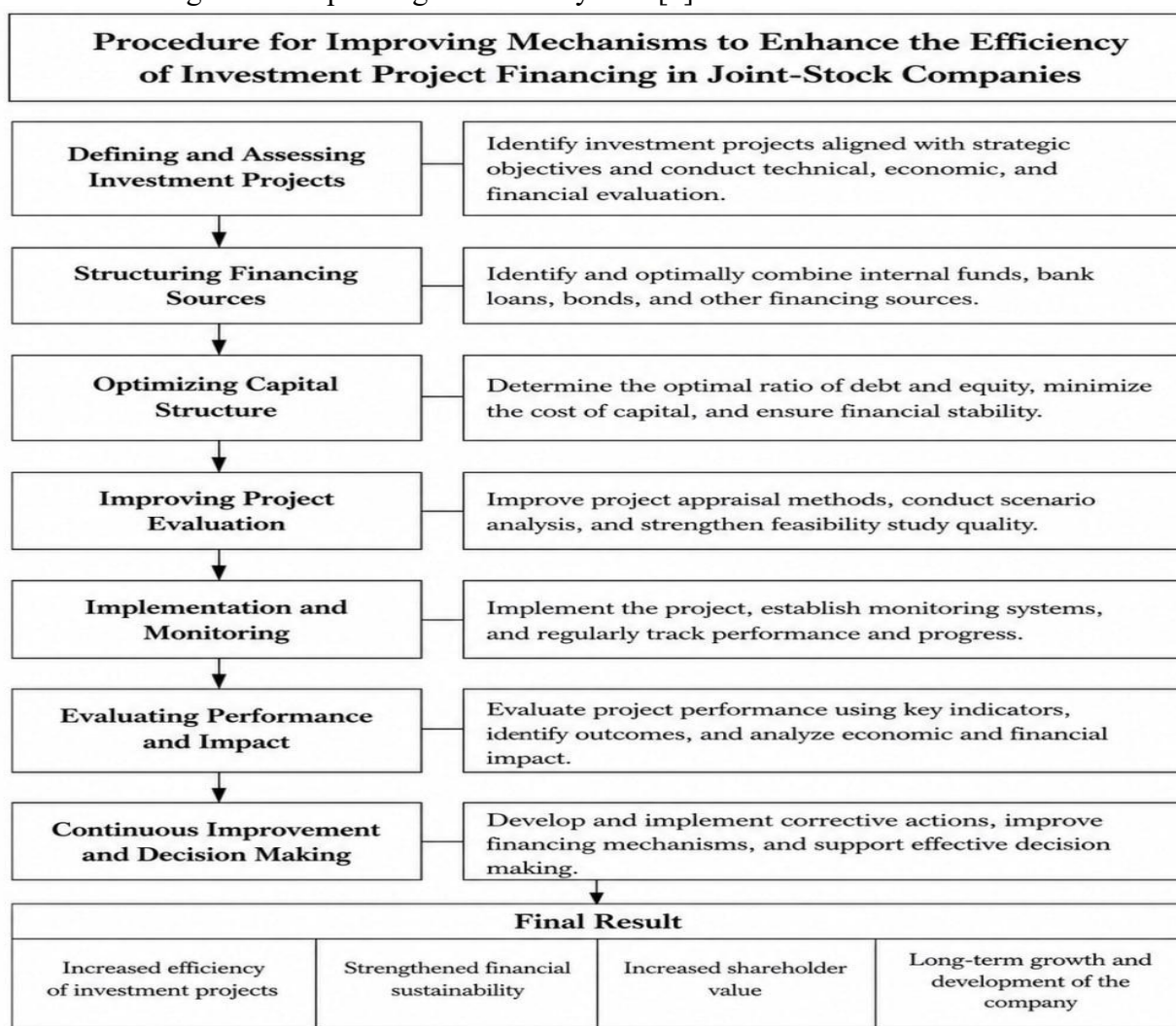


Figure 1. Procedure for Improving Mechanisms to Enhance the Efficiency of Investment Project Financing in Joint-Stock Companies[9]

The figure illustrates a systematic procedure for improving the mechanisms used to enhance the efficiency of investment project financing in joint-stock companies. The process begins with the identification and assessment of investment projects that correspond to the company’s strategic objectives. At this stage, technical, economic, and financial evaluations are carried out to determine the feasibility and potential effectiveness of the project.[10]

The next stage focuses on structuring financing sources. This involves identifying and optimally

combining internal funds, bank loans, bonds, and other financial instruments. A diversified financing structure helps reduce dependence on a single source of capital and increases the financial flexibility of the joint-stock company.[11]

The third stage is related to optimizing the capital structure. In this process, the optimal balance between debt and equity capital is determined. This is important for minimizing the cost of capital, reducing financial risks, and ensuring the long-term financial stability of the company.[12]

The figure also emphasizes the importance of improving project evaluation. This includes the use of modern project appraisal methods, scenario analysis, and high-quality feasibility studies. Such approaches allow companies to make more accurate investment decisions and reduce the probability of inefficient capital allocation.[13]

Another important stage is implementation and monitoring. After the project is launched, the company should establish monitoring systems and regularly track the progress and performance of the project. Continuous monitoring helps identify deviations from planned indicators and take corrective measures in a timely manner.[14]

The final stages include evaluating performance and impact, as well as ensuring continuous improvement and decision-making. Project results are assessed using key performance indicators, and the economic and financial impact is analyzed. Based on this assessment, corrective actions are developed to improve financing mechanisms and strengthen managerial decision-making.[15]

Conclusion.

The procedure presented in the figure shows that the efficiency of investment project financing in joint-stock companies depends on a comprehensive approach that includes project selection, financing diversification, capital structure optimization, risk assessment, monitoring, and performance evaluation. As a final result, this mechanism contributes to increasing the efficiency of investment projects, strengthening financial sustainability, increasing shareholder value, and ensuring the long-term growth and development of the company

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