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Theoretical and Methodological Approaches to Attracting Financial Resources from the Capital Market to the Corporate Sector

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Abstract: The article analyzes the theoretical views on capital markets, and provides an overview of the increasing need of the corporate sector to rely on external financing in the context of market relations. The author reflects on the role of national and international capital markets, segmenting the financial instruments of the financial market.

Keywords: Corporate sector, Financial resource, Capital market, Financial market, Credit market, Securities market, Financial instrument

1. Introduction

At the present stage of market relations, the corporate sector must have access to external sources of funding to expand its manufacturing processes. Due to the current state of insufficient financial resources, it is a means to accelerate the renewal of production factors associated with the global trend of transition, step-by-step. According to expert estimates, the share of the Uzbek economy in global trends is in the downward spiral of the economies of developed countries such as the US, Japan, and Germany. The transition of the corporate sector of Uzbekistan to the highest level requires an update of sources and methods to attract financial resources to the country's economy. Scientists who study the features of modern capital markets say that "the capital market has a broad understanding not only in economic science but also in practice, because it covers a wide range of activities, depending on the goals and objects of research."

Researchers consider the capital market to be a financial market, a credit market, a part of the securities market or a stock market and credit market aggregation. They can also include money markets, insurance markets, and investment markets. In addition, scholars argue that the notion of "capital" is uneven and that this is due to the fact that there is a different understanding of capital, and that there are differences in the classification of financial instruments and objectives used in the financial market and capital markets.

The capital market is the main source of attraction of financial resources, which allows balancing the demand and supply of capital in the segment of the securities market and bank loans. At the present stage, the overall strategy of import substitution and modernization for the growth and innovative development of Uzbekistan's economy is to create a stable capital market in the country, which will, in turn, provide the corporate sector with necessary financial resources.

2. Literature Review

Scholars and experts alike have provided great insights into the theoretical, methodological and practical problems related to the development of the national securities market and bank loans, and their impact on the development of the corporate sector of the economy. Specifically, JF Brigheim investigated the issues of financial management in corporate organizations. A. Grinspen analyzes the existing problems in the world's financial systems. A. Dododaran explored strategic risks in capital markets and their management. The influence of the balancing of supply and demand of money in the economy on economic growth and the ways of its maintenance were studied by V. E Krivetskaya. P.M Lanskov studied the peculiarities of the capital markets in the Eurasian Economic Union, along with issues of adaptation of these markets to international standards. Ya.M.Mirkin studied the adaptation and perspectives of the emerging economies and the Russian financial markets in the global financial markets.

Scientists and researchers of Uzbekistan have also studied corporate finance, capital markets and, in particular, securities markets, insurance markets, and investment markets. In particular, S. Elmirzaev studied the development of financial markets and their financial instruments. Q.M Kuldoshev researched the national insurance market of Uzbekistan and its development trends and features of the insurance markets of developed countries. I. Kenjaev investigated the issues related to the improvement of financial resources allocation efficiency. Although various peculiarities of capital markets have been studied by Uzbek scholars and books, there is a lack of a clear understanding of the mechanisms and data regarding the international experience in attracting financial resources and existing problems in the national market.

3. Research Methodology

This article explores corporate sector entities' financial planning and their need for external sources of funding in the context of current market relations, and the potential of national and international capital markets. In order to analyze scientific approaches to the interpretation of the categories "Financial Market" and "Capital Markets", the views of the renowned scientists were mutually compared, and the conclusions were formulated. The financial market is segmented and their specifics are identified.

4. Analysis and Results

Diversification of enterprise activity financing sources is directly related to the problem of attracting funds and borrowed capital, as it is becoming more and more important in the financial planning of the corporate sector activities. At present, the corporate sector must have access to external financing sources to facilitate the expansion of its manufacturing processes, due to the current lack of financial resources. This requires a step-by-step approach to accelerate the renewal of production factors aligned with the global trend of transition. According to the basic principles of economic theory, the following factors affect the state of business of the corporate sector: the availability of financial resources, the state of the capital market, and monetization level of the economy.

The availability of financial resources is determined by the state of the capital market, which affects the growth rates of the national economy, the financial stability of individual enterprises - capital consumers and their suppliers. Consequently, the deterioration of the financial condition of the system-forming enterprises will in turn negatively affect the access of the financial institutions, including SMEs. Financial markets and capital markets are the main sources of financial resources and capital for economic entities. The analysis of scientific approaches to the interpretation of the categories "financial market" and "capital market" allowed us to draw the following conclusions (Table 1).

Table 1: Definitions of "Financial Market" and "Capital Markets" categories

Definition	Source
Capital Market is a market where long-term capital and debt are accumulated and circulated. This is the main type of financial market in a market economy, with the help of which companies find the financial sources of their activity.	Kovalev V. Financial Management; theory and practice. - 2nd ed., Pererab. and additional. - M .: tk Velbi, Publishing Street, 2007. - 1024 pp.
The capital market is a part of the financial market where it has a maturity of more than one year.	Lapshina Z.V, Praxt K.S. Capital Market: Structure and Functions // Economics and Society - No. 2-3 (15). - 2015. - pp.141-145.
The capital market - the economic relations between the subjects of economic activity - on the one hand forms the demand, on the other, the demand for investment goods.	Kasimova M. Capital market: the essence, content and role of investment goods in the system of market relations // Fundamental research -2016. 152-156 b.
Capital market is an organized exchange trading of securities trading for more than one year.	Perridon L. Finance of the Enterprise / L.Perridon. M. Steiner, Munchen: Verlag Vahlen, 2008. pp. 149-150. [15]
The financial market is dominated by the economic relations and institutions associated with the movement of money capitalization.	Rubtsov B.B. Global financial markets: scope, structure, regulation // The era of globalization. - No. 2 (8). - 2011.-73-98 pp.
The financial market is the area of financial transactions using financial instruments	Ivanova V.V. Modern financial markets: monograph; - Moscow, Prospect, 2014. - 572 pp.
The financial market is a set of economic relations between the participants' capital formation, servicing and turnover.	Romanov V.P, Badrina M.V. Information technologies of financial market modeling. Moscow, Finance and Statistics, 2010.
The financial market is a market for the transfer of money from people who are overweight to those who are in need of cash.	Frederics S. Mishkin, Kent Matthews and MassimoGiuliodori. Financial markets and institutions. The USA. Prentice-Hall, 2012. P. 2.
The financial market is a market where temporary redistribution of free funds through financial intermediaries is based on the use of financial instruments.	Elmirzaev S. and others. Financial market. T .: Economics and Finance, 2019, 6 p.

Scientists who study the features of modern capital markets ascertain that "the capital market has a broad understanding not only in economic science but also in practice, because it encompasses a wide range of activities, depending on the goals and objectives of the research". The authors consider the capital market either as a financial market or as a credit market, or as a securities market, or as a stock market and a credit market overview, or they include money market, insurance market, and investment markets. In addition, scholars argue that the notion of a "capital" market is inconsistent and that this is due to the fact that there are different definitions of the concept of capital, and that there are differences in the classification of instruments and purposes used in the financial market and capital markets. The similarities, complementarities and interchangeability of these definitions have been widely covered in the scientific literature. Thus, According to B.Rubtsov, the similarity and unity of the categories "capital market" and "financial market" illustrates the "incompleteness" of the above definitions.

The economic nature of the capital market is reflected in its specific functions (redistribution, inventory, capital concentration, reproduction) and general market functions (pricing, market mediation, transaction costs optimization, information). Therefore, we believe that the main criterion for determining the capital market is the interrelation of functions related to the redistribution of capital among market participants and the transformation of capital from investments into investments.

In addition to the definition of the capital market proposed by M. I. Kasimova, "the capital market is an economic relationship between economic activity entities that creates demand and, on the other hand, an investment product." It should be noted that M. I. Kasimova broadly interprets the capital market in such a way that there are entities in the market that can shape demand and supply for investment goods (in our opinion, it is more appropriate to talk about investment products). In this regard, M. I. Kasimova legally connects capital markets to investment goods, that is, to the funds, securities and other forms of value, with the goal of earning profit. Long-term and short-term capital and liabilities are widely used in the capital market. Economic literature highlights the (short-term) market for money, which is explained only by the timing of attracting financial resources. In essence, "capital" as an economic category is characteristic of the capital market, where value-added and long-term and short-term instruments are used.

The concept of incorporating financial instruments into the money market or capital markets is conditional. The relationships between market entities are determined by the maturity of the securities or the term of debt capital, as well as the purposeful use of the attracted financial resources. The counterparties "enter" the capital market and offer value instruments that will later become capital. The ultimate goal (target statement) of a short-term loan or short-term bond is to replenish working capital. Therefore, these instruments will be capital markets. The same is true for the value-added instruments that are traded in the capital market and attracted by long-term entities, which is related to the process of capital stock recycling.

S. Elmirzaev argues that the financial market is a combination of the following markets: the credit market, the monetary market, the securities market, the precious metals market, insurance, and the private pension market. In terms of instruments, the financial market is divided into money and capital markets. Cash market, short-term payment instruments, short-term savings up to one year will be created in the money market. In the capital market, there is a circulation of "long money", which mainly deals with stocks and bonds. Shelf life is more than one year. The main difference between the capital market and the money market is that it uses long-term investments.

The key criterion for directing financial instruments to the money market or capital market is the intended expression of attraction of financial resources, not the term of the financial instrument. If the intended expression of a short-term loan or short-term bond is to replenish working capital, these instruments will be capital markets as their form of redistribution of financial resources is converted from investments into investments. When financial resources are mobilized through long-term instruments to maintain the liquidity of the company, those financial resources are marketable.

Thus, we consider the capital market as a cumulative set of capital offerings, as a set of emerging economic relations, financial mechanisms and instruments, through which the savings are converted into investments for capital formation and reproduction processes. The complexity of the concept of the "capital market" is that its infrastructure is closely related to the money market, which is part of the financial market, and that financial instruments are the same for both the capital and money markets (Table 2).

Table 2: Financial instruments of financial market segments

Segment	Financial market	
	Capital Market	Cash market
Market share	Private equity (shares, stocks)	-
The debt market	Debt capital (loans, bonds) for the formation of enterprise funds	Debt capital to provide liquidity for companies (loans, bonds)
Insurance market	Cost management using hedging instruments (derivative financial instruments)	Insurance of current activity (purchase/sale contracts, options, swaps)
Precious Metals Market	-	Precious metals (forwards, futures, purchase / sale contracts)
Cash Market	-	Liquidity management (futures, options, REPO, deposits, promissory notes, swaps)

Studying the abovementioned problems throughout the dissertation research allowed us to develop a number of rules. Summarizing these rules can proceed as follows: At this stage capital markets are the main source of reproductive processes financing; The level and size of the capital market will have a significant impact on the corporate sector's level of development as it

1) attracts the financial resources necessary for business development;
2) mechanism of protection of risks arising in the course of financial and economic activity;

The concepts of the capital market are not uniformly described in the works of local and foreign authors. That is why we have chosen an approach that addresses the capital market from the institutional point of view as a credit market and a securities market complex. Although each type of capital market and its individual segments are unique, their importance to economic corporate sector organizations is that the capital market provides financial resources for the corporate sector according to its needs and capabilities; The financial infrastructure is an integral part of the capital market, providing an effective cooperation of the capital market participant. It currently includes a set of organizations in various areas, with the functional differentiation of the capital market infrastructure, which is the complex link between the financial sector's involvement in the financial sector. Thus, the analysis of trends and features of capital market financial infrastructure development is as follows:

a) complexity of its internal structure;
b) the need to expand its functions;
c) increasing the role of the corporate sector in the economy and its role in ensuring the interaction of the capital market.

5. Conclusion and Suggestions

The analysis shows that Uzbekistan's corporate sector demand for financial resources implies inadequacy of Uzbekistan's' capital market, and as such, it would be wise to identify and justify ways by which to balance the supply and demand of financial resources in the market. There is a significant correlation in Uzbekistan's economy and international capital markets, between the corporate sector. By analyzing the trends, we were able to draw the following conclusions:

- The international capital market should become an important source of financial resources for the corporate sector of Uzbekistan;

- The corporate sector and international capital markets, mutual cooperation should be regarded as a permanent, bilateral and multi-channel process.

At the same time, plans to become a member of the World Trade Organization, and this, in turn, is determined by the high growth rates of the country's external debt; The analysis of the theoretical foundations of the capital market allowed to develop a number of theoretical positions on identifying modern features of its development. So in this article: "capital market", "financial market" and "money market" approach based on the analysis of the definition of copyright given to capital markets; Identified the main elements and features of the financial infrastructure formed and developing as an integral part of ensuring effective interaction between the capital market entities.

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