Finance in Joint-Stock Companies

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It would be reasonable to assess the financial structure of joint-stock companies, especially regarding their specifications and discrepancies from other business entities. With regards to a precise definition, a joint-stock company refers to a firm that is wholly owned by investors, which previously purchased the shares of a specific company. Finance is incredibly nuanced and differentiated among various joint-stock companies. Although one may stress the notion of joint-stock companies' capability to manage finances via regular meetings, most joint-stock firms should be reviewed from the perspective of transferability, variable capital, and intellectual property.

Transferability

First of all, joint-stock companies in most cases emphasize the transferability of stocks as the crucial determinant for maintaining the status quo regarding the financial aspect of operational capacity. In other words, finance in joint-stock firms is primarily regulated by the transferability of shares, which might be traded through registered stock exchanges. As for shares of private-owned joint-stock companies and their respective stocks, they can be accordingly transferred between parties. However, the nuances under the scope of the transfer agreements arise while conducting such a transfer operation. With regard to this particular feature of joint-stock companies, the correlation between profitability and liquidity should be specified. According to a textbook by Ray (2014), joint-stock companies are peculiar in terms of linking the mentioned issues in a single unit. More precisely, the author suggests that even high samples of joint-stock companies display a negative relationship between a company's profitability and liquidity (Ray, 2014). Subsequently, it is unclear how finances operate in
joint-stock companies, especially regarding its relation to overall liquidity. As for the regional context, U.S. joint-stock companies are unique in terms of limiting shareholder liability in relation to the value of their shares. Similarly, the financial aspect in any joint-stock company heavily relies on the operational success and the accomplishment of objectives (Ray, 2014). The transferability of a stock is a multifaceted process that disables the measurement of accurate financial analyses.

Variable Capital

Secondly, variable capital should be mentioned, as it best determines financial profit and loss sharing activities. More precisely, most privately owned joint-stock companies are organized in a way that enables changes caused by the new entrance or withdrawal of shareholders at any possible point of time (Bidabad, 2014). Presumably, the variable capital in this discourse determines how the profit distribution and accounts clearing arrangements are conducted. The crucial point while reviewing this particular subject concerning the field of finance is that the discrepancies in jurisdiction differentiate the regulation of financial sharing arrangements and agreements (Bidabad, 2014). Moreover, one may also underline the fact that joint-stock companies with variable capital are registered under the most plausible regulations of a specific country, eventually allowing them to establish an equal share of benefits among shareholders. In this sense, finance stands out as such that is widely used in the form of shares and debentures, which in turn are utilized to increase the number of resources required for operational capacities and possible expansions. Hence, finance in joint-stock companies varies considerably, meaning that its assessment should instead be conducted in various jurisdictions, types of firms, and the liability of shareholders.
Intellectual Capital

The third aspect that is noteworthy is intellectual capital in joint-stock companies. The crucial point is that intellectual capital now stands out as one of the most considerable precautions of modern joint-stock companies. In most cases, the construction of a sophisticated and multifaceted model of intellectual capital influence is mandatory, which generally incorporates human, structural, and relational capitals (Tamošiūnienė & Survilaitė, 2015). Even though one may focus on how intellectual capital insufficiently correlates with finance in joint-stock companies, it generates value-added aspects, which in turn boost financial performance. Therefore, contemporary joint-stock companies are obliged to pay considerable attention to the mentioned resources, which are believed to generate both economic growth and the long-term success of joint-stock companies (Tamošiūnienė & Survilaitė, 2015). Regarding the subject of financial measurement in the discourse of intellectual capital, one may refer to the overall necessity to track related capital figures to represent the annual data to shareholders.

Conclusion

Finance in joint-stock companies heavily relies on the cooperation between shareholders, which previously purchased stocks. Overall, it was identified that the elements of transferability, variable capital, and intellectual capital stand out as crucial determinants for managing and regulating finance. Since joint-stock companies operate variously depending on state jurisdiction, a precise assessment of finance as a whole is impossible. Nonetheless, proper management, public transparency, and professional boards are obligatory parts of any joint-stock company, which genuinely aims to boost its financial performance over time.
References


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