

upper([Original Research])

Impact of Debt Financing on Corporate Growth and Risk Management: Insights from the Financials of Listed Companies in Nigeria

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[Abstract]

This study examines the relationship between effective debt financing and corporate growth, alongside the mitigating role of robust risk management practices on the financial stability of listed companies in Nigeria. Utilising a quantitative approach, the research analyses a decade's worth of data sourced from the Nigerian Exchange Group and financial reports of selected firms in the manufacturing sector. Employing multiple regression analysis, the study evaluates how effective debt financing influences corporate growth while controlling for variables such as company size, return on assets, and market conditions. Findings reveal a significant positive relationship between effective debt financing and corporate growth, suggesting that firms can leverage debt as a strategic resource. Furthermore, the study indicates that strong risk management practices play a crucial role in offsetting the adverse impacts of high debt levels and ensuring financial stability. These insights underscore Nigerian firms' need to adopt a balanced approach to capital structure and proactive risk management to sustain growth and navigate financial challenges effectively.

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