

Corporate Finance: Its Importance and Role in Maximizing Firm Value

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Abstract: *Corporate finance is an important area of financial management that deals with how companies plan, raise, invest, and manage their funds. Every business depends on effective financial decisions for survival and growth. The main objective of corporate finance is to maximize firm value while maintaining financial stability.*

Keywords: *Corporate finance*

I. INTRODUCTION

Corporate finance focuses on managing financial resources of a company in the most effective manner. With increasing competition and globalization, sound financial decisions have become essential for long-term sustainability.

Meaning of Corporate Finance

Corporate finance refers to financial activities related to planning, raising, investing, and controlling funds in an organization. It helps management balance risk and return efficiently.

Objectives of Corporate Finance

The major objectives include wealth maximization, profit maximization, proper utilization of funds, and maintaining adequate liquidity.

Major Decisions in Corporate Finance

Investment decisions, financing decisions, and dividend decisions are the core components of corporate finance. These decisions directly influence business growth and firm value.

Role of Corporate Finance in Business Growth

Corporate finance supports expansion, mergers, innovation, and risk management. Effective financial strategies improve competitiveness.

Impact on Firm Value

Sound corporate finance decisions enhance shareholder confidence and increase market value of the firm.

Challenges in Corporate Finance

Market volatility, regulatory compliance, and rising costs of capital are major challenges faced by finance managers.

II. CONCLUSION

Corporate finance plays a vital role in achieving financial stability and sustainable growth. Efficient management of financial resources leads to long-term success.

REFERENCES

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