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CAPITAL STRUCTURE STRATEGIES OF MNCS DURING ECONOMIC DOWNTURNS

СТРАТЕГІЇ КАПІТАЛЬНОЇ СТРУКТУРИ БАГАТОНАЦІОНАЛЬНИХ ПІДПРИЄМСТВ ПІД ЧАС ЕКОНОМІЧНИХ СПАДІВ

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This study provides an in-depth examination of financial decision-making in multinational corporations (MNCs) during economic downturns, with a focus on capital structure strategies and their evolution in response to financial crises. The research explores the relevance of fundamental financial theories in guiding corporate financial decisions. A central component of this study is a comprehensive historical overview of actual financial decisions made by corporations after 1970, analyzing key periods of economic distress and their implications on financial strategies. The study examines major global financial crises. By investigating the specific financial responses of corporations to these crises, the research identifies patterns in financial behavior, shifts in capital structure preferences, and the evolving role of debt and equity financing during times of economic uncertainty. One of the key insights derived from this research is the increasing reliance on debt-financed share buybacks, which has become a prominent financial strategy in recent decades. While classical financial theories traditionally emphasize the trade-offs between debt and equity, modern corporate finance has witnessed a growing trend of leveraging debt to repurchase outstanding shares, thereby enhancing per-share earnings and supporting stock prices.

Keywords: financial decision-making, multinational corporations, MNC, capital structure, economic downturns, financial crises, debt financing, equity financing, risk management, share buybacks, corporate finance strategies.

Багатонаціональні підприємства (БНП) працюють у складному глобальному фінансовому середовищі, де економічні спади створюють значні проблеми, зокрема коливання валют, падіння доходів і обмежений доступ до кредитів. Під час таких криз фірми повинні адаптувати свої структури капіталу для підтримки фінансової стабільності та довгострокового зростання. У цьому дослідженні розглядається, як БНП долають фінансові спади шляхом перегляду рішень щодо фінансування. Це дослідження містить поглиблений аналіз прийняття фінансових рішень у багатонаціональних підприємствах (БНП) під час економічних спадів, зосереджуючись на стратегіях структури капіталу та їх розвитку у відповідь на фінансові кризи. Дослідження вивчає актуальність фундаментальних фінансових теорій у керуванні корпоративними рішеннями з фінансування. Традиційні теорії структури капіталу пропонують розуміння стратегій корпоративного фінансування. Однак емпіричні дані свідчать про те, що фінансові кризи порушують ці рамки, змушуючи підприємства переглядати свої рішення щодо боргу та акціонерного капіталу. Ключовою новою тенденцією є все більша залежність від викупу акцій, фінансованого боргом, який набув популярності, оскільки компанії віддають перевагу доходам акціонерів над традиційним розподілом дивідендів і випуском акцій. Центральним компонентом цього дослідження є вичерпний історичний огляд фактичних фінансових рішень, прийнятих корпораціями після 1970 року, аналіз ключових періодів економічної кризи та їх наслідків для фінансових стратегій. Дослідження розглядає основні світові фінансові кризи. Досліджуючи конкретні фінансові реакції корпорацій на ці кризи, дослідження визна-

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чає закономірності у фінансовій поведінці, зміни в уподобаннях у структурі капіталу та зміну ролі боргового та акціонерного фінансування під час економічної невизначеності. Одним із ключових висновків, отриманих у результаті цього дослідження, є зростаюча залежність від викупу акцій, що фінансується боргом, що стало помітною фінансовою стратегією в останні десятиліття. У той час як класичні фінансові теорії традиційно наголошують на компромісах між боргом і власним капіталом, сучасні корпоративні фінанси є свідками зростаючої тенденції використання боргу для викупу акцій в обігу, таким чином збільшуючи прибуток на акцію та підтримуючи курс акцій.

Ключові слова: прийняття фінансових рішень, багатонаціональні підприємства, БНП, структура капіталу, економічні спади, фінансові кризи, боргове фінансування, фінансування акціонерним капіталом, управління ризиками, викуп акцій, стратегії корпоративних фінансів.

Problem statement. Multinational corporations (MNCs) operate within an intricate and highly dynamic global financial environment. The complexity of this landscape is further exacerbated during financial downturns when firms face significant challenges such as currency fluctuations, declining revenues, and restricted access to credit. During such periods of economic distress, the financial decisions made by corporations play a crucial role in determining their stability, resilience, and long-term growth prospects. Given the importance of these decisions, it is imperative to understand how MNCs adapt their capital structures in response to crises. Empirical evidence suggests that financial downturns disrupt traditional assumptions and capital structure theories and force firms to reconsider their approaches to capital structure management.

Analysis of recent studies and publications. Extensive research has explored financial decision-making, with capital structure theories providing key insights into how firms approach financing. The Modigliani-Miller Theorem [10], Trade-Off Theory [9], Pecking Order Theory [11], Agency Cost Theory [7], and Market Timing Theory [3] have been widely analyzed in financial literature. However, empirical studies indicate that financial downturns alter traditional financial strategies, forcing firms to reconsider their approach to debt and equity management [4].

Identifying unresolved issues. Despite the vast research in this area, gaps remain in understanding how financial downturns reshape traditional financial strategies. The impact of share buybacks on capital structure and long-term stability requires further investigation, particularly in times of economic uncertainty [12].

Formulation of the article's goals (task statement). The primary objective of this article is to analyze the evolving nature of capital structure decisions among multinational corporations, particularly in the context of financial downturns. The study aims to examine how firms navigate financial crises by assessing their approaches to debt management, liquidity optimization, and risk mitigation.

Furthermore, this research seeks to evaluate the applicability of traditional capital structure theories during economic downturns. By comparing empirical data with theoretical models, this study aims to identify key deviations and emerging financial behaviors that challenge conventional assumptions [1].

By exploring historical trends in capital allocation during major financial crises, this research intends to provide valuable insights into the macroeconomic factors that shape corporate financial decision-making. Finally, this article aims to offer policy recommendations for corporate leaders and financial regulators to ensure that capital structure strategies align with long-term economic stability.

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Presentation of the main research material. Multinational corporations (MNCs) operate in a complex and dynamic global environment where financial decisions play a crucial role in ensuring stability and growth. These decisions become especially critical during financial downturns when companies face heightened risks such as currency fluctuations, declining revenues, and tightening credit conditions [2]. Understanding how MNCs navigate financial crises is essential for policymakers, financial analysts, and corporate decision-makers.

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Trade-Off Theory [9], Pecking Order Theory [11], Agency Cost Theory [7], and Market Timing Theory [3] have been widely analyzed in financial literature. However, empirical studies indicate that financial downturns alter traditional financial strategies, forcing firms to reconsider their approach to debt and equity management [4]. Additionally, recent studies highlight the growing role of share buybacks in capital structure decisions, a phenomenon that challenges classical financial theories [12].

During economic downturns, MNCs carefully evaluate their capital structure, liquidity management, and risk mitigation strategies. Their ability to secure funding, optimize capital allocation, and manage financial risks can determine whether they emerge stronger from a crisis or struggle to survive. The financial decisions made in these periods, such as whether to raise capital through debt or equity, restructure operations, or hedge against currency risks, can have long-term implications for profitability and shareholder value [8].

One of the key aspects of financial decision-making during crises is capital structure – how firms balance debt and equity in their financing. Several well-established capital structure theories provide insights into how firms typically approach financing. However, these perspectives shift during financial downturns when markets are disrupted, risks increase, and traditional assumptions no longer hold [4].

Capital Structure Theories:

1. Modigliani-Miller (M&M) Theorem. Introduced by Franco Modigliani and Merton Miller in 1958, the M&M theorem argues that in a perfect market – free of taxes, bankruptcy costs, or information asymmetry – a firm's value is independent of its capital structure [10]. Firms can choose any debt-equity mix without affecting their overall value.

Although the M&M theorem provides a theoretical foundation for capital structure irrelevance, real-world conditions introduce market imperfections such as taxation, transaction costs, and financial distress. In practice, firms actively manage their capital structure to optimize tax benefits, minimize costs, and align with strategic objectives.

2. Trade-Off Theory. The Trade-Off Theory posits that firms balance the tax advantages of debt (e.g., interest tax shields) against the costs of financial distress, such as bankruptcy risk [9]. The goal is an optimal capital structure where the marginal benefit of debt equals its marginal cost.

Firms determine their capital structure by weighing tax benefits against financial distress risks. Highly profitable firms may favor more debt to leverage tax advantages, whereas firms in volatile industries may opt for lower debt levels to reduce bankruptcy risk. The trade-off perspective explains why capital structures vary across industries and firms [2].

3. Pecking Order Theory. Developed by Stewart Myers and Nicholas Majluf (1984), the Pecking Order Theory suggests firms prioritize financing sources based on information asymmetry costs: internal funds (e.g., retained earnings) first, then debt, and equity as a last resort [11]. External financing, especially equity, is costlier due to managers' superior knowledge of firm prospects.

Firms with sufficient internal funds tend to avoid external financing due to the associated costs and information asymmetries. Debt is often preferred over equity since issuing new shares can signal negative information to the market [8]. Companies with strong cash flows generally finance investments internally, while those with constrained resources may turn to debt markets before considering equity issuance.

4. Agency Cost Theory. Proposed by Michael Jensen and William Meckling, Agency Cost Theory examines conflicts between managers and shareholders [7]. Debt can reduce agency costs by disciplining managers with fixed interest obligations, but excessive debt may lead to underinvestment or risk-shifting behaviors that harm shareholders or debt holders.

Firms strategically structure their debt levels to balance managerial discipline and operational flexibility. While debt can mitigate managerial excesses, overleveraging can lead to riskier corporate decisions that may not align with long-term shareholder interests [6].

5. Market Timing Theory. The Market Timing Theory, advanced by Baker and Wurgler (2002), suggests firms time their financing based on market conditions: issuing equity when stock prices are high and opting for debt or share repurchases when prices are low [3].

Firms strategically issue securities based on market conditions. In favorable equity markets, firms may issue new shares to raise capital efficiently. When stock prices are low or credit markets are favorable, they may prefer debt issuance or repurchase equity [2]. This theory suggests that capital structure is influenced more by opportunistic behavior than by a predetermined target ratio.

Capital Structure in Financial Crises:

1. Modigliani-Miller (M&M) Theorem in Crises. Crises disrupt the perfect market assumptions of M&M. Market imperfections like liquidity shortages, heightened uncertainty, and asymmetric information become pronounced, making capital structure decisions critical. For example, during the 2008 financial crisis, firms faced severe constraints in accessing capital markets due to frozen credit conditions (Campello et al., 2010). Highly leveraged firms were particularly vulnerable, experiencing greater distress as lenders pulled back.

2. Trade-Off Theory in Crises. During crises, the risk of financial distress spikes due to declining revenues, tightened credit, and economic uncertainty. This shifts the trade-off, making debt less appealing as bankruptcy costs loom larger. However, liquidity shortages can push firms in the opposite direction, forcing them to take on more debt to survive. For instance, during the COVID-19 pandemic, many companies accessed government-backed loans or issued new debt to address cash flow shortages (Acharya & Steffen, 2020).

3. Pecking Order Theory in Crises. Crises often deplete internal funds as revenues drop, compelling firms to seek external financing. However, credit markets may tighten, raising debt costs or limiting availability, as seen during the 2008 crisis when banks curtailed lending (Kahle & Stulz, 2013). With stock prices typically depressed, equity issuance becomes expensive and dilutive, yet some firms turn to it to bolster their balance sheets.

4. Agency Cost Theory in Crises. Crises amplify conflicts between managers and shareholders. Managers may favor conservative financing (less debt) to safeguard their positions, while shareholders might push for aggressive debt-financed strategies to seize recovery opportunities. For instance, during the Dot-com bubble burst (2000–2002), some firms with significant agency costs increased debt to align managerial and shareholder interests (Harvey et al., 2004).

5. Market Timing Theory in Crises. Crises typically depress stock prices, making equity issuance unattractive due to dilution and high costs. Debt might seem preferable, but tight credit markets – such as during the European debt crisis (2010–2014) – can raise borrowing costs or block access entirely (Almeida et al., 2017). As a result, firms may delay financing or accept suboptimal terms.

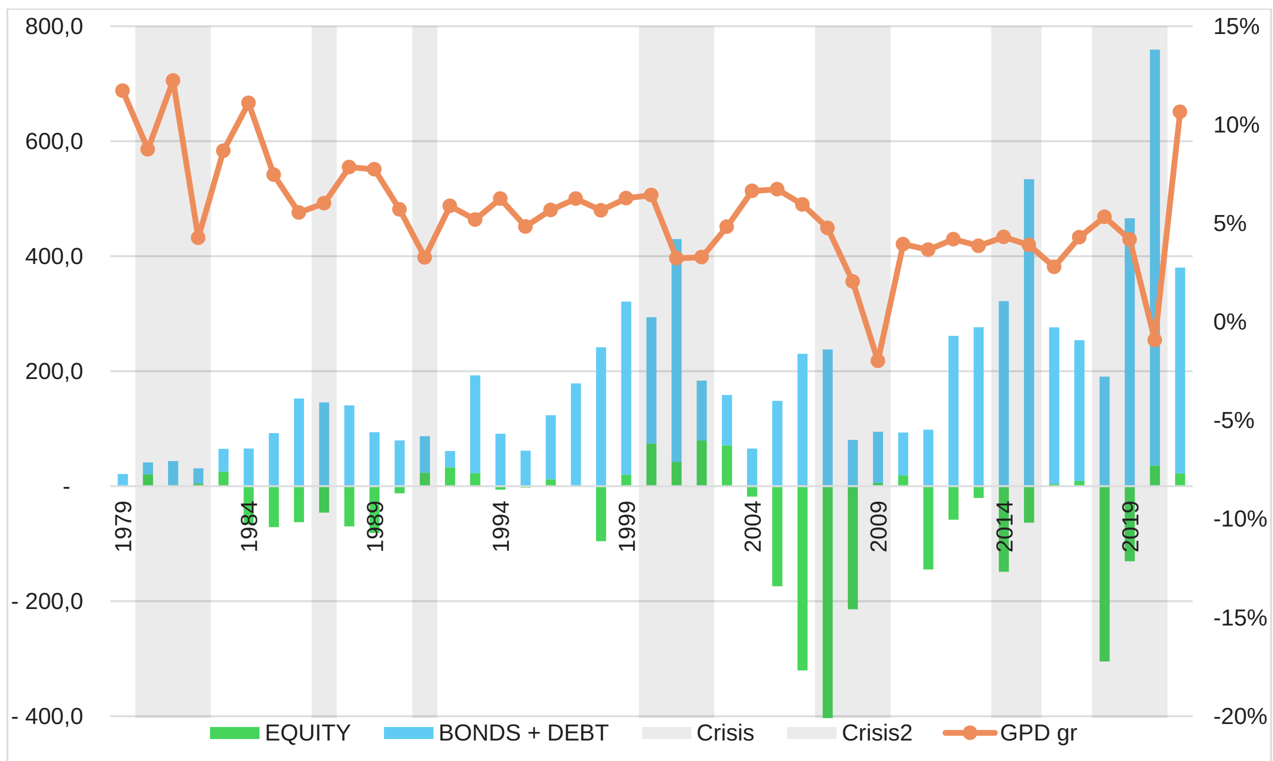

Figure 1. Net worth of US nonfinancial corporations

Source: compiled by the authors based on Annual Tables of Integrated Macroeconomic Accounts for the United States (S.5.a Nonfinancial Corporate Business)

Capital Structure – The Evidence. In this study we explore the historical trends of equity and debt markets with particular focus on major economic crises and their corresponding influences on GDP growth, borrowing, and market volatility. Our goal is to provide with a clear understanding of how external shocks and macroeconomic factors shape financial developments.

The early 1980s Recession illustrates a phase of economic stress, this time driven largely by monetary policies aimed at curbing high inflation in industrialized nations. The years 1980 to 1982 show uneven GDP trends, starting at around 8,75% in 1980 and rising to 12,24% in 1981, only to fall to 4,26% in 1982. This volatility in growth signals how restrictive policies, high interest rates, and weakened consumer demand can rapidly suppress economic expansion. It also reveals that aggressive policy measures, though necessary to control inflation, risk triggering recessions that temporarily hinder business activity and job growth.

In 1984, the Lebanese Civil War contributed to regional instability, which in turn had spillover effects on trade and investment confidence. Though the GDP growth for that specific year stood around 11,11%, indicating a relatively robust level of economic expansion in broader global terms, local volatility underscored how conflict in one region can disrupt production and investment flows. The ripple effects of such conflicts can reach global markets, especially if the conflict zones hold strategic resources or trade routes.

The late 1980s witnessed Black Monday in 1987, which was a sudden and severe stock market crash. The GDP growth for 1987 was approximately 6,02%, and although this rate does not reflect an outright recession, the shock to equity values was substantial enough to rattle investor confidence. Black Monday stands as a classic example of how rapid shifts in market sentiment and automated trading can accelerate a downturn. Governments and central banks responded by infusing liquidity and adjusting interest rates, demonstrating how authorities often intervene to stabilize markets in the wake of sudden distress.

The early 1990s Recession came to the forefront in 1991, showing a decline in GDP growth to roughly 3,27%. Causes for this downturn included restrictive monetary policy, reduced consumer confidence, and the after-effects of the 1980s credit expansion. The Gulf War of the early 1990s also contributed to uncertainty, which dampened trade and investment. Despite the modest improvement in subsequent years, the impact of this recession lingered in the form of cautious spending and tighter lending standards, underlining how economic slowdowns have lasting consequences.

The Asian Financial Crisis of 1997 and 1998 significantly disrupted global capital flows, particularly in emerging markets. Although some economies outside Asia continued to show modest GDP growth, the immediate concerns over currency devaluations and financial sector instability led to widespread investor anxiety. By 1997, global GDP growth was around 6,25%, and in 1998 it declined slightly to near 5,66%. These rates, though still positive, masked the regional distress as governments introduced capital controls and restructuring programs. The crisis stands as a pivotal lesson in how overleveraged financial systems and large current account deficits can expose economies to rapid shifts in investor sentiment.

The Dot-Com Bubble Burst around the year 2000 revealed the perils of speculative investment in technology-related equities. During that time, GDP growth stood at about 6,44%, suggesting that broader economic momentum was still present. However, the collapse of many overvalued internet startups led to stock market declines and a reassessment of company valuations. Venture capital funding dried up for unprofitable tech firms, and a wave of bankruptcies followed. This period shows how optimism over nascent technology, if unchecked by fundamental earnings and practical business models, can unravel quickly.

The early 2000s Recession followed soon after, spanning roughly 2001 to 2002. Economic growth decelerated to 3,2%. Factors contributing to this downturn included the aftermath of the Dot-Com bust, a general contraction in business investment, and the global uncertainty following geopolitical events such as the September 11 attacks. Central banks responded by lowering interest rates, attempting to stimulate borrowing and restore consumer confidence.

The Subprime Mortgage Crisis in 2007 was a precursor to the wider Global Financial Crisis of 2008 and 2009. In 2007, GDP growth was near 4,77%, but the structural weaknesses in housing finance were becoming evident. As mortgage defaults rose sharply, banks and investors holding mortgage-backed securities faced mounting losses, and liquidity dried up in credit markets. By 2008, GDP growth fell significantly to about 2%, and by 2009 it went into negative

territory at -1,98%. This sequence marked the most severe global recession since the Great Depression, prompting massive government bailouts, emergency stimulus measures, and reforms aimed at stabilizing the financial system.

In 2010 and 2011, the Eurozone Debt Crisis took hold, reflecting long-standing fiscal imbalances in certain European countries. Nations such as Greece, Ireland, and Portugal struggled with high public debt levels and faced rising borrowing costs. GDP growth rates during those years hovered around 0.0394 to 0.0366, demonstrating sluggish expansion in the face of austerity measures and uncertainty over potential defaults. The crisis also exposed structural issues in currency unions, revealing how sharing a single currency without unified fiscal policy can complicate crisis management.

The Oil Price Collapse in 2014 and 2015 emerged when global oil supply rose significantly while demand remained relatively subdued. This glut sent oil prices down sharply, yielding unexpected consequences for both importing and exporting nations. GDP growth during these years was around 4,31% in 2014 and 3,9% in 2015. Oil-exporting economies faced budget shortfalls and reduced revenues, forcing them to cut public spending, while importing nations sometimes saw modest boosts in consumption. This development demonstrated how commodity price swings can redistribute economic gains and losses among different regions.

In 2018 and 2019, a Trade War with China raised uncertainties about supply chains, tariffs, and global growth prospects. GDP growth was around 5,33% in 2018 and 4,19% in 2019, indicating that while growth remained positive, the threat of escalating protectionism led companies to reassess investment and production strategies. This period highlights how trade disputes can disrupt global value chains, discourage cross-border investment, and lead to higher prices for consumers.

The COVID-19 Pandemic in 2020 created an unparalleled global health and economic crisis. For the first time in decades, many industries experienced abrupt halts in activity due to lockdowns and social distancing measures, leading GDP growth to fall to approximately -0,92% in that year. Although governments and central banks responded with unprecedented stimulus and supportive policies, the unique nature of the shock, which restricted both production and demand, posed extraordinary challenges. Notably, despite the downturn in economic output, certain equity markets rebounded swiftly thanks to liquidity injections, low interest rates, and optimism over vaccine development.

By 2021, many economies showed a sharp recovery in GDP growth, reaching around 10,65%, as vaccination campaigns expanded, restrictions loosened, and pent-up consumer demand ignited a surge in spending. Nonetheless, the rebound brought its own challenges, including inflationary pressures and supply chain disruptions, underscoring how crisis responses can create new complexities.

Overall, these historical events underscore the powerful influence of crises on both equity and debt markets. Periods of turmoil often coincide with increased borrowing as governments and businesses seek liquidity, while equities tend to suffer from investor caution. Each crisis reveals how interconnected global finance has become, as shocks in one region can quickly ripple to others. Understanding this interplay equips students with a deeper knowledge of how crises unfold, how policymakers respond, and how markets eventually recover or adapt. Recognizing these patterns is vital for shaping long-term investment strategies, policymaking decisions, and sound economic analysis.

Recent studies indicate that the use of debt financing exhibits a consistent and predictable response to economic uncertainty, aligning with key financial theories such as trade-off, pecking order, signaling, and market timing. Typically, debt levels decrease sharply at the start of economic downturns and increase as conditions stabilize. In contrast, equity financing has followed an increasingly divergent trend, challenging earlier assumptions in financial theory. A major contributor to this shift is the growing practice of using borrowed funds to support share repurchase programs, a strategy that has traditionally been overlooked in discussions of capital structure.

In 2006, the total volume of shares withdrawn through buybacks exceeded the net issuance of new equity since 1960, marking a significant move toward reducing outstanding shares – a trend that has only intensified. Analysts project that corporate share repurchases will surpass one trillion dollars by 2025, a dramatic rise from the 319 billion dollars recorded in 2010. Over the decade from 2010 to 2020, U.S. companies collectively invested around 6.3 trillion dollars in buybacks, often outstripping dividend payouts during the same period. Leading this charge, companies like Apple have committed substantial

sums – over 250 billion dollars between 2012 and 2020 – to repurchase their own shares.

Share buybacks are a powerful financial strategy, exemplified by companies like Apple ($90 billion in 2022) and Meta ($40 billion in 2022), with global spending hitting $1.3 trillion in 2021, including $882 billion from the S&P 500 alone. Plans for future buybacks remain robust, particularly in the U.S., Europe, and Asia, reflecting corporate confidence and a focus on shareholder value. Whether boosting stock prices or returning capital, buybacks continue to shape the global financial landscape.

The growth in buybacks owes much to regulatory landscape, notably the SEC's introduction of Rule 10b-18 in 1982, which established a safe harbor for firms to buy back shares without risking accusations of market manipulation. Unlike dividends, which lock companies into regular payouts, buybacks provide a flexible method for returning cash to shareholders. However, critics contend that this practice can artificially boost stock prices and inflate executive pay, often linked to per-share earnings metrics, sparking debate over its broader economic impact.

Evidence reveals that many MNEs, particularly outside the financial sector, are increasingly tapping debt not just to fuel growth but also to finance these repurchase initiatives. By reducing the number of shares outstanding, this approach curbs ownership dilution while allowing firms to capitalize on low borrowing costs. Companies are steadily moving away from issuing new equity, instead leaning on debt to fund buybacks over traditional dividend distributions. This pivot reflects a broader change in how firms allocate capital, prioritizing repurchases to enhance per-share performance and signal optimism to investors.

These patterns signal a profound evolution in how corporations structure their finances. The evidence suggests that many MNEs are positioning themselves for future expansion, even amid economic challenges, by leveraging debt to maximize shareholder value. The growing reliance on buybacks highlights a rethinking of how earnings are distributed, challenging long-held views that downplayed the role of such mechanisms in capital structure decisions. Far from being a minor tool, share repurchases are now a driving force in financing strategies and market dynamics, pointing to a departure from classical financial theories that calls for deeper exploration and potential policy review.

Recent observations reveal that debt financing responds in a remarkably predictable way to periods of uncertainty, aligning closely with trade-off, pecking order, signaling, and market timing theories. Specifically, it tends to shrink at the onset of crises and expand again as the market stabilizes. By contrast, equity financing has demonstrated an increasingly contrary pattern, complicating prior theoretical conclusions. A key driver behind this divergence is the widespread use of debt to fund share repurchase programs, an approach that has historically received less attention in traditional capital structure discussions.

Notably, in 2006, the cumulative net withdrawal of shares through buybacks surpassed the net issuance of equity dating back to 1960, and this shift toward reducing outstanding shares has continued to gain momentum ever since. Global trends indicate that buybacks have become a dominant force in corporate capital allocation, with companies worldwide increasingly adopting this strategy. For example, in Europe and Asia, buyback activity has surged in recent years, though it remains more pronounced in the U.S. market. Forecasts suggest that global buyback volumes could reach unprecedented levels in the coming years, driven by favorable borrowing conditions and corporate efforts to enhance shareholder value. Between 2010 and 2020, companies in major indices spent trillions of dollars on buybacks, far exceeding dividend payouts during the same period. High-profile firms have led this wave, with tech giants like Apple allocating hundreds of billions of dollars to repurchases over the past decade. These figures suggest that buybacks, once sporadically employed, have become a mainstay in corporate capital decisions, while other capital structure theories apply more broadly to non-buyback situations.

Evidence now indicates that corporations are increasingly turning to debt not just for operational growth but also to finance equity buybacks. This strategy minimizes the dilution of ownership by reducing outstanding shares and, at the same time, allows firms to leverage favorable borrowing conditions. The move away from issuing new equity and toward heavier debt usage, coupled with the emphasis on buybacks rather than dividends, signifies a pivotal shift in capital allocation. Rather than distributing earnings as dividends, firms appear to be prioritizing share repurchases to boost per-share metrics and convey confidence to the market. This trend is particularly evident in

the U.S., where nonfinancial corporations have significantly increased their debt levels to fund buybacks, even as global markets show similar patterns.

These developments point to a fundamental transformation in prevailing capital structure paradigms. The data implies that many corporations are actively preparing for robust growth trajectories, even as they recover from economic headwinds, by harnessing leverage to bolster shareholder returns. The evolution of buyback practices underscores a broader rethinking of earnings distribution, as traditional views have commonly relegated distributions to a marginal role in capital structure decisions. Contrary to longstanding assumptions, our findings highlight that this form of distribution significantly shapes both financing choices and overall market dynamics, suggesting that contemporary corporate finance strategies are diverging from classic theory in ways that deserve further research and policy attention. This shift is not limited to the U.S.; it reflects a global realignment in how firms approach capital allocation, with buybacks playing a central role in shaping corporate strategies worldwide.

Conclusion. This study highlights the dynamic nature of financial decision-making in MNCs, particularly during economic downturns. While classical capital structure theories provide a foundational framework, real-world financial crises necessitate adaptive and flexible strategies. The empirical evidence analyzed in this research underscores the growing reliance on debt-financed share buybacks, a trend that signals a fundamental shift in corporate finance. This shift challenges conventional financial theories, as firms increasingly prioritize buybacks over traditional dividend distributions and equity issuance.

By synthesizing theoretical insights with empirical evidence, this study contributes to a deeper understanding of the dynamic nature of financial decision-making in multinational corporations. As financial markets continue to evolve, the study underscores the importance of flexible and adaptive financial strategies that enable corporations to withstand economic shocks while maintaining long-term resilience.

Future research should explore regulatory frameworks that balance corporate flexibility with financial stability, ensuring that capital allocation strategies serve broader economic objectives.

The study further demonstrates that financial downturns amplify the importance of liquidity management, risk mitigation, and strategic capital allocation. Companies that successfully navigate economic crises tend to employ a combination of financing mechanisms, leveraging both debt and equity markets depending on macroeconomic conditions and firm-specific financial health. The interplay between economic shocks and capital structure decisions highlights the necessity for ongoing research and policy considerations.

Given the evolving landscape of corporate finance, future research should explore regulatory frameworks that balance corporate flexibility with financial stability. Understanding these dynamics is crucial for corporate leaders, investors, and regulators aiming to foster long-term financial resilience and sustainable economic growth.

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