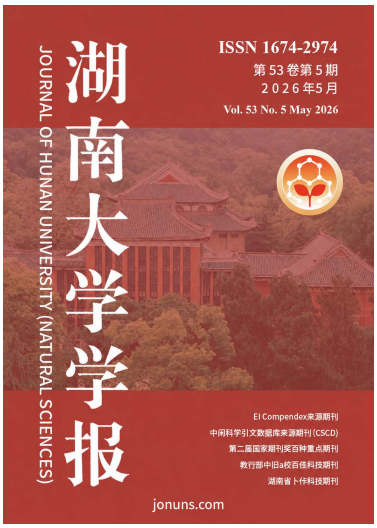

Journal of Hunan University

(Natural Sciences)

Vol. 53 No. 5

May 2026

Available online at

https://jonuns.com

Open Access Article

https://doi.org/10.55463/issn.1674-2974.53.5.4

The Impact of Financial Decision-Making Quality on Firm Value in Manufacturing Firms

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Article History:

Received: March 5, 2026
Revised: April 26, 2026
Accepted: May 15, 2026
Published: May 29, 2026

Abstract: Firm value remains a central indicator of corporate performance. However, empirical evidence on how internal financial decision-making processes contribute to firm value remains limited, particularly in manufacturing firms operating in emerging economies and in studies based on primary managerial data. This study addresses this gap by conceptualizing financial decision-making quality as a multidimensional managerial capability and examining its effect on perceived firm value. A quantitative research design was employed using survey data collected from managers and financial executives of manufacturing firms. Financial decision-making quality was measured through investment analysis, financing structure decisions, and financial risk evaluation, while perceived firm value was assessed using indicators related to competitiveness, growth prospects, and sustainability. The data were analyzed using Partial Least Squares Structural Equation Modeling (PLS-SEM). The results indicate that financial decision-making quality has a positive and statistically significant effect on perceived firm value. Firms with higher-quality financial decision-making processes tend to report stronger perceived firm value. However, the findings should be interpreted with caution due to the cross-sectional design and the use of perception-based measures, which may be subject to respondent bias. This study contributes to the literature by providing direct empirical evidence on the role of managerial financial decision-making quality as an internal determinant of perceived firm value in emerging economy contexts. The findings highlight the importance of strengthening managerial financial capabilities as a strategic lever for enhancing firm performance.

Keywords: financial decision-making quality; perceived firm value; manufacturing firms; emerging economies; managerial financial capability; PLS-SEM.

制造业企业中财务决策质量对企业价值的影响

摘要：

企业价值仍然是衡量企业绩效的核心指标。然而，关于内部财务决策过程如何影响企业价值的实证证据仍然有限，尤其是在新兴经济体制造业企业中，以及基于管理层一手数据的相关研究仍显不足。本研究通过将财务决策质量概念化为一种多维度的管理能力，并考察其对感知企业价值的影响，以弥补这一研究空白。本研究采用定量研究设计，基于对制造业企业管理人员和财务高管收集的问卷调查数据。财务决策质量通过投资分析、融资结构决策和财务风险评估进行测量，而感知企业价值则通过与竞争力、增长前景和可持续性相关的指标进行评估。数据采用偏最小二乘结构方程模型（PLS-SEM）进行分析。研究结果表明，财务决策质量对感知企业价值具有正向且统计显著的影响。财务决策过程质量较高的企业往往报告出更强的感知企业价值。然而，由于本研究采用横截面研究设计和基于感知的测量指标，可能受到受访者偏差的影响，因此研究结果应谨慎解释。本研究通过提供关于管理层财务决策质量作为新兴经济体背景下感知企业价值内部决定因素的直接实证证据，为相关文献作出贡献。研究结果强调，加强管理层财务能力是提升企业绩效的重要战略杠杆。

关键词：财务决策质量；感知企业价值；制造业企业；新兴经济体；管理层财务能力；偏最小二乘结构方程模型（PLS-SEM）。

1. Introduction

Firm value is widely recognized as a central indicator of corporate performance, reflecting a firm's ability to generate sustainable economic returns and maintain competitiveness in dynamic markets [1]. In manufacturing industries, firm value is closely associated with efficient resource allocation, financial stability, and managerial decision-making, particularly in investment, financing, and risk management activities [2], [3]. These challenges are more pronounced in emerging economies, where firms operate under conditions of market volatility, financial constraints, and institutional limitations [4], [5].

Despite extensive research on firm value, the majority of prior studies rely heavily on market-based and accounting-based indicators derived from secondary financial data, such as Tobin's Q and market capitalization [6], [7]. While these approaches provide useful external assessments, they offer limited insight into the internal managerial processes that drive value creation. This limitation is particularly relevant in emerging economies, where market inefficiencies and information asymmetry may weaken the explanatory power of traditional financial indicators [8].

To address this limitation, recent research has increasingly emphasized the role of internal managerial capabilities in shaping firm outcomes. One such capability is financial decision-making quality, which reflects the extent to which managers apply systematic analysis, relevant information, and disciplined judgment in financial decisions [9], [10]. However, the concept of financial decision-making quality remains conceptually underdeveloped and is often conflated with related constructs such as managerial ability, financial literacy, or corporate governance quality. While these constructs are related, financial decision-making quality specifically focuses on the process quality of financial decisions rather than general managerial competence or institutional structures.

From a theoretical perspective, financial decision-making quality can be positioned as a dynamic managerial capability that enables firms to allocate resources efficiently and respond effectively to uncertainty [11], [12]. Unlike financial literacy, which reflects knowledge, or corporate governance, which reflects structural mechanisms, financial decision-making quality captures how managerial judgment is applied in real decision contexts. This distinction is important because firms with similar resources or governance structures may differ significantly in outcomes due to differences in decision quality.

Furthermore, empirical evidence examining the direct relationship between financial decision-making quality and firm value remains limited, particularly

using primary data that capture managerial-level processes. Existing studies often infer decision quality indirectly from financial outcomes rather than measuring it explicitly [10], [13]. This gap is especially relevant for manufacturing firms in emerging economies, where managerial discretion plays a critical role due to limited external financial support and higher environmental uncertainty [4], [5].

This study aims to address these gaps by conceptualizing financial decision-making quality as a multidimensional managerial capability and examining its effect on firm value using firm-level survey data. By employing a perception-based measure of firm value, this study provides a complementary perspective to traditional market-based approaches and enables a direct examination of how internal financial decision processes influence value outcomes. The findings are expected to contribute to the corporate finance and strategic management literature by clarifying the role of managerial financial decision quality in firm value creation and offering practical insights for improving firm performance in emerging economy contexts.

Problem Statement & Research Gap

Despite growing interest in firm value determinants, there remains limited empirical evidence explaining how internal financial decision-making processes influence firm value using primary data. In particular, the lack of direct measurement of financial decision-making quality at the managerial level creates a gap in understanding the micro-level mechanisms through which value is created within firms, especially in emerging economy contexts.

Research Significance

This study is significant in several respects. First, it contributes to the corporate finance literature by introducing financial decision-making quality as a distinct managerial capability that directly influences firm value. Second, it provides empirical evidence based on firm-level primary data, offering a complementary perspective to traditional studies relying on secondary financial indicators. Third, the study offers practical implications for managers and policymakers by highlighting the importance of improving financial decision processes to enhance firm performance in environments characterized by uncertainty and resource constraints.

Organization of the Paper

The remainder of this paper is structured as follows. The next section reviews the relevant literature and develops the research hypothesis. This is followed by the methodology section, which describes the research design, data collection, and analytical approach. The subsequent section presents the empirical results and discussion. Finally, the paper concludes with key findings, managerial implications, limitations, and directions for future research.

2. Literature Review and Hypotheses Development

Firm value has long been treated as a comprehensive indicator of how markets and stakeholders assess a firm's future cash-flow prospects and risk profile [1], [4]. In manufacturing contexts, firm value is strongly shaped by managerial decisions that govern capital allocation, financing structure, and risk exposure, because these decisions influence productivity, resilience, and long-term competitiveness [2], [6]. This is particularly relevant in emerging economies, where firms commonly face financing frictions, volatile demand, and weaker market-supporting institutions, making internal managerial capability a critical performance lever [3], [7].

2.1 Financial Decision-Making Quality As A Managerial Capability

Financial decision-making quality refers to the extent to which managers apply systematic analysis, relevant information, and disciplined evaluation when making investment, financing, and risk management decisions [6], [8]. While prior studies have examined related constructs such as managerial ability, financial literacy, and decision competence, these concepts primarily capture general skills, knowledge, or experience rather than the quality of the decision-making process itself.

In contrast, financial decision-making quality emphasizes how financial decisions are formulated, evaluated, and executed in practice. This distinction is critical because managers with similar levels of knowledge or experience may produce different outcomes depending on the rigor and discipline applied in their decision processes. Therefore, financial decision-making quality represents a more process-oriented construct that captures the effectiveness of managerial judgment in real decision contexts.

From a theoretical perspective, financial decision-making quality can be conceptualized as a dynamic managerial capability that enables firms to integrate information, evaluate alternatives, and respond effectively to uncertainty [10], [11]. This capability is particularly important in environments characterized by limited information, high uncertainty, and constrained resources, such as emerging economies.

2.2 Financial Decision-Making Quality And Firm Value

Firm value is influenced not only by observable financial outcomes but also by the internal processes that shape those outcomes. Prior research has largely focused on financial policies and structural indicators, such as leverage, capital structure, and investment intensity [4], [15]. While these variables are important, they do not directly capture the quality of decision-making processes that underlie financial choices.

High-quality financial decision-making enables firms to select value-enhancing investments, avoid inefficient financing structures, and effectively manage financial risks. These processes contribute to improved resource allocation, reduced financial inefficiencies, and enhanced organizational resilience. As a result, stakeholders are more likely to perceive such firms as sustainable and competitive, leading to higher firm value.

This relationship is particularly salient in emerging economies, where external financial support is often limited and market inefficiencies are prevalent. In such contexts, internal managerial capabilities play a more critical role in determining firm outcomes. Therefore, financial decision-making quality is expected to exert a stronger influence on firm value in these environments.

2.3 Measuring firm value using primary data

In emerging economies, many manufacturing firms are privately held or thinly traded, limiting the reliability or availability of market-based measures such as Tobin's Q and market capitalization [4], [19]. In such settings, perceived firm value measures can provide a valid alternative when they are anchored in decision-maker assessments of competitiveness, sustainability, stakeholder confidence, and growth prospects, particularly when the research objective is to explain value as an outcome of internal processes [5], [20]. Survey-based constructs have also been widely used to capture stakeholder perception channels linking corporate actions to value outcomes [21], thereby supporting the methodological rationale for using perceived firm value in firm-level primary-data designs.

However, perceived firm value measures may be subject to potential biases, such as respondent optimism and social desirability bias, which may lead to overestimation of firm performance. Accordingly, while perception-based measures are appropriate for examining internal managerial processes, the findings should be interpreted with caution and considered complementary to objective financial indicators where such data are available.

2.4 Research gap and contribution

Despite the growing literature on firm value determinants, important gaps remain. In particular, limited empirical evidence directly examines the effect of financial decision-making quality on firm value using primary data that capture managerial-level decision processes. In addition, manufacturing firms in emerging economies remain underrepresented in capability-based corporate finance research, despite operating in environments where decision quality is likely to play a critical role. Addressing these gaps, this study conceptualizes financial decision-making quality as a multidimensional managerial capability and empirically examines its impact on perceived firm value using firm-level survey data.

The major components of financial decision-making quality and their corresponding indicators, as derived from prior studies, are reported in Table 1.

Table 1 Financial Decision-Making Quality Dimensions Based on Literature Review

Financial Decision-Making Dimension	Key Indicators	Representative Literature
Investment Decision Quality	1. Systematic capital budgeting analysis 2. Use of financial evaluation techniques (NPV, IRR, payback) 3. Long-term strategic alignment of investments	[6], [10], [12], [14]
Financing Decision Quality	1. Optimal debt–equity structure selection 2. Cost of capital consideration 3. Financing flexibility and sustainability	[4], [15], [16], [31]
Financial Risk Management Quality	1. Identification and assessment of financial risks 2. Risk mitigation and control mechanisms 3. Liquidity and solvency management	[7], [17], [32], [47]
Information-Based Decision Process	1. Use of accurate and timely financial information 2. Integration of internal and external financial data 3. Analytical rigor in decision-making	[8], [9], [18], [23]
Managerial Financial Judgment	1. Experience-based financial judgment 2. Consistency and discipline in decisions 3. Responsiveness to uncertainty	[11], [13], [14], [44]

Source: Developed by the authors based on literature review

2.5 Hypothesis

Based on capability-based reasoning and emerging empirical evidence that decision quality improves firm outcomes and value-related performance, the following hypothesis is proposed:

H1: Financial decision-making quality has a positive and significant effect on firm value in manufacturing firms in emerging economies [6], [8], [18].

3. Conceptual Framework

The conceptual framework of this study is developed to explain the relationship between financial decision-making quality and firm value in manufacturing firms operating in emerging economies. The framework is grounded in capability-based theory and dynamic managerial capability perspectives, which emphasize the role of managerial competencies and internal processes in shaping firm performance and value creation [11], [12]. Within this perspective, financial decision-making quality is treated as a critical managerial capability that influences how firms allocate financial resources, manage risks, and respond to environmental uncertainty.

Financial decision-making quality represents a multidimensional construct encompassing three key dimensions: investment decision quality, financing decision quality, and financial risk management quality [9], [10], [14]. High-quality investment decisions enable firms to select projects with positive long-term value, while effective financing decisions help firms maintain an optimal capital structure and reduce financing costs [6], [16]. In addition, sound financial risk management decisions allow firms to mitigate downside risks and enhance financial stability, which is particularly important in volatile and uncertain market environments [15], [17]. Together, these dimensions reflect the overall quality of managerial financial judgment within the firm.

Firm value is conceptualized as the outcome variable in the framework, reflecting stakeholders' perceptions of a firm's competitiveness, sustainability, and future growth prospects [18], [19]. In emerging economies, where market-based valuation measures may be limited or unreliable, perceived firm value provides an appropriate indicator for capturing the value implications of internal managerial processes [7], [20]. By focusing on perceived firm value, the framework allows for a direct examination of how financial decision-making quality translates into value-related outcomes at the firm level.

Based on the theoretical arguments and empirical evidence discussed in the previous sections, the conceptual framework proposes a direct relationship between financial decision-making quality and firm value. The framework assumes that improvements in the quality of financial decision-making enhance firm value by promoting more efficient resource allocation, reducing financial inefficiencies, and strengthening firms' ability to achieve sustainable performance [6], [14], [21]. Figure 1 illustrates the proposed conceptual framework of the study, showing financial decision-making quality as the independent construct influencing firm value as the dependent construct.

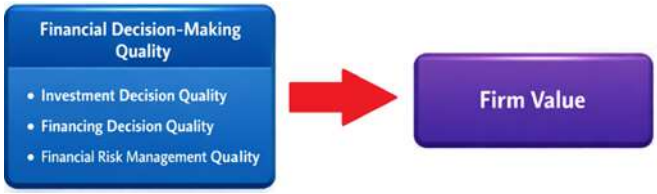

Fig. 1 Conceptual Framework Of The Study

4. Methodology

4.1. Research Design

This study adopts a quantitative research design to examine the impact of financial decision-making quality on firm value in manufacturing firms operating in emerging economies. A cross-sectional survey approach is employed, as it is appropriate for capturing firm-level managerial perceptions and internal decision-making processes at a specific point in time [17]. This design enables the direct measurement of latent constructs that cannot be adequately observed using secondary financial data alone [9].

4.2. Population and Sample

The population of this study comprises manufacturing firms operating in emerging economies, with a particular focus on firms located in Southeast Asia. The unit of analysis is the firm, while the unit of observation is the managerial-level respondent. Data are collected from individuals who are directly involved in financial decision-making activities within their firms, including owners, finance managers, and senior executives.

A non-probability purposive sampling technique is employed to ensure that respondents possess sufficient knowledge and experience related to corporate financial decisions [38]. To be included in the sample, respondents are required to meet two criteria. First, they must hold a managerial or executive position with direct responsibility for financial decisions. Second, they must have a minimum of three years of managerial experience in the manufacturing sector. This approach is appropriate for firm-level survey research where access to qualified decision-makers is essential.

Data collection is conducted over a three-month period using a structured questionnaire distributed both electronically and in person. A total of 320 questionnaires are distributed to eligible respondents. After excluding incomplete and invalid responses, 248 valid questionnaires are retained for empirical analysis,

representing a response rate of approximately 77.5 percent. The final sample size is considered adequate for Structural Equation Modeling analysis using the Partial Least Squares technique [23], [28].

Table 2 presents the profile of the respondents, including their positions, managerial experience, firm size, and industry classification.

Table 2 Profile of Respondents

Characteristics	Category	Freq	Percentage (%)
Position	Owner / Co-owner	62	25.0
	Finance Manager	94	37.9
	Senior Manager / Executive	92	37.1
Managerial Experience	3–5 years	58	23.4
	6–10 years	104	41.9
	More than 10 years	86	34.7
Firm Size	Small (≤50 employees)	76	30.6
	Medium (51–250 employees)	112	45.2
	Large (>250 employees)	60	24.2
Firm Age	Less than 5 years	48	19.4
	5–10 years	86	34.7
	More than 10 years	114	46.0
Industry Type	Food and Beverage	58	23.4
	Textile and Apparel	72	29.0
	Chemical and Pharmaceutical	46	18.5
	Metal and Machinery	38	15.3
	Other Manufacturing	34	13.7

Source: Authors' survey data

4.3. Data Collection Method

The data collection instrument used in this study is a structured questionnaire designed to capture firm-level information and managerial perceptions related to financial decision-making quality and firm value. The questionnaire is developed based on an extensive review of prior empirical studies and established measurement frameworks in corporate finance and managerial decision-making literature [6], [10], [14], [18].

The questionnaire consists of three main sections. The first section collects general information about the respondents and their firms, including position, managerial experience, firm size, and years of operation. This information is used to ensure that respondents meet the sampling criteria and to provide contextual understanding of the sample characteristics.

The second section measures financial decision-making quality as a multidimensional construct. Measurement items are adapted from previous studies on managerial decision quality, financial management practices, and dynamic managerial capabilities [11], [12], [14]. Specifically, financial decision-making quality is operationalized through indicators reflecting investment decision quality, financing decision quality, and financial risk management quality. Respondents are asked to indicate the extent to which their firms apply systematic financial analysis, disciplined evaluation, and risk assessment in financial decision-making processes.

The third section measures firm value using a perceived firm value approach. Measurement items capture respondents' assessments of their firm's competitiveness, growth prospects, long-term sustainability, and overall value relative to competitors [18], [20]. This approach is appropriate for manufacturing firms in emerging economies where market-based valuation measures may be unavailable or unreliable [7].

All construct items are measured using a five-point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree). To enhance content validity, the questionnaire items are reviewed by academic experts and practitioners prior to data collection. A pilot test involving a small group of managerial respondents is conducted to assess clarity, wording, and relevance of the items. Based on the pilot feedback, minor revisions are made to improve the instrument before the final survey administration.

4.4. Measurement of Variables

Financial decision-making quality is measured as a multidimensional latent construct consisting of investment decision quality, financing decision quality, and financial risk management quality. The measurement indicators are adapted from prior literature and summarized in Table 1 [6], [14], [15]. These indicators capture the extent to which firms apply systematic financial analysis, disciplined judgment, and risk evaluation in their financial decision processes.

Firm value is measured using a perceived firm value approach, reflecting managerial assessments of firm competitiveness, growth prospects, and long-term sustainability [18], [20]. This approach is particularly suitable for manufacturing firms in emerging economies where market-based valuation data may be limited or unreliable [7].

In addition, statistical tests were conducted to assess the presence of common method bias. First, Harman's single-factor test was performed, and the results indicate that a single factor does not account for the majority of the variance, suggesting that common method bias is not a serious concern. Second, the full collinearity variance inflation factor (VIF) values were examined, and all values were below the recommended threshold of 3.3, further confirming the absence of significant common method bias.

Table 3 Measurement Model Assessment

Construct	Indicator	Outer Loading	Cronbach's Alpha	Composite Reliability	AVE
Financial Decision-Making Quality	FDMQ1	0.78	0.88	0.91	0.63
	FDMQ2	0.81			
	FDMQ3	0.83			
	FDMQ4	0.76			
Firm Value	FV1	0.80	0.86	0.90	0.65
	FV2	0.82			
	FV3	0.79			

4.5. Data Analysis Technique

The data are analyzed using Structural Equation Modeling with the Partial Least Squares technique. PLS-SEM is selected because it is well suited for exploratory and predictive research, complex models with latent constructs, and studies using relatively small to medium sample sizes [23], [28]. In addition, PLS-SEM does not require strict normality assumptions and performs well with survey-based data [25].

The analysis follows a two-step procedure. First, the measurement model is evaluated to assess indicator reliability, internal consistency, convergent validity, and discriminant validity [26], [27]. Second, the structural model is assessed to examine the hypothesized relationship between financial decision-making quality and firm value using path coefficients, significance levels, and explanatory power [28].

To enhance the robustness of the model, this study also incorporates firm-level characteristics as control variables, including firm size, firm age, and industry type. These variables are included to account for potential heterogeneity across firms that may influence firm value. Firm size is measured based on the number of employees, firm age is measured based on years of operation, and industry type is categorized according to manufacturing sectors. The inclusion of these control variables allows for a more accurate estimation of the effect of financial decision-making quality on firm value.

4.6. Common Method Bias and Ethical Considerations

To minimize potential common method bias, several procedural remedies were implemented, including assuring respondent anonymity, separating measurement items conceptually, and using clear and concise questionnaire wording [9].

5. Empirical Results and Discussion

5.1. Measurement Model Assessment

The measurement model is first evaluated to assess indicator reliability, internal consistency reliability, and construct validity. The results of the reliability and convergent validity assessment are reported in Table 2. Table 2 presents the results of the measurement model assessment, including indicator loadings, composite reliability, Cronbach's alpha, and average variance extracted.

All indicator loadings exceed the recommended threshold of 0.70, indicating satisfactory indicator reliability [26]. Cronbach's alpha and composite reliability values are above 0.70, confirming internal consistency reliability [23]. The AVE values exceed 0.50 for all constructs, demonstrating adequate convergent validity [26].

5.2. Discriminant Validity

Discriminant validity is assessed using the heterotrait–monotrait ratio of correlations. The results indicate the HTMT values for the study constructs (see Table 4).

Table 4 Discriminant Validity (HTMT Criterion)

Constructs	Financial Decision-Making Quality	Firm Value
Financial Decision-Making Quality	—	0.62
Firm Value	0.62	—

Source: Authors' computation

All HTMT values are below the conservative threshold of 0.85, indicating satisfactory discriminant validity between constructs [25].

5.3. Structural Model Results

After establishing the adequacy of the measurement model, the structural model is evaluated to test the hypothesized relationship, with the results of the structural path coefficients and hypothesis testing reported in Table 5.

Table 5 Structural Model Results and Hypothesis Testing

Hypothesis	Path	Path Coefficient	t-value	p-value	Result
H1	Financial Decision-Making Quality → Firm Value	0.34	4.21	0.000	Supported

Source: Authors' computation

The results indicate that financial decision-making quality has a positive and statistically significant effect on firm value at the 5 percent significance level. The standardized path coefficient of 0.34 suggests a moderate effect size, supporting the proposed hypothesis.

5.4. Coefficient of Determination and Predictive Relevance

The explanatory power of the model is evaluated using the coefficient of determination. The results indicate the extent to which the model explains variance in the endogenous construct (see Table 6).

Table 6 Coefficient of Determination

Endogenous Construct	R^2
Firm Value	0.31

Source: Authors' computation

The R^2 value indicates that financial decision-making quality explains approximately 31 percent of the variance in firm value, suggesting meaningful explanatory power for a firm-level behavioral study [28].

5.5. Discussion

The findings of this study provide empirical evidence suggesting that financial decision-making quality is associated with higher firm value in manufacturing firms operating in emerging economies. The positive and statistically significant relationship indicates that internal managerial financial capabilities may play an important role in shaping value-related outcomes, complementing traditional financial indicators. This result reinforces the argument that firm value is not solely determined by external market conditions or financial structure outcomes, but also by the quality of internal decision processes that guide resource allocation and risk management [6], [11].

From a theoretical perspective, the results are consistent with capability-based theory, which posits that firm performance and value differences arise from heterogeneous internal capabilities that are difficult to imitate [10], [11]. Financial decision-making quality represents a managerial capability that integrates analytical skills, experience-based judgment, and disciplined evaluation processes. In manufacturing firms, where capital investments are typically large, irreversible, and exposed to multiple sources of risk, the ability to make high-quality financial decisions becomes a critical determinant of long-term value. This finding also aligns with the dynamic managerial capability perspective, which emphasizes that managers influence firm outcomes by shaping strategic and financial decisions under conditions of uncertainty [12], [13].

The empirical results further extend existing firm value literature that has predominantly relied on secondary financial data and market-based valuation measures such as Tobin's Q or stock prices [6], [7]. While these studies provide valuable insights into how markets perceive firm performance, they often overlook the internal managerial processes that precede observable financial outcomes. By using firm-level primary data, this study demonstrates that financial decision-making quality can be directly measured and empirically linked to firm value. This approach is particularly relevant in emerging economies, where market inefficiencies, thin trading, and information asymmetry may weaken the explanatory power of market-based measures [4], [15].

The findings also highlight the importance of financial decision-making quality in contexts characterized by financing constraints and institutional limitations. In emerging economies, manufacturing firms frequently face restricted access to external financing, volatile input prices, and regulatory uncertainty. Under such

conditions, managerial discretion and judgment play a more prominent role in determining firm outcomes [3], [7]. High-quality investment appraisal allows firms to prioritize projects with sustainable returns, while prudent financing decisions help firms manage leverage and liquidity risks more effectively. Similarly, strong financial risk management capabilities enable firms to anticipate and mitigate adverse shocks, thereby supporting firm stability and value preservation.

Moreover, the results suggest that financial decision-making quality contributes to firm value not only through financial efficiency but also through enhanced stakeholder confidence. When firms consistently demonstrate disciplined financial planning and risk control, stakeholders such as investors, lenders, and business partners are more likely to perceive the firm as reliable and sustainable. This perception-based channel is particularly important in emerging markets, where formal disclosure mechanisms and governance enforcement may be weaker [18], [20]. The use of perceived firm value in this study therefore captures an important dimension of value creation that complements traditional financial metrics.

The manufacturing focus of this study further strengthens the relevance of the findings. Manufacturing firms are typically more capital-intensive than service firms and face higher operational and financial risks. As a result, the consequences of poor financial decisions can be more severe and long-lasting. The empirical evidence indicates that manufacturing firms with higher financial decision-making quality are better positioned to manage these risks and enhance their value over time. This finding is consistent with prior studies emphasizing the role of managerial quality and decision competence in capital-intensive industries [14], [47].

Despite the robustness of the findings, the results should be interpreted within the scope of the study design. The use of cross-sectional survey data captures managerial perceptions at a specific point in time and does not fully account for dynamic changes in decision quality or firm value. However, the significant relationship observed in this study suggests that financial decision-making quality represents a relatively stable managerial capability with meaningful implications for firm value. Future longitudinal research may further explore how changes in decision quality over time affect firm value trajectories.

Overall, the discussion suggests that improving financial decision-making quality may represent an important strategic consideration for manufacturing firms in emerging economies. By strengthening analytical rigor, enhancing financial literacy among managers, and institutionalizing disciplined decision processes, firms may improve their ability to create and sustain value in challenging environments. These insights contribute to both the corporate finance and strategic management literature by highlighting the role of managerial financial capabilities in firm value creation.

6. Conclusion

This study examines the relationship between financial decision-making quality and firm value in manufacturing firms operating in emerging economies using firm-level primary data. By conceptualizing financial decision-making quality as a multidimensional managerial capability and measuring firm value through managerial perceptions, this study provides empirical evidence that complements existing research based on secondary financial indicators.

The findings suggest that financial decision-making quality is positively associated with firm value. Firms with higher-quality financial decision processes tend to report stronger perceived firm value, reflecting improved competitiveness, sustainability, and long-term performance prospects. These results indicate that internal managerial financial capabilities may play an important role in shaping value-related outcomes, particularly in environments characterized by uncertainty and resource constraints.

However, the findings should be interpreted with caution. The use of cross-sectional data limits the ability to establish causal relationships, and the reliance on perception-based measures may introduce potential biases. Future research may address these limitations by employing longitudinal designs and integrating objective financial indicators to provide a more comprehensive assessment of firm value.

Overall, this study contributes to the corporate finance and strategic management literature by highlighting the potential role of financial decision-making quality as an internal determinant of firm value. The findings also offer practical insights for managers seeking to improve financial decision processes and enhance firm performance in challenging environments.

6.1. Managerial Implications

The findings of this study offer several managerial implications. First, the results suggest that financial decision-making quality may represent an important managerial capability that influences firm value. Managers in manufacturing firms may benefit from placing greater emphasis on improving the rigor and discipline of financial decision processes, particularly in investment evaluation, financing strategies, and risk management practices.

Second, firms may consider strengthening managerial financial competencies through training programs, decision-support systems, and structured financial planning mechanisms. Enhancing the quality of financial information and encouraging evidence-based decision-making may help reduce inefficiencies and improve value-related outcomes.

Third, in the context of emerging economies, where firms often face financial constraints and institutional challenges, improving financial decision-making quality may provide a practical approach for enhancing competitiveness and long-term sustainability. However, these implications should be interpreted in light of the study's limitations, particularly the use of perception-based measures and cross-sectional data.

6.2. Limitations and Future Research

Despite its contributions, this study has several limitations. First, the use of cross-sectional survey data limits the ability to capture dynamic changes in financial decision-making quality and firm value over time. Second, firm value is measured using perception-based indicators, which may be subject to respondent bias despite efforts to mitigate common method variance. Third, the focus on manufacturing firms in emerging economies may limit the generalizability of the findings to other sectors or institutional contexts.

Future research is encouraged to employ longitudinal data, incorporate objective financial measures, and explore additional contextual and moderating variables, such as corporate governance, digital capability, and environmental factors, to further enhance understanding of firm value creation mechanisms.

Declarations

Data Availability Statement

The data that support the findings of this study are available from the corresponding author upon reasonable request.

Funding

This research received no specific grant from any funding agency in the public, commercial, or not-for-profit sectors.

Acknowledgements

The author would like to express sincere gratitude to all respondents who voluntarily participated in this study. Appreciation is also extended to colleagues and academic peers who provided constructive feedback during the development of this manuscript. Any remaining errors are the sole responsibility of the author.

Institutional Review Board Statement

All procedures performed in this study involving human participants were conducted in accordance with the ethical standards of the institutional research committee and with the principles of the Declaration of Helsinki. Prior to data collection, informed consent was obtained from all participants, and participation was entirely voluntary. Respondent anonymity and data confidentiality were strictly maintained throughout the research process

Conflicts of Interest

The authors declare that there is no conflict of interest regarding the publication of this manuscript. The authors also confirm that all ethical standards have been fully observed, including the avoidance of plagiarism, data fabrication and/or falsification, misconduct, redundant or duplicate publication, and other unethical practices.

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Manuscript Information
Word count: 8,102 words (excluding references).
Peer-Review Record

Fast-track status: Not fast-tracked.
First-round reviews received: 3 reports.
Revision cycles completed: 3 rounds.
Final version submitted: May 15, 2026