Research on Enterprise Decision Optimization Based on Value Creation

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Abstract. Under the increasingly fierce market competition, the optimization of enterprise decision-making has become a key factor for enterprises to achieve value creation and enhance competitiveness. From the perspective of value creation, this study deeply discusses the status quo, model basis and existing problems of enterprise decision-making, and puts forward corresponding optimization strategies. This study finds that scientific and reasonable decision-making can not only effectively reduce the cost of enterprises, but also enhance the overall value of enterprises. Finally, this study provides a valuable reference for enterprises to make decisions.

Keywords: Value Creation; Enterprise Decision-making; Optimization Strategy; Cost; Corporate Value.

1. Introduction

With the acceleration of global economic integration, the market faced by enterprises is increasingly complex and changeable, and how to achieve value creation is the core issue. Decision-making, as an important part of enterprise financial decision-making, plays a key role in the survival of enterprises. Reasonable decision-making can not only provide the necessary financial support for the enterprise, but also optimize the capital structure and cost of the enterprise, and then enhance the value creation ability of the enterprise. However, the decision-making theory often focuses on the consideration of a single factor, ignoring the integrity and dynamic nature of enterprise value creation. Therefore, it is of great theoretical and practical significance to study enterprise decision-making optimization based on value creation.

2. The Current Situation of Enterprise Decision-Making

2.1 Demand Growth, But the Contradiction between Supply and Demand is Prominent

In 2025, the demand of Chinese enterprises will show an upward trend, especially small and medium-sized enterprises and innovative enterprises, whose funding gap will reach 3.8 trillion yuan [1]. However, the market supply is insufficient, and some enterprises are forced to withdraw their plans due to rising issuance costs or insufficient allocation in the primary market. Although debt has become the main support for the growth of social financing (from January to February 2025, the net debt increased by 1.49 trillion-yuan year-on-year), loans in enterprises have been significantly affected by the "crowding out effect" of replacement bonds, and credit growth has fallen.

2.2 Policy Support has Been Strengthened, But the Transmission Effect is Limited

Support enterprises through multi-level policy tools, such as the establishment of special funds, innovation vouchers, supply chain finance, etc. The central bank and other five departments jointly promote the improvement of supporting mechanisms, aiming to solve the difficult and expensive problems of private enterprises. However, the growth rate of inclusive small and micro loans has declined for three consecutive years, the services of financial institutions are seriously homogeneous, and differentiated competition is insufficient.

2.3 Gradual Diversification of Tools and Channels

At present, enterprises present the characteristics of diversification in decision-making. On the one hand, with the continuous improvement of the financial market, enterprises have more and more choices, such as bank loans, bond issuance, equity, leasing, etc. [2]. On the other hand, enterprises pay more attention to risk control and cost control when making decisions, and strive to keep costs and risks at the same time as capital needs.

3. Basis of Enterprise Decision-making Model

3.1 Model Assumptions

Market incompleteness: There are information asymmetry and transaction costs.
Enterprise goal: Pursue value maximization.
Financing methods: including internal financing, debt financing and equity financing.

3.2 Model Building

This paper constructs a decision-making model based on value creation, which considers the impact of cost, risk, tax effect and governance structure on enterprise value. The basic form of the model is as follows:

$$V = V_0 + \sum_{t=1}^{n} \frac{CF_t}{(1+r)^t} - \sum_{i=1}^{m} \frac{C_i}{(1+r)^i}$$

Table 1. Description of Formula Symbols

symbol	Symbolic meaning
V	Corporate Value
V_0	Initial value of enterprise
CF_t	Cash flows for period t
r	Discount rate
C_i	Cost of period
n	Forecast period
m	Number of financing rounds

3.3 Financing Methods

3.3.1 Internal Financing

Internal financing, it mainly comes from the retained earnings of the enterprise. Its advantages are low cost and low risk, but it is limited by the profitability of the enterprise. The internal impact on enterprise value is mainly reflected by cost and improving the efficiency of capital use.

3.3.2 Debt Financing

Debt financing includes bank loans, issuance of bonds, etc. Its advantages are low cost and obvious tax effect, but it will cause financial risks to enterprises. The impact of debt on enterprise value needs to comprehensively consider cost, tax effect and financial risk.

3.3.3 Equity Financing

Equity financing includes issuing stocks, introducing strategic investors, etc. Its advantages are large-scale funds and no pressure to repay principal and interest, but it will dilute shareholders' equity and manage costs. The impact of equity on enterprise value needs to weigh cost, governance structure and market response.

Table 2. Different comparisons

Financing methods	Cost of Capital	Risk level	Impact on corporate control
equity financing	12-18	Low	dilute
debt financing	5-8	High	No dilution
Retained earnings	8-10	Medium	No dilution

4. Main Issues in Enterprise Decision-making

4.1 Information Asymmetry and Imperfect Credit System

Information asymmetry between enterprises and financial institutions is an important reason for high costs. Small and medium-sized enterprises have obvious shortcomings in financial transparency and credit records, which makes financial institutions face greater difficulties in assessing their credit risks, thus requiring higher risk premiums and exacerbating the difficulty of small and medium-sized enterprises. According to statistics, about 41% of small and medium-sized enterprises in the world cannot. Although my country is lower than the global average (25%), the gap is still significant [3]. In addition, the combination of public data and bank credit models has not yet been fully opened up, which limits the accuracy of credit evaluation. For example, some small and medium-sized enterprises may have good operating performance and market prospects, but due to the lack of perfect financial records and credit information, it is difficult for financial institutions to recognize and support them.

4.2 Structural Imbalance and Risk Accumulation

Some companies rely on short-term debt, leading to liquidity risks. The data for 2025 shows that the year-on-year growth rate of corporate demand deposits is-13.1%, and the growth rate of time deposits has increased to 7.4%. This data change reflects the greater pressure on corporate cash flow management. Short-term debt needs to repay the principal and interest in a short period of time. Once the company has cash problems, it may face the risk of default. At the same time, decision-making often ignores value creation orientation, resulting in a mismatch between the return on capital and the weighted average cost of capital, and the problem of resource misallocation is prominent. For example, some enterprises invest a large amount of funds in low-return projects, while high-return projects do not receive sufficient financial support, thus reducing the overall value creation capabilities of enterprises [4].

4.3 Intensification of Small and Medium-Sized Enterprises

Small and medium-sized enterprises account for more than 90% of the total number of private enterprises in my country, and are an important force to promote the economy. However, small and medium-sized enterprises are facing triple challenges of high threshold, high cost and low efficiency. Although the balance of inclusive small and micro loans exceeds 32 trillion-yuan, non-performing loans are accelerating, and risk-return matching has not yet been formed. When large financial institutions provide financial services to small and medium-sized enterprises, they face higher costs and risks. Therefore, large financial institutions need to transform into platform service providers, serve marginal costs through digital technology, improve service efficiency, and better meet the needs of small and medium-sized enterprises.

4.4 Law and Moral Hazard Coexist

In the process, enterprises face default risk, moral hazard and legal risk. Some enterprises are facing legal accountability due to scheme design violations or information falsification. For example, in order to exaggerate their operating performance and asset status, some enterprises may provide false financial statements and information. Once these behaviors are discovered, enterprises will not only face legal sanctions, but also damage their own reputation and image, further exacerbating the difficulty.

4.5 Insufficient Suitability of Cross-border Financial Services

Existing cross-border financial products are mainly aimed at large multinational companies, lacking flexible design for small and medium-sized enterprises. The demand of small and medium-sized enterprises in the fields of exchange rate hedging and trade is not sufficient, which limits their internationalization. For example, small and medium-sized enterprises face the risk of exchange rate fluctuations when conducting international trade, but due to the lack of exchange rate hedging tools, it is difficult to effectively manage exchange rate risks, which affects the profitability and market competitiveness of enterprises.

5. Enterprise Decision-making Optimization Strategy based on Value Creation

5.1 Scientific Choice

Enterprises should make scientific choices according to their own strategies, operating conditions and markets. For successful enterprises, you can choose equity or mixed, etc., to obtain more financial support; For a mature enterprise, you can choose debt or internal, etc., to cost and risk. At the same time, enterprises should actively explore diversified channels. In addition to bank loans, they can also consider issuing bonds, stocks, introducing strategic investors, leasing, etc. [5].

5.2 Enhancing Risk Management

Enterprises should strengthen risk management and establish a sound risk management mechanism in the decision-making process. On the one hand, enterprises should strengthen market monitoring and timely market dynamics and changing trends, formulate scientific and reasonable plans, clarify goals, scale and timing, and take risks. When making decisions, enterprises should fully consider various factors such as the market, enterprise conditions, and purposes, and conduct scientific and evaluation [6]. Professional consulting agencies or financial consultants can be introduced to provide decision-making support for enterprises. On the other hand, enterprises should establish a sound risk early warning index system to conduct real-time monitoring and early warning of risks [7]. For example, set indicators such as asset-liability ratio, current ratio, and interest protection multiple, and take timely measures when the indicators are abnormal. At the same time, enterprises can use financial derivatives such as futures, options, and forward contracts to hedge interest rate risk, exchange rate risk, etc., and risk losses.

5.3 Improving Efficiency

Enterprises should strengthen financial management, standardize business behavior, improve profitability and solvency, so as to enhance the credit rating of enterprises. An improved credit rating helps businesses with lower interest rates and better conditions. At the same time, choose the timing, pay close attention to changes in financial indicators such as market interest rates and exchange rates, and choose the timing [8]. For example, taking on debt when market interest rates are low can cost.

Then according to their own needs and conditions, design a reasonable scheme. Use a portfolio, which combines debt and equity, or choose instruments with different maturities, at cost [9].

6. Conclusion and Outlook

6.1 Conclusion

From the perspective of value creation, this study deeply discusses the optimization strategy of enterprise decision-making. This study finds that scientific and reasonable decision-making can not only effectively reduce the cost of enterprises, but also enhance the overall value of enterprises. Therefore, when making decisions, enterprises should fully consider their own strategies, operating conditions and markets, make scientific choices, strengthen risk management and improve efficiency.

6.2 Outlook

In the future, with the continuous improvement of the financial market and the increasingly complex and changeable competition among enterprises, corporate decision-making will face more challenges and opportunities. Therefore, enterprises need to constantly explore and innovate decision-making and strategies to adapt to market changes and needs. At the same time, and relevant institutions should also strengthen support and guidance for enterprises to provide enterprises with more convenient and efficient services.

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