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Accounting Information Quality and Firm Financial Performance: The Mediating Role of Decision-Making Effectiveness in Pakistan's Banking Sector

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Abstract
Purpose – This study examines the relationship between Accounting Information Quality and Firm Financial Performance and investigates the mediating role of Decision-Making Effectiveness in Pakistan's banking sector.
Design/methodology/approach – Data were collected from 100 respondents working in Pakistan's banking sector through a structured questionnaire using a 5-point Likert scale. The data were analyzed using SPSS 22. Reliability analysis, descriptive statistics, one-way ANOVA, Pearson correlation, and regression-based mediation analysis were employed.
Findings – The illustrative results indicate positive relationships among Accounting Information Quality, Decision-Making Effectiveness, and Firm Financial Performance. Decision-Making Effectiveness is also found to partially mediate the relationship between Accounting Information Quality and Firm Financial Performance.
Research limitations/implications – The study is limited to Pakistan's banking sector and a cross-sectional sample of 100 respondents. Because an original dataset was not supplied, the numerical statistical results presented in this draft

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are illustrative and must be replaced with actual SPSS output before empirical submission.
Originality/value – The study contributes to the accounting and banking literature by examining Decision-Making Effectiveness as a mechanism through which Accounting Information Quality may influence Firm Financial Performance.

Keywords: Accounting Information Quality, Firm Financial Performance, Decision-Making Effectiveness, Banking Sector, Pakistan.

Introduction:

Accounting information is a critical organizational resource because managers, investors, regulators, and other stakeholders depend on reliable financial information when making economic decisions. High-quality accounting information is generally characterized by relevance, accuracy, reliability, timeliness, comparability, understandability, and faithful representation.

The banking sector is particularly dependent on accounting information because banks manage substantial financial resources, credit portfolios, investments, deposits, and regulatory requirements. The quality of accounting information can influence internal planning, credit decisions, risk management, budgeting, performance evaluation, and strategic decisions.

Firm Financial Performance reflects the ability of an organization to use its resources efficiently to achieve profitability, growth, stability, and financial objectives. Decision-Making Effectiveness represents the extent to which managers are able to make timely, accurate, informed, and appropriate decisions using available information.

Accounting Information Quality may improve Decision-Making Effectiveness because decision-makers can evaluate alternatives using information that is relevant, reliable, timely, and understandable. More effective decisions may subsequently improve resource utilization and financial performance.

This study therefore examines Accounting Information Quality as the independent variable, Firm Financial Performance as the dependent variable, and Decision-Making Effectiveness as the mediating variable. Education, Age, and Experience are incorporated as control variables.

The study contributes by examining Decision-Making Effectiveness as a mechanism connecting Accounting Information Quality with Firm Financial Performance. It also considers Education, Age, and Experience as control variables and provides a focused framework for future empirical research in Pakistan's banking sector.

Contribution of the Study:

RQ4: Does Decision-Making Effectiveness mediate the relationship between Accounting Information Quality and Firm Financial Performance?

RQ3: What is the relationship between Decision-Making Effectiveness and Firm Financial Performance?

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RQ2: What is the relationship between Accounting Information Quality and Decision-Making Effectiveness?
RQ1: What is the relationship between Accounting Information Quality and Firm Financial Performance in Pakistan's banking sector?

Research Questions:
Firm Financial Performance refers to the extent to which a bank achieves desired financial outcomes through efficient use of its financial and organizational resources, including profitability, efficiency, growth, cost control, and financial stability.
Decision-Making Effectiveness refers to the extent to which managers can identify relevant information, evaluate alternatives, consider risks and consequences, and make timely and appropriate decisions that support organizational objectives.
Accounting Information Quality refers to the degree to which accounting information is accurate, relevant, reliable, timely, consistent, understandable, transparent, and useful for managerial and organizational decisions.

Conceptual Definitions of the Variables:
This framework therefore proposes that high-quality accounting information can improve decision quality and that better decisions can contribute to stronger financial outcomes. The mediating relationship provides an explanation of how information quality may influence performance rather than assuming only a direct relationship.
The study draws on an information-use perspective and Resource-Based View logic. Accounting information is treated as an organizational resource whose value depends on its quality and on the organization's ability to use it effectively. Decision-Making Effectiveness represents the process through which information is converted into managerial action, while Firm Financial Performance represents an organizational outcome.

Theoretical Framework:
The present study addresses this gap by integrating Accounting Information Quality, Decision-Making Effectiveness, and Firm Financial Performance within a single research model. Education, Age, and Experience are included as control variables to account for observable respondent differences.
Although prior research has established that accounting information quality is important for reporting and economic decisions, comparatively less attention has been given to the mechanism through which accounting information quality may translate into financial performance in the banking sector. In particular, Decision-Making Effectiveness may explain how managers convert high-quality information into organizational action.

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Research Gap:

Figure 1: Research Model

Independent Variable	Mediator	Dependent Variable
Accounting Information Quality	Decision-Making Effectiveness	Firm Financial Performance

Control Variables: Education, Age, Experience

Literature Review:

Accounting Information Quality:

Accounting Information Quality refers to the extent to which accounting information is relevant, reliable, accurate, timely, understandable, and useful for economic decision-making. High-quality accounting information enables users to evaluate financial conditions, assess alternatives, identify risks, and monitor organizational performance.

Dechow and Dichev (2002) associated accounting quality with the reliability of reported accruals, while Francis et al. (2004) identified several earnings attributes associated with accounting information quality. Dechow et al. (2010) further reviewed the determinants and consequences of earnings quality.

Decision-Making Effectiveness:

Decision-Making Effectiveness refers to the ability of managers to use available information to make timely, accurate, consistent, and appropriate organizational decisions. Effective decisions involve identifying relevant information, evaluating alternatives, considering risks, and selecting actions that support organizational objectives.

Firm Financial Performance:

Firm Financial Performance refers to the organization's ability to use financial and organizational resources efficiently to achieve profitability, growth, stability, and other financial objectives. Common indicators include return on assets, return on equity, profitability, revenue growth, cost efficiency, and financial stability.

Mediating Role of Decision-Making Effectiveness:

Decision-Making Effectiveness may act as a mechanism linking Accounting Information Quality with Firm Financial Performance. High-quality accounting information provides managers with a stronger basis for evaluating alternatives and making informed decisions, while effective decisions may improve resource allocation and financial outcomes.

Hypotheses Development:

H1: Accounting Information Quality has a significant positive effect on Firm Financial Performance.

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H2: Accounting Information Quality has a significant positive effect on Decision-Making Effectiveness.
H3: Decision-Making Effectiveness has a significant positive effect on Firm Financial Performance.
H4: Decision-Making Effectiveness mediates the relationship between Accounting Information Quality and Firm Financial Performance.

RESEARCH METHODOLOGY:
Data Collection: The data for this study were collected from employees working in different banks within Pakistan's banking sector. A structured questionnaire was used for data collection. Questionnaires were distributed through both online and physical methods, including email, WhatsApp, and printed hard copies. A cover letter accompanied the questionnaire and explained the purpose of the study, confidentiality of responses, and academic use of the information.
Sample Size: A total of **100 usable responses** were received and included in the analysis. The sample size is consistent with the format of the attached study.
Measurement Scale: All study variables were measured using a **5-point Likert scale**, where 1 represented "Strongly Disagree" and 5 represented "Strongly Agree."
Data Analysis: The collected data were entered and analyzed using **SPSS Version 22**. Descriptive statistics, including mean and standard deviation, were calculated. Cronbach's Alpha was used to assess internal consistency and reliability. One-way ANOVA was conducted to examine differences in Firm Financial Performance across Education, Age, and Experience groups. Pearson correlation analysis was used to determine the relationships among Accounting Information Quality, Decision-Making Effectiveness, and Firm Financial Performance. Regression analysis was then used to test the direct relationships and the mediating effect of Decision-Making Effectiveness.
Content validity should be established through expert review of the questionnaire items. Construct validity can subsequently be examined through exploratory or confirmatory factor analysis when the original dataset is available.

Validity Considerations:
Because the principal constructs are measured through a single questionnaire, common method bias is a methodological consideration. In the final empirical study, this issue should be assessed using an appropriate procedure such as Harman's single-factor test and, where appropriate, a marker-variable or latent-method-factor approach. No such test is claimed here because the respondent-level dataset was not supplied.

Common Method Consideration:
Completed questionnaires were reviewed for usability and completeness before analysis. Only usable responses were retained. The final dataset described in the article contains 100 responses.

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Data Screening and Preparation:
Participation was voluntary and respondents were informed about the academic purpose of the study. Responses were intended to be treated in aggregate form, and the questionnaire did not require personally identifying information for statistical analysis.

Ethical Considerations:
The questionnaire covered demographic characteristics and the three principal constructs: Accounting Information Quality, Decision-Making Effectiveness, and Firm Financial Performance. All principal constructs were measured using a five-point Likert scale ranging from 1 = Strongly Disagree to 5 = Strongly Agree.

Questionnaire Design:
The study uses a non-probability convenience sampling approach, consistent with the practical collection of responses through online and physical channels. Respondents were approached on the basis of availability and willingness to participate. The final analytical sample contains 100 usable responses.

Sampling Technique and Respondent Profile:
Measures:
Accounting Information Quality was assessed using items related to the accuracy, relevance, reliability, timeliness, transparency, consistency, and usefulness of accounting information. An illustrative 10-item scale was used for this draft.
Decision-Making Effectiveness was assessed using items measuring the extent to which accounting information supports timely, accurate, informed, and appropriate managerial decisions. An illustrative 8-item scale was used.
Firm Financial Performance was assessed through items relating to profitability, financial efficiency, return on assets, revenue growth, cost control, and overall financial stability. An illustrative 10-item scale was used.
Table 1: Characteristics of Sample Distribution

Variable	Categories	No.	%
Gender	Male	32	**32**
	Female	68	**68**
	Total	100	**100**
Age	18–25	40	**40**
	26–40	30	**30**
	41–60	30	**30**
	Total	100	**100**
Education	Bachelor	35	**35**

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	Master	50	**50**
	MPhil/PhD	15	**15**
	Total	100	**100**
Experience	0–5 years	60	**60**
	6–10 years	8	**8**
	11–20 years	12	**12**
	21–30 years	20	**20**
	Total	**100**	**100**

Controlling Element / Control Variables:
The study uses **Education, Age, and Experience** as control variables. Education represents the respondent's highest educational qualification, Age represents the respondent's age group, and Experience represents years of work experience. These variables are included to account for demographic and human-capital differences that may influence managerial decision-making and perceived financial performance.

RESULTS:
Data Used for Analysis: The results reported in this section are based on **100 valid responses**. The responses were obtained through the structured questionnaire described in the methodology section. The questionnaire used a **5-point Likert scale**, and the data were analyzed using **SPSS Version 22**. The analysis included descriptive statistics, reliability analysis, one-way ANOVA, Pearson correlation, and regression-based mediation analysis.
Important statistical note: Since the original respondent-level dataset and SPSS output were not provided, the numerical values in Tables 2–4 are **illustrative/simulated**. They demonstrate the requested reporting format and must be replaced by the actual SPSS results before the paper is submitted as an empirical study.

One-way ANOVA:
One-way ANOVA was conducted to examine whether the average Firm Financial Performance differed significantly across the Education, Age, and Experience groups. The illustrative findings indicate that the differences were not statistically significant.

Table 2: One-way ANOVA

FFP	**F statistics**	**p-value**
Education	1.126	**0.329**
Age	1.541	**0.219**

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Experience	**1.084**	**0.361**

FFP = Firm Financial Performance.

Results:

Table 3: Means, Standard Deviation, Correlation and Reliabilities

Variable	Mean	SD	1	2	3
AIQ	3.82	0.71	(0.86)		
DME	3.76	0.73	0.64**	(0.88)	
FFP	**3.69**	**0.78**	**0.61****	**0.68****	**(0.89)**

AIQ = Accounting Information Quality; DME = Decision-Making Effectiveness; FFP = Firm Financial Performance. ** p < .01.

The illustrative results demonstrate positive relationships among the three constructs. Accounting Information Quality is positively correlated with Decision-Making Effectiveness (r = 0.64, p < .01) and Firm Financial Performance (r = 0.61, p < .01). Decision-Making Effectiveness is positively correlated with Firm Financial Performance (r = 0.68, p < .01). The reliability coefficients indicate acceptable-to-strong internal consistency.

Regression Analysis:

Regression analysis was used to examine the direct and indirect relationships among Accounting Information Quality, Decision-Making Effectiveness, and Firm Financial Performance. The mediation procedure examined whether Accounting Information Quality predicts Decision-Making Effectiveness, whether Decision-Making Effectiveness predicts Firm Financial Performance, and whether the relationship between Accounting Information Quality and Firm Financial Performance remains significant after introducing the mediator.

Table 4: Regression and Mediation Analysis

Predictor	DME □	R^2	FFP □	R^2
Direct effect: AIQ	0.64***	0.41	0.61***	**0.37**
DME □ FFP			0.68***	**0.46**
Indirect effect: AIQ × DME	**0.43*** **	**0.46**	**0.39*** **	**0.50**

N = 100. AIQ = Accounting Information Quality; DME = Decision-Making Effectiveness; FFP = Firm Financial Performance. *** p < .001.

The illustrative regression findings indicate that Accounting Information Quality has a positive and significant effect on Firm Financial Performance (□ = 0.61, R^2 = 0.37, p < .001), supporting H1. Accounting Information Quality also has a significant positive effect on Decision-Making Effectiveness (□ = 0.64, R^2 = 0.41, p < .001), supporting H2. Decision-Making Effectiveness significantly and positively influences Firm Financial Performance (□ = 0.68, R^2 = 0.46, p < .001),

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supporting H3.
The illustrative indirect-effect result indicates that Decision-Making Effectiveness mediates the relationship between Accounting Information Quality and Firm Financial Performance. Because the direct relationship remains positive after the mediator is introduced and the indirect relationship is also significant, the pattern is consistent with partial mediation, supporting H4.

Discussion and Managerial Implications:
The illustrative findings indicate that Accounting Information Quality is positively associated with Firm Financial Performance in Pakistan's banking sector. Banks with reliable, accurate, timely, relevant, and understandable accounting information may be better positioned to monitor financial activities and manage organizational resources.
The results further indicate a positive relationship between Accounting Information Quality and Decision-Making Effectiveness. High-quality accounting information can provide managers with a stronger basis for evaluating alternatives, identifying financial risks, and selecting appropriate courses of action.
Decision-Making Effectiveness is also positively associated with Firm Financial Performance. Effective decisions may contribute to improved resource allocation, cost control, investment decisions, risk management, and operational efficiency.
The mediation result suggests that part of the relationship between Accounting Information Quality and Firm Financial Performance may operate through Decision-Making Effectiveness. Therefore, improving accounting information quality may have greater organizational value when managers possess the ability to interpret and use that information effectively.
Banks should strengthen accounting information systems, internal controls, data accuracy procedures, financial reporting processes, and information-sharing mechanisms. Management may also invest in training that improves employees' ability to interpret accounting information and use it in strategic, operational, credit, investment, and risk-management decisions.
Future empirical analysis should report effect sizes, confidence intervals, multicollinearity diagnostics, and a formal indirect-effect confidence interval for the mediation model. Reporting these statistics would improve transparency and allow readers to assess both the magnitude and precision of the observed relationships.

Additional Methodological Considerations:
Limitations and Future Research:
The study is limited to Pakistan's banking sector and uses a cross-sectional sample of 100 respondents. Most importantly, the numerical values in the present draft are illustrative because an original respondent-level dataset was not provided. Actual empirical conclusions should therefore be based only on verified SPSS output.
Future research may use larger samples covering commercial banks, Islamic banks, microfinance banks, and other financial institutions. Longitudinal designs

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could examine whether improvements in Accounting Information Quality lead to changes in Decision-Making Effectiveness and Firm Financial Performance over time.

Future studies may also include Accounting Information System Quality, Internal Control Effectiveness, Audit Quality, Corporate Governance, Financial Literacy, Organizational Culture, Digital Transformation, Risk-Management Effectiveness, and Managerial Competence.

The article was prepared using the study structure and 100-response sample description contained in the working document. The respondent-level dataset and original SPSS output were not provided. Accordingly, the inferential numerical results in this draft are explicitly illustrative and must be replaced with verified empirical output before journal submission.

Data Availability Statement:

Once the original dataset is available, the proposed relationships can be tested using reliability analysis, correlation, multiple regression, and bootstrapped mediation analysis. Such analysis would provide stronger evidence regarding the direct and indirect effects proposed in the model.

This study develops a framework linking Accounting Information Quality with Firm Financial Performance through Decision-Making Effectiveness in Pakistan's banking sector. The model proposes that high-quality accounting information can support effective managerial decisions and that effective decisions can contribute to stronger financial outcomes. Education, Age, and Experience are included as control variables.

Conclusion:

These interpretations must be treated cautiously because the numerical results in the current draft are illustrative rather than generated from the supplied respondent-level dataset. The coefficients demonstrate the intended reporting structure and should not be presented as verified empirical evidence until actual SPSS output is substituted.

The illustrative findings support the central logic of the proposed model: accounting information is potentially more valuable when it is both high in quality and effectively used by decision-makers. The positive relationship between Accounting Information Quality and Decision-Making Effectiveness suggests that better information may reduce ambiguity and improve managers' ability to compare alternatives. The relationship between Decision-Making Effectiveness and Firm Financial Performance further suggests that managerial action may represent an important pathway through which information resources influence organizational outcomes.

Expanded Discussion:

For finance and accounting departments, the framework highlights the importance of accurate and timely reporting. For senior management, it highlights the integration of accounting information with budgeting, risk management, credit evaluation, investment decisions, and performance monitoring. For Human Resource departments,

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professional development in accounting information use and managerial decision-making may also be relevant.

Banks may strengthen accounting information systems, internal controls, reconciliation procedures, reporting timeliness, data-quality controls, and information-sharing mechanisms. Management may also provide training in financial reporting, financial analysis, data interpretation, analytics, and evidence-based decision-making.

Practical Implications for the Banking Sector:

The proposed model extends an information-use perspective by placing managerial decision effectiveness between information quality and financial performance. This emphasizes that information creates organizational value when it is converted into effective managerial action.

Theoretical Implications:

H1 proposes a positive relationship between Accounting Information Quality and Firm Financial Performance. H2 proposes that Accounting Information Quality positively influences Decision-Making Effectiveness. H3 proposes that Decision-Making Effectiveness positively influences Firm Financial Performance. H4 proposes that Decision-Making Effectiveness mediates the relationship between Accounting Information Quality and Firm Financial Performance.

Hypotheses Summary:

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