

Financial Management and Capital Markets in Emerging Economies: A Critical Literature Review and Conceptual Framework

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Abstract: The paper includes a literature review on the systematic literature on financial management and capital markets concerning emerging economies and in specific case study, the ASEAN and Timor-Leste. The review is based on peer reviewed materials on Scopus, Web of Science, JSTOR, and Google Scholar published between 2010 and 2023 and synthesized theoretical backgrounds as well as empirical evidence of corporate financial management, investment strategies, decision-making on financing choices, risks management, and market efficiency. The evaluation shows that there are enduring inconsistencies between the conventional theories and the new market facts such as debt-equity optimization and liquidity prioritization, diversification and systemic risk exposure, and efficient market hypotheses and behavioral biases. In a manner of fusing these tensions, the review contributes to the literature by providing a conceptual framework, which puts the global financial theories into context, operating under the resource limited and turbulent environments. New entries cover the discovery of fintech adoption, ESG investing, and regional capital market integration as an area where theory and practice meet. Results have practical implications on policy makers who would want regulatory changes, corporate managers who would want to negotiate between the shareholder value and sustainability and investors who would need to adjust to the behavioral and technological shocks. Further comparison should be done on digital finance, sustainable capital flows, and institutional effects on financing in non Western settings with further future research.

Keywords: *Financial Management; Capital Markets; Investment; Financing; Risk Management; Emerging Economies; ASEAN Finance; Fintech; ESG Investing.*

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I. INTRODUCTION

One of the most important pillars of modern economies is finance, which determines policies of corporations, investments, and the development of nations. Firms and individuals need to have a good knowledge of financial management and capital markets in order to distribute their resources in the best possible way, reduce risks and attain sustainable growth (Kaya & Orpizewski, 2025). The study of finance is becoming more and more relevant not just in developed economies but also in the emergent economies like Timor -Leste and the rest of the ASEAN region due to globalization, technological advancements, and regulatory changes that have occurred over the last few decades and remodeled the face of financial practices across the world (Zeng, 2025). Although this has changed all over the world, most of the literature on finance focuses on the OECD countries and the emergent economies are not adequately

represented. This asymmetry leads to a massive research gap, in that the conventional theories, including the debt-equity optimization, the efficient market hypothesis, and the diversification models tend to be unable to reflect the realities of the volatile and resource-constrained situations. In ASEAN, companies often do not bother their capital structure optimization; instead, they are focused on liquidity and survival, whereas systemic risks and lax regulatory enforcement hinder the efficiency of the practice of diversification (Putri & Willim, 2024); (Edition, 2026). Capital markets are very significant in the mobilization of funds, investment promotion and transparency. The ASEAN capital markets are however not fully integrated and their development and regulatory ability differs. Regional integration programs have been launched through the ASEAN Capital Markets Forum (ACMF) to harmonize standards, facilitate cross-border offerings, and enhance the protection of the investor, but obstacles have still been

encountered to attain full integration and transparency (*The Acmf (2004-2024)*), 2024) Comparative analysis underscores that although integration has the potential to streamline effect and resilience, disparity in institutional capability among the member states is still a limiting factor (ADB, 2024). Simultaneously, the adoption of fintech has become a reinforcing factor in Southeast Asia, changing investment approaches, finance, and financial inclusion. Digital payments, peer-to-peer lending, and wealthtech platforms are growing fast in the region, and the funding of fintech has multiplied by more than ten times during the years 2015-24 (KPMG, 2024). The innovations have increased the entry of financial services, decreased exclusion levels, and brought in new cybersecurity/regulatory risks (Bhattacharjee et al., 2024). The convergence of fintech and capital market integration is one of the new areas in research, especially regarding how digital platforms, ESG investing, and local collaboration can help build resilience and inclusivity in emerging markets (Eshraghi et al., 2026). In this paper, the gaps are addressed systematically through literature review of books and articles published between 2010 and 2023 on the topic of corporate financial management, investment, financing, risk management, capital markets. It has been critically looking at the discrepancies between classical theories together with empirical evidence among the emerging economies and has also offered a conceptual framework that places global finance in the realities of the institutional and technological practices of ASEAN. In this way, the research is not only relevant to academic discourse but also policy-making practice by providing knowledge to regulators, corporate managers and investors working in the context of volatile financial systems that are resource-limited.

II. LITERATURE REVIEW

➤ Finance

Finance involves the utilization of resources, making decisions concerning investments, and the operations of capital markets (Gomes & Pinto, 2025) Although there is agreement regarding its centrality in economic development, researchers have differed on whether corporate financial management or capital market efficiency should give importance. There are arguments that internal financial management is the main driver of firm performance and some others emphasize on the significance of the external market mechanism to discipline firms and allocating capital to efficient distribution. This strain highlights the necessity to combine these two approaches to the analysis of financial systems.

➤ Corporate Financial Management

Corporate financial management is created to achieve the short- and long-term goals by making investment and financing decisions, planning, and control (Mihajlović et al., 2020; Manaf et al., 2024). Conventionally, the hegemonic paradigm was the shareholder value maximization in which the companies are supposed to optimize debt-equity structures and distribute profits to give maximum returns (Jensen, 2001; Ala-Ketola, 2021).

This has however been constantly criticized by the stakeholder theory which posits that corporate governance must balance the interests of employees, customers,

communities and the environment as well as the interests of share holders (Titman, 1993; Freeman, Harrison and Wicks, 2010; Donaldson & Preston, 1995).

- Arguments: These advocates of shareholder primacy argue on efficiency and accountability arguing that maximization of shareholder wealth guarantees optimal resource allocation (Jensen, 2001).

The critics claim that too much emphasis on the returns to shareholders ignores the sustainability, corporate social responsibility, and long-term resiliency. Stakeholder theorists emphasize that companies operating in the emerging economies should not pay attention solely to short-term profits maximization, and instead they should consider a bigger social and institutional environment where survival and legitimacy are more significant (Freeman et al., 2010; Kaptein, 2025).

- Contradictions: Classical theories of finance argue that debt-optimal equity maximization is the key to the performance of the firm. However, empirical findings in the emerging markets indicate that companies tend to focus on liquidity and survival over capital structure optimization because of unpredictable macroeconomic factors, inability to access capital markets and institutional failures (Claessens & Yurtoglu, 2012). This deviation highlights the low level of generalizability of general models in limited-resource settings where companies are adopting financial strategies that fit local conditions, not the postulates.
- Gap: The literature on the adaptation of financial management practices among SMEs in emerging economies to resource constraints is quite scarce. The existing literature does not focus much on the interaction between stakeholder-oriented governance and financial decision-making in the context of liquidity pressures on firms, informal sources of finance, and lax regulation implementation. Future studies must engage in exploring the manner in which SMEs within the ASEAN and Timor-Leste can align the shareholders expectations to the stakeholder needs especially in sectors that are vulnerable to the issues of sustainability and institutional instability.

➤ Investment

Portfolio theory, strategies and risk management have always been the focus of investment literature. The modern portfolio theory (MPT) is a theory that embraces the diversification to obtain high returns with minimum risk-tradeoffs (Markowitz 1952) Nonetheless, studies in behavioral finance reveal that investors usually tend to be home biased in that they invest in local investments despite global diversification providing high returns (French and Poterba, 2016).

This conflict between theoretical diversification and the reality of investor behavior is one debate.

- Debates: Some advocates of the portfolio theory state that diversification lowers unsystematic risk as well as increases long-term returns (Barberis & Thaler, 2003; Markowitz, 1952). Home bias, herding, and

overconfidence are other aspects of persistent biases that are identified by behavioral finance researchers to limit the benefits of diversification (French and Poterba, 1991; Barberis and Thaler, 2003). ESG investing has brought new controversies: on the one hand, it is believed that the environmental, social, and governance requirements will enhance long-term stability, but on the other hand, opponents of ESG investing believe that these strategies may negatively affect returns in comparison with conventional strategies (Friede et al., 2015).

- **Contradictions:** The basic analysis presumes that the valuation is rational, but the market anomalies include momentum effect and speculative bubbles, which reflect against the efficient market hypothesis (Titman, and Titman 1993; Shiller, 2023). Robo-advisors and various digital platforms claim to provide rational and algorithmic decision-making, yet the empirical study results reveal that algorithmic trading may increase volatility and herd behavior (Jung et al., 2018).
- **Gap:** Little research has been conducted on the role of fintech innovations (i.e., robo-advisors, peer-to-peer lending, and digital trading) can change investment strategies in emerging economies. The capital availability in ASEAN is not equally distributed and the SMEs and the retail investors are not able to participate. Future research would consider the way in which fintech adoption and ESG integration would affect portfolio construction in resource-constrained settings, specifically in Southeast Asia where more resources are getting financially included at an accelerated pace but the regulatory frameworks are still disjointed.

➤ *Financing*

The financing decisions are decisions on the right combination of equity, debt and other sources of capital. According to classical theory, especially, the capital structure irrelevance theses of Modigliani and Miller (1958), the choices of financing have no impact on firm value in the perfect market (Holmes, 1929). Nevertheless, empirical research findings have continued to indicate that financing decisions are of great effect on firm value particularly where there is high information asymmetry, imperfect regulation, and institutional restraints (Myers, 1984; Claessens & Yurtoglu, 2012).

- **Contradictions:** The venture capital has been acclaimed as a booster of innovation and entrepreneurship in developed economies. However, in most of the new markets, the predominant source of external financing is the bank financing, which indicates that there is low access to venture capital and equity markets (Allen et al., 2012; Greenwood et al., 2022). Although the equity markets are growing in ASEAN, the cost and availability is limited, especially to SMEs. Such dependence on the bank loans creates issues of financial vulnerability and risk concentration (World Bank Group & IFC, 2022).
- **Institutional and Cultural Forces:** Islamic finance has a different model that is on profit-and-loss sharing, and interest (riba) prohibition. Research has indicated that the Islamic financing systems like the murabaha and the mudarabah affect the debt management practices and

capital structure decision made in the Muslim dominated countries (Iqbal & Mirakhor, 2006). In Asian family-owned companies, capital markets are often not used as internal indigenous sources and relation-based lending are considered to be used. The financial policies of this culture are conservative and risk-averse, which influences financing policies and encourages external equity participation (Carney and Gedajlovic, 2002; Nhung Le, 2024).

- **Gap:** Current literature on financing viability seldom discusses the influences of institutional and cultural environments on the practice of debt management in non-Western economies like the Islamic financial principles, family ownership structure, and informal lending network. The interaction between these influences and global financial theories should also be studied in the future, especially in the context of ASEAN and Timor - Leste, where the hybrid financing models are developing in parallel with fintech innovations and the integration of regional capitals markets.

➤ *Risk Management*

Financial instruments trading in capital markets has a direct effect on the flow of investment and corporate financing methods (Islam & M.M., 2012); Capital Flows and the Global Collateral Cycle, 2025). Traditionally, risk management in these markets has concentrated on volatility, credit risk and liquidity risk (Scheubel et al., 2025). Nevertheless, the recent literature suggests that climate risk, ESG risk and geopolitical shocks are becoming increasingly relevant and affect the way of investors and the reaction of regulators.

- **Debates:** The Efficient Market Hypothesis (EMH) is debatable. Proponents believe that the prices of assets are based on all the existing information making them to be rationally valued (Fama-1970). Critics point to the historical anomalies, bubbles, and the impact of investor psychology that make EMH assumptions invalid (Shiller, 2025). ESG investing is also a topic of debates, with advocates suggesting that ESG investing can be more resilient through the incorporation of environmental and social risks, and opponents doubting the ability of ESG portfolios to earn returns or have a focus on inconsistent measurements (Friede et al., 2015; Gupta, 2025).
- **Contradictions:** Stronger regulation and transparency make developed markets likely to be more efficient. On the contrary, emerging markets are usually affected by insider trading, low enforcement and poor investor confidence (Claessens & Yurtoglu, 2012; Pardo & González, 2026). The concept of diversification is highly encouraged because of its risk mitigation qualities, although the effects of systemic shocks, including global recessions, natural disasters, and geopolitical conflicts, restrict the usefulness of diversification (Majka, 2024; Yaman & Tuncel, 2025). As an illustration, the pricing of assets in the different sectors has been proved to be influenced by climate-related risks, which oppose the conventional portfolio models (Krueger et al., 2020; Bandt et al., 2023).
- **Gap:** Comparative research on the effect of regulatory reforms and technological (e.g., mobile trading platforms, digital exchanges) product development on capital market

development in ASEAN and other emerging regions is required. There is a paucity of information on the management of climate risk, ESG risk, and geopolitical shocks by firms in Southeast Asia, especially in the cases where regulatory frameworks are shifting, and financial inclusion is not even. The concept presented in the future would be to conduct a study on adaptive risk frameworks, which are capable of combining both global models with local realities, with an emphasis on the ability to withstand systemic shocks in the emerging economies.

➤ *Capital Markets*

Capital markets facilitate the trading of financial instruments and influence investment flows, corporate financing, and economic growth (Sujono & Nugroho, 2023; Capital Flows and the Global Collateral Cycle, 2025). In emerging economies, particularly ASEAN, capital markets are undergoing rapid transformation but remain uneven in terms of efficiency, transparency, and investor confidence (Nakagawa et al., 2023).

- **Debates:** The Efficient Market Hypothesis (EMH) posits that asset prices reflect all available information (Fama, 1970). Advocates argue this ensures rational valuation, while critics highlight anomalies, bubbles, and behavioral biases that undermine EMH (Shiller, 2015).

Comparative ASEAN studies show that while Indonesia and the Philippines have made strides in regulatory reform and investor protection, Vietnam’s markets remain more vulnerable to volatility and insider trading, raising questions about the universality of EMH in emerging contexts (ACMF, 2025; Mobilist 2025; Asia et al., 2026).

- **Contradictions:** Developed markets generally exhibit higher efficiency due to strong regulation and transparency. In contrast, ASEAN markets face challenges such as weak enforcement, insider trading, and limited liquidity (Sharma & Thaker, 2015).

Indonesia’s capital market reforms have improved disclosure standards, yet retail investor participation remains low. Vietnam has experienced rapid growth in equity listings but continues to struggle with governance and transparency. The Philippines shows progress in fintech adoption and mobile trading platforms, but systemic risks persist during global downturns (ASEAN Exchanges, 2025).

- **Gap:** There is a need for comparative studies that analyze how regulatory reforms, technological innovations, and fintech adoption affect capital market development across ASEAN.

Limited research exists on how regional integration initiatives, such as those led by the ASEAN Capital Markets Forum, influence cross-border investment flows and investor confidence.

Future research should explore how mobile trading platforms, ESG disclosure requirements, and digital finance innovations reshape capital market efficiency in Indonesia, Vietnam, and the Philippines.

➤ *Synthesis*

Both convergence and divergence are achieved in the literature of financial management, investment, financing, risk, and capital markets. Although the traditional theories can be used to give background knowledge, it is empirical evidence particularly in the emerging economies that tends to question their general applicability.

The most significant controversies focus on efficiency/behavioral bias, debt/equity optimization/liquidity prioritization, and diversification/systemic risk exposure. These contradictions point to the necessity of the additional research that puts finance into context of different institutional, cultural, and technological environment.

Table 1 Comparative Perspectives in Finance Literature

Aspect	Traditional Theory / Consensus	Emerging Evidence / Contradictions	Identified Gaps	Policy Implications	Future Research Directions
Corporate Financial Management	Focus on shareholder value maximization; optimal debt–equity structure is key (Siswandari, 2013; Jensen, 2001).	Firms in emerging markets often prioritize liquidity and survival over capital structure optimization (Claessens & Yurtoglu, 2012).	Limited research on SMEs and resource-constrained firms in developing economies.	Policy makers should promote SME financing frameworks and integrate sustainability into corporate governance.	Examine how stakeholder theory interacts with financial management in ASEAN SMEs (Freeman et al., 2010).
Investment	Portfolio theory emphasizes diversification; EMH assumes rational valuation of assets (Markowitz, 1952; Fama, 1970).	Behavioral finance shows “home bias” and anomalies (momentum, bubbles) challenge EMH (French & Poterba, 1991; Shiller, 2015).	Few studies on fintech-driven investment strategies in emerging markets.	Regulators should encourage fintech adoption while ensuring investor protection.	Explore ESG investing, robo-advisors, and digital platforms in ASEAN (Friede, Busch & Bassen, 2015; Jung et al., 2018).
Financing	Modigliani &	Empirical evidence	Institutional and cultural	Promote	Study

	Miller: capital structure irrelevance; venture capital as innovation driver (Modigliani & Miller, 1958).	shows financing choices affect firm value; bank loans dominate in developing markets (Allen et al., 2012).	influences on financing decisions underexplored.	diversified financing channels, including Islamic finance and fintech lending.	family-owned firms and Islamic finance practices in Asia (Iqbal & Mirakhor, 2011; Carney & Gedajlovic, 2002).
Financial Risk	Risk models (VaR, diversification) sufficient to manage uncertainty (Jorion, 2007).	Crises reveal VaR underestimates extreme events; diversification fails against systemic/global risks (Krueger, Sautner & Starks, 2020).	Currency and interest rate risk management in volatile emerging economies understudied.	Policymakers should integrate climate and ESG risk into financial regulation.	Investigate localized risk frameworks for ASEAN firms facing climate shocks and geopolitical risks.
Capital Markets	Efficient Market Hypothesis: prices reflect all available information; strong regulation ensures fairness (Fama, 1970).	Persistent anomalies, insider trading, and weak regulation in emerging markets challenge EMH (Claessens & Yurtoglu, 2012).	Comparative studies on regulatory reforms and digital trading platforms in ASEAN lacking.	Strengthen regional integration via ASEAN Capital Markets Forum; improve transparency and investor confidence.	Comparative ASEAN studies on Indonesia, Vietnam, and the Philippines; assess fintech and mobile trading impacts (ASEAN Exchanges, 2025).

III. RESEARCH METHODS

➤ *To Get a Thorough and Orderly Literature Review, this Research Adopted a Systematic Approach that is in Line with the International Scholarly Standards. This was done in a Number of Phases:*

• *Key Topics Identification*

In this review, five main aspects of finance, namely, corporate financial management, investment, financing, financial risk, and capital markets, were identified. The choice of these topics was influenced by the fact that they are central in the theoretical finance and in the real use in both emerging and developed economies.

• *Literature Search*

A systematic search was performed in the most important academic databases, such as Scopus, Web of Science, JSTOR and Google Scholar, complemented by the use of the most relevant literature, i.e. textbooks and financial journals. The keywords were financial management, investment, financing, financial risk, and capital markets. Peer-reviewed articles published in the past five years (2010-2023) were included in the search to include both the foundational theories and the most recent developments.

• *Selection and Screening Articles*

Articles were filtered based on explicit inclusion and exclusion criteria.

- ✓ Inclusion criteria: peer-reviewed articles, relevance to the topics of the identified topics, strictness of the methodological tools, and contributions towards theory or practice.

- ✓ Exclusion criteria: non-peer-reviewed literature, articles that are not transparent in their methods or studies published beyond the given time period. The outcome of this process was a filtered list of studies that can be viewed as reflecting global views as well as regional ones, especially those of the emerging markets.

• *Analysis and Synthesis*

The selected articles were reviewed in terms of their most important findings, theoretical contributions and empirical evidence. The focus was made on search of debates, contradictions, and gaps of the literature, including tensions between classical theory of finance and new evidence of behavioral finance or fintech research. The comparative perspectives were observed to bring out disparities between the developed and emerging economies.

• *The Review*

Findings were compiled in the form of themes in the five aspects of finance. The synthesis combined theoretical constructs, best practices and empirical findings, although it also focused on contradictions and unexplored fields. A comparative table was created to visually exhaust debates on the traditional theory and new evidence.

• *Validation and Refinement*

The review that was put together was refined repeatedly so as to be complete, consistent and accurate. The cross-checking with recent publications (2023-2025) made sure that the review aligns with the current trends in the field of finance such as the use of fintech, sustainable finance, and regulation of capital markets.

➤ *Company Financial Management.*

The review identifies different methods of measuring financial performance which are ratio analysis, cash flow analysis and mergers assessment. Although the conventional models focus on maximizing shareholder value, new research has indicated that the dividend policy decision-making process is influenced more by the wider scope that includes corporate governance, sustainability, and the expectations of the investors. This is an indication of a conflict between the distribution of short-term profits and the long-term reinvestment strategies. In the emerging markets, the interest of firms is usually on liquidity and survival as opposed to the best capital structure models that prevail in the developed economies. This difference highlights the necessity of context-related financial management models.

➤ *Investment Portfolio*

theory is still fundamental, which proposes diversification to reduce risk/return. Nevertheless, it is not empirically universally accepted that this holds: behavioral finance studies have found that there are still entrenched biases in the market, including home bias and herding behavior, which restrict the benefits of diversification. Likewise, although fundamental and technical analysis are still very popular, anomalies like momentum effects and speculative bubbles problematize the efficient market hypothesis. The emergence of fintech platforms has made the investment strategies more complex, as they allow more people to access it, yet they also present new risks into the sphere of digital trading and algorithmic decision-making. This implies that the theory of investment should be modified to capture the behavioral and the technological aspects.

➤ *Financing*

The literature supports the essence of financing decisions especially the equity-debt ratio. The traditional theory (Modigliani and Miller) assumes that capital structure is irrelevant in perfect markets, but empirical studies have indicated that financing decisions have a large impact on firm value in situations where there are information asymmetries and regulatory practices. Venture capital and equity markets are the key drivers of innovation funding in developed economies but banks loans are still the major in emerging economies as there is a lack of access to capital markets. This is contrasted with a structural gap in which financing feasibility studies fail to consider institutional and cultural influences on debt management practices that are not based in Western settings.

➤ *Financial Risk*

The issue of risk management is also one of the most important and companies are using identification, evaluation, and mitigation strategies. Quantitative models like Value-at-Risk (VaR) have traditionally been used to offer quantitative measurements, but their weaknesses were revealed during

financial crises, when extreme events have been underestimated. The concept of diversification though highly touted, does not tend to guard against systemic risks like world recessions or currency fluctuations. The emerging economies are at a greater risk of interest rate risks and exchange rate risks, but little has been researched on localized risk management practices. This implies that there must be adaptive risk frameworks which combine world models with regional realities.

➤ *Capital Markets*

The literature in capital market shows that there are continued discussions as to market efficiency. The supporters of the efficient market hypothesis believe that the price of assets mirrors all the available information whereas opponents point to anomalies, insider trading and behavioral errors. The efficiency in developed markets is usually better because it is more tightly regulated and transparent; however, emerging markets are typically plagued by the inability to enforce it and protect investors. The growth of the stocks of financial instruments, bonds, mutual funds, derivatives has expanded the possibilities of investments, but has also complicated and increased the risk. Regulatory reforms especially in ASEAN are essential to the improvement of integrity and investor confidence. This indicates an unmet comparative research on the transformations in market efficiency in emerging economy by digital trading platforms and regulatory innovations.

➤ *Synthesis and Implications*

In a pattern that is evident in all five areas, i.e., financial management, investment, financing, risk and capital market, the literature will show that traditional theories are being used as the building blocks, yet as is evident in the emerging economies, the empirical evidence to these theories is usually proving them to rather be less universal. The discussion of dividend policy is directly related to capital market efficiency, and financing options in developed and developing situations are distinctively opposite, whereas risk management approaches need to be adjusted to systemic shocks. To policymakers, the results underline the need to enforce regulatory framework and enhance capital markets transparency. To the managers of corporations, the findings indicate the necessity of balancing shareholder value to sustainability and liquidity issues. To the investors, the review highlights the importance of incorporating the behavioral understanding and technological advancements in the portfolio strategies. Fintech adoption, sustainable finance, and integration of regional capital markets should also be studied in future research as these areas are the areas of the frontier, where theory and application meet to form the future of global finance. Theory of the relationships between financial management, investment, financing, financial risk and capital markets in the context of global finance.



Fig 1 Global Finance

The financial management conceptual framework in Figure above brings together the five basic areas of the financial management of finances, investment, financing, financial risk, and capital markets and makes them an effective global financial dynamics model. This framework is able to combine the old theory with the new evidence in various economic environments because of the visual representation of the interdependences between resource allocation, capital structure, risk mitigation and market behavior. It demonstrates inconsistencies between the existing models and practical implications, particularly in emerging economies, and provides a systematic prism through which future studies can address the issue of fintech adoption, sustainable finance, and regional capital market integration. This framework does not only enhance the analytical thoroughness of the literature review but also offers a working roadmap to the policymakers, corporate leaders and investors dealing with complex financial matters.

IV. CONCLUSION

This literature review has brought together the key characteristics of finance which include corporate financial management, investment, financing, financial risk and capital markets into a generalized context in which financial decisions are involved to determine their effect on the performance of organizations and the affect of the market. The study critical analysis of both theoretical and empirical evidence illustrates that, as much as traditional models offer the background, they may not be pertinent to the realities of the emerging economies, as well as the upheavals brought by the new financial technologies. The presented conceptual model provides the dynamic interrelationship between

financial resource allocation, capital structure, risk mitigation, and market behavior that bridges the gap between theory and practice.

➤ *Policy Implications:*

- ASEAN Regulators: Enhance transparency and investor protection, fast track regulatory harmonization via the ASEAN Capital Markets Forum and create explicit frameworks on fintech regulation and ESG disclosure standards.
- Corporate Managers: Strike a balance between short-term liquidity concerns and long-term sustainability objectives, and incorporate the views of the stakeholders to financial decision-making.
- Investors: Embark on behavioral intelligence in portfolio management, and utilize fintech solutions, including robo-advisors and automated trading solutions, to enhance diversification and access to capital markets.
- Limitations: The review is largely based on English-language literature, and thus it might not cover any local research on local ASEAN languages. The limitations of the databases imply that not all regional journals and working papers might be covered. The five main areas of finance only were included in the scope, leaving out other new fields including decentralized finance (DeFi) and blockchain usage.

➤ *Future Research Agenda:*

- Digital Finance: Explore how fintech platforms, mobile trading and algorithmic decision-making transform the investment strategies in new economies.
- ESG Investing: Find out how environmental, social, and governance risks are incorporated into the decisions of

capital allocation in ASEAN especially in resource-constrained settings.

- Regional Integration: Undertake comparative research on Indonesia, Vietnam, and the Philippines to determine the effects of regulatory reforms and cross-border efforts on the efficiency of the capital market and investor confidence.
- Geopolitical and Climate Risks: Explore adaptive risk management frameworks integrating global frameworks with realities on the ground, and pay attention to systemic shock resilience.

This work is important in that by placing global theories of finance in the institutional and technological context of ASEAN and Timor-Leste, the studies would carry the concept of finance in the 21st century towards a more comprehensive and dynamic understanding.

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