Indonesian Journal of Business and Entrepreneurship, Vol. 10 No. 1, January 2024
Permalink/DOI: http://dx.doi.org/10.17358/IJBE.10.1.40

FINANCIAL DECISIONS IN FAMILY BUSINESS: THE APPLICATION OF FINANCIAL GROWTH CYCLE AND THE THEORY OF PLANNED BEHAVIOR

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Article history:

Received
3 May 2023

Revised
17 June 2023

Accepted
26 August 2023

Available online
15 January 2024

Abstract: Family businesses are influenced by economic and non-economic factors when it comes to making decisions, including financing decisions for business growth. In particular, individual financial attitudes could greatly affect financial behavior in family firms. This study explored the relationship between access to information, external sources, family norms, and experience in influencing financing decisions for family business growth. The study collected data through questionnaires from 153 managers/owners in micro, small, and medium enterprises in Semarang. It used a quantitative method with regression analysis techniques with the Structural Equation Modeling (SEM) using AMOS software. The study found that information access (S.E.=0.078; p-value=0.001), external sources (S.E.= 0.055; p-value=0.000), family norms (S.E.= 0.069; p-value=0.000) had significant effects on experience. Moreover, financing decisions were influenced by family norms (S.E.= 0.072; p-value=0.000), and experience (S.E.= 0.089; p-value=0.001). The results also show that experience could mediate the relationship between access to information and external sources with financing decisions. Based on these findings, family businesses need to consider these factors when making financing decisions to succeed carefully. This study provides important insights for family businesses looking to make informed and effective decisions regarding financing their growth.

Keywords: financing decisions, family business, financial growth cycle, theory of planned behavior

Abstrak: *Usaha keluarga dipengaruhi oleh faktor ekonomi dan non-ekonomi ketika membuat keputusan, termasuk keputusan pembiayaan untuk pertumbuhan bisnis. Secara partikular, sikap keuangan individu dapat sangat memengaruhi perilaku keuangan dalam perusahaan keluarga. Oleh karena itu, penelitian lebih lanjut tentang teori perilaku terencana sangat penting untuk memahami bagaimana faktor-faktor ini saling terkait dan bagaimana mereka memengaruhi keputusan pembiayaan Studi ini mengumpulkan data melalui kuesioner dari 153 manajer/pemilik di usaha mikro, kecil, dan menengah di Semarang dan menggunakan metode kuantitatif dengan teknik analisis regresi dengan Model Persamaan Struktural (SEM) menggunakan perangkat lunak AMOS. Studi ini menemukan bahwa akses informasi (S.E.=0.078; p=0,001), sumber eksternal (S.E.=0.055; p=0,000), norma keluarga (S.E.=0.069; p=0,000) berdampak signifikan pada pengalaman. Selain itu, keputusan pembiayaan dipengaruhi oleh norma keluarga (S.E.=0.072; p=0,000), dan pengalaman (S.E.=0.089; p=0,001). Hasilnya juga menunjukkan bahwa pengalaman dapat memediasi hubungan antara akses informasi dan sumber eksternal dengan keputusan pembiayaan. Berdasarkan temuan ini, bisnis keluarga perlu mempertimbangkan faktor-faktor ini dengan hati-hati saat membuat keputusan pembiayaan. Studi ini menyediakan wawasan penting bagi bisnis keluarga yang ingin membuat keputusan yang informatif dan efektif terkait pembiayaan untuk pertumbuhan bisnis mereka.*

Kata kunci: *keputusan pembiayaan, bisnis keluarga, siklus pertumbuhan keuangan, theory of planned behavior*

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INTRODUCTION

Financing decisions are important decisions that entrepreneurs and company management must take. The right financing decisions can help companies achieve their strategic goals and face existing market challenges. However, a mistake in financing decisions can result in serious financial problems, even bankruptcy (Martynova & Renneboog, 2009). In making financing decisions, it is important to consider various factors such as the level of risk, the company's ability to repay debt, growth potential, working capital requirements, and available funding sources. In addition, it is also important to understand the market and industry conditions associated with the company (Mahérault, 2004; Ehrhardt & Nowak, 2003; Koropp et al. 2013). Family business owners are often faced with specific challenges in making financing decisions, such as considering family relationships within the company and ensuring the continuity of the family business (Sharma et al. 1997; Chrisman et al. 2004). Therefore, awareness and prudence are needed in managing the finances of a family company. Non-family businesses must also consider share value, risk management, dividend policy, and investor relations. In addition, they must also consider the most appropriate financing strategy, such as external financings, such as loans, or internal financing, such as retained earnings (Blanco-Mazagatos et al. 2007; Koropp et al. 2013). Overall, financing decisions are one of the most important decisions for companies, and making the right decisions can help companies grow and develop properly.

The task of making financing decisions, including financing decisions, is strongly influenced by the attitude of planned behavior. The Theory of Planned Behavior refers to the rational framework in decision-making that is influenced by information, preferences, and individual goals (Lappalainen & Niskanen, 2013; Qi & Ploeger, 2019). Attitudes of planned behavior consist of three main components: attitudes, subjective norms, and behavioral controls. Attitude includes an individual's judgment about the decision to be taken, such as whether the decision will produce positive or negative results. Subjective norms include the influence of the individual's social environment, such as what is perceived by family or friends (Mohammed et al. 2017). Behavioral control includes factors influencing an individual's decision-making ability to act accordingly. In financing decision-making, planned behavior can influence decisions such as selecting funding sources, determining capital structure, and managing risk (Romano et al. 2001; Froot & Stein, 1998). Knowledge of planned behavior attitudes can help entrepreneurs and company management understand the factors that influence financing decision-making and increase the effectiveness of decision-making. It can help companies better achieve their financial and strategic goals.

Gallo et al. (2004) show that economic and non-economic considerations drive family firms in their decision-making. Thus, individual financial attitudes may influence certain financial behaviors, and this may be important for explaining variations between family firm financings. Previous research, such as that conducted by Koropp et al. (2013) and Sulistianingsih & Santi (2023), found the importance of financing strategies in the family business. Therefore, research on the theory of planned behavior is very important to deepen. This provides a deep understanding and insight into the influence of the company's unique characteristics (Sharma et al. 1997). Departing from previous studies, this study aims to examine the role of mediation, which is different from previous research, by exploring the role of experience as a mediating role in the effect of access to information, external sources, and family norms on financing decisions for growth in family businesses. Previous research has investigated the role of experience in family business financing decisions with various results. While some (e.g., Eberhardt et al. 2019; De Bortoli et al. 2019; Liguori & Pittz, 2020; Colombo, 2021; Ahmad & Shah, 2020) demonstrated significant results, Metawa et al. (2019) and Rai et al. (2019) found that experience does not play a significant role in investment decisions. The importance of these factors in financing decisions has been discussed previously, but this research adds a new dimension, namely mediation in business experience.

Thus, this study aims to empirically investigate the effects of access to information, external sources, and family norms on financing decisions for family business growth by utilizing the mediating role of experience. By analyzing the mediating role of experience, this study can better understand how past experiences shape a family business' financial decision-making process in financing decisions. It can help family business owners make more informed decisions. This research can provide new insights for family business owners in making financing decisions for business growth. One of the key novelties of this study is that it examines the interplay between multiple factors by utilizing

Financial Growth Cycle and the Theory of Planned Behavior, including access to information, external sources, family norms, and experience, in influencing financing decisions. While previous studies have examined some of these factors in isolation, this study highlights their complex relationships and how they can impact the decision-making process. This study provides a comprehensive and nuanced analysis of the factors that influence financing decisions in family businesses.

METHODS

In this study used a research method with a quantitative research approach. This study collected data through questionnaires and then analyzed using regression analysis techniques. This quantitative research approach allows researchers to systematically examine the relationship between the variables studied. The sampling technique or procedure in this study was purposive sampling. Respondents in this study were 153 managers/owners (entrepreneurs) in micro, small, and medium enterprises as the unit of analysis. The research location was in Semarang City, Indonesia from September to November 2022. These respondents were selected through a purposive sampling technique with criteria that were relevant to the research objectives. In quantitative research, a large enough sample size like this can provide more accurate and reliable results in drawing conclusions about a larger population. In this study, the theoretical framework of variables was based on the classification from Boateng et al. (2019); the Financial Growth cycle was proxied by information access and external sources variables, while the Theory of Planned Behavior was reflected in family norms. The data used are primary data; the respondents taken are managers/owners or entrepreneurs in micro, small, and medium enterprises. The variables used in this study include the dependent variable (financing decisions), independent variables (Information access, external sources & family norms), and mediating variable (experience).

Adequate information access is very important in making financing decisions in family businesses. Accurate and timely information can help decision-makers understand the financial situation and current market conditions and evaluate available financing options (Motylska-Kuzma, 2017). Therefore, making financing decisions in family businesses often depends on access to information available to decision-makers. However, the mediating role of the experience may also affect the relationship between information access and financing decisions. As a mediator, the experience can affect the relationship between information access and financing decisions by influencing decision-makers' perceptions of available information (Grover et al. 1998). At a younger experience, wider access to information can be a more significant factor in financing decisions. It is because, at a younger experience, decision-makers may not have sufficient experience in managing a business and require broader access to information to make the right decisions (Romano et al. 2001). However, at a business with more experience, decision-makers may have more extensive experience and can obtain more relevant and focused information to make the right financing decisions. In this case, the experience can affect the perceptions and judgments of decision-makers on available information and the relationship between information access and financing decisions in family businesses (Flurry, 2007; Gallo et al. 2004). Therefore, decision-makers in family businesses need to pay attention to the experience factor of the business when making financing decisions.

External sources such as bank loans, external investors, or venture capital can also influence financing decisions in family businesses. Making financing decisions through external sources can provide additional capital for companies for growth or expansion. Still, it is risky because they must pay interest or profit sharing to external investors (Ang, 1992). The mediating role of the experience can also affect the relationship between external sources and financing decisions. At a younger experience, decision-makers may be more inclined to take external financing sources because internal sources may not be sufficient to finance rapid business growth (Koropp et al. 2013). Decision makers may be more inclined to utilize internal financing sources such as retained earnings or income from business operations.
Family norms can also influence financing decisions in family businesses. For example, in a family business culture, decision-makers may feel bound by family traditions and norms that dictate how the company should be run, including financing decisions. Family norms can influence whether a family business should use external or internal financing sources and whether a company should focus on growth or maintaining stability (Michiels & Molly, 2017). The mediation role of the experience may also affect the relationship between family norms and financing decisions. At a

younger experience, decision-makers may be more inclined to follow family norms because they want to maintain good relations with their families and demonstrate success in running a family business. In this regard, decision-makers are more likely to pursue more growth-oriented financing decisions and may be more willing to violate family norms if deemed necessary for business interests (Keasey et al. 2015; Flurry, 2007). From the explanations, the hypotheses are obtained as follows:

H1: Information access has a positive and significant effect on experience in the family business.
H2: Information access has a positive and significant effect on financing decisions in the family business.
H3: External sources have a positive and significant effect on experience in the family business.
H4: External sources have a positive and significant effect on financing decisions in the family business.
H5: Family norms have a positive and significant effect on experience in the family business.
H6: Family norms have a positive and significant effect on financing decisions in the family business.
H7. Experience has a positive and significant effect on financing decisions in the family business.
H8. Experience mediates the relationship between information access, external sources, and family norms on financing decisions.

This study employed a questionnaire to collect the data, distributed directly to the selected respondents. To measure, this study used a 7-point Likert scale from 1 (strongly disagree) to 7 (strongly agree). In this study, the Structural Equation Modeling (SEM) model was used using AMOS software to examine the relationship between the factors influencing financing decisions in family businesses and whether experience mediates this relationship (Figure 1). This model allows researchers to examine the relationship between several factors simultaneously and consider their interactions, making it possible to see a more comprehensive picture of the factors influencing financing decisions in family businesses.

RESULTS

The measurement of the consistency of the indicators is done with the composite reliability test to test the reliability of the construct. The consistency measurement value is reliable if the C.R. > 0.7 and the AVE value > 0.5. The results of the reliability test using the value of C.R. and the AVE value are presented in Table 1.

The results of the reliability test in Table 1 show that the information access variable gets a C.R. of 0.915345 and the AVE value of 0.645010, the external sources variable gets a value of C.R. of 0.952012 and the AVE value of 0.768089, the family norms variable gets the C.R. of 0.857839 and an AVE value of 0.502287, the experience variable gets a C.R. is 0.863008, and the AVE value is 0.513321. The variable financing decisions get the C.R. of 0.888195 and the AVE value of 0.571373. From the values obtained, it can be concluded that all of these variables are reliable.

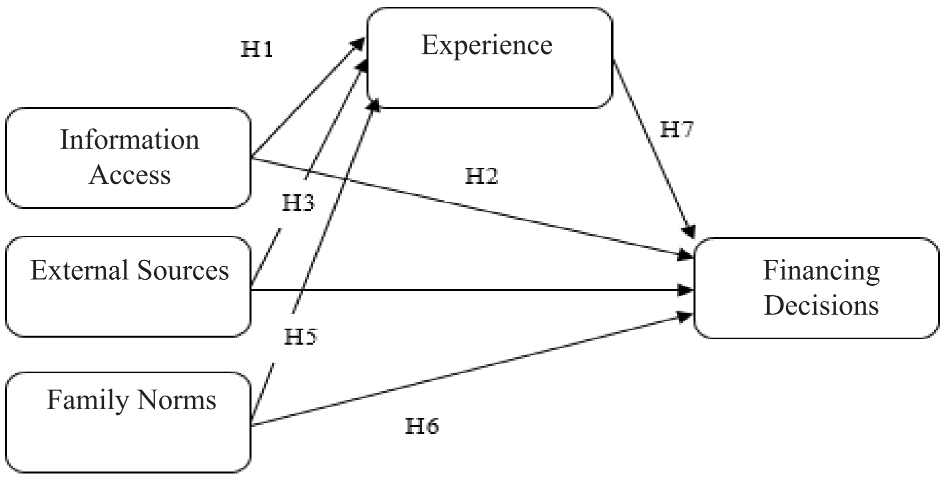

Figure 1. Research framework

Table 1. Reliability test results

Variable	Item	Std. Loading	C.R.	AVE	Source
Information Access	Capability to locate information (IA1)	0.780	0.915	0.645	Shaver (2007)
	Capability to understand information (IA2)	0.819			
	Capability to apply information (IA3)	0.919			
	Capability to communicate stored information (IA4)	0.821			
	Capability to produce knowledge (IA5)	0.787			
	Capability to use information (IA6)	0.673			
External Sources	Financing availability from individual institutions (ES1)	0.934	0.952	0.768	Thaha et al. (2020)
	Frequency of accessing debt financing (ES2)	0.888			
	Availability of information regarding debt financing (ES3)	0.891			
	The flexibility of accessing funding (ES4)	0.850			
	Appropriateness of credit requirements with business needs (ES5)	0.873			
	The increased amount of funding (ES6)	0.818			
Family Norms	Perceiving family members favored the use external financing (FN1)	0.675			Koropp et ;
	Expectation on family members to use external financing (FN2)	0.690			
	Family favors to use internal funds (FN3)	0.778			
	Family considerations on the importance of debt (FN4)	0.751			
	Family believe on the benefit of external debt (FN5)	0.668			
	Family favors to use family equity (FN6)	0.683			
Experience	Providing experience information to decision making (EX1)	0.681	0.863	0.513	Rourke (2021)
	Identifying strengths and weaknesses of a product (EX2)	0.663			
	Improving the product-market fit (EX3)	0.787			
	Providing a baseline to improve (EX4)	0.721			
	Adoption rate (AB5)	0.768			
	Retention rate (AB6)	0.669			
Financing Decisions	Determining current financial situation (FD1)	0.768	0.888	0.571	Boateng et al. (2019)
	Developing financial goals (FD2)	0.689			
	Identifying alternative courses of action (FD3)	0.689			
	Evaluating alternatives (FD4)	0.727			
	Implementing financial action plan (FD5)	0.778			
	Continously reviewing financial plan (FD6)	0.869			

The Goodness of Fit analysis results show that the chi-square value is 584,992. The results obtained are above the cut-off value of> 0.05, meaning that the chi-square value is acceptable. The probability of obtaining a value of 0.050 has met the cut-off value> 0.05. The RMSEA value is 0.056, where the value obtained is <0.08. CMIN/DF obtained a score of 1,481, sufficient to cut off value < 2.0. Then the value of NFI 0.893, TLI 0.952, GFI 0.907, AGFI 0.773, and CFI 0.920. From the values obtained, it can be said that almost all values obtained in the goodness of fit test get good scores. In more detail, we present the goodness of fit research data in Table 2.

The results indicate that the financial growth cycle is related to financing decisions in family businesses. In the early stages of the growth cycle, family businesses tend to avoid external financing and prefer internal financing such as own capital or family debt (Boateng et al. 2019). However, at a more advanced stage of growth, family business owners start to consider external financings, such as bank loans or investors. In the consolidation stage, family businesses tend to prefer internal financing due to smaller financing needs. In addition, the theory of planned behavior also plays a role in family business financing decisions. Family business owners who plan finances carefully and consider the risks and benefits will prefer external financing (Al Balushi et al. 2018; Lappalainen & Niskanen, 2013). However, family business owners who are more conservative and have less faith in external financing tend to prefer internal financing.

The results of the analysis in this study were obtained from testing using AMOS, which aims to determine the effect between variables. The results of the analysis are presented in Figure 2.

Furthermore, the results of testing the hypothesis in this study used a statistical value for alpha of 5%. The criteria for accepting or rejecting the hypothesis are accepted if the p-value is <0.05, and the hypothesis is rejected if the p-value is > 0.05. Based on the empirical data used in this study, the examination of hypotheses was conducted to perform direct effects of exogenous variables endogenous ones (Table 3). The hypothesis testing of H1 states that information access significantly influences experience. The statistical output obtained an estimated value of 0.087, S.E. of 0.078 and the p-value obtained is 0.001, so that hypothesis 1 was accepted. The results are in line with previous research highlighting the crucial role that access to information and new technologies play in shaping customer experience, financial decision-making, and corporate governance. Nguyen and Canh (2021) focuses on the financing decisions of small businesses and the role that information access plays in this process. Hoyer et al. (2020) highlight new technologies' importance in transforming customer experience. Jebran and Chen (2023) emphasizes the importance of strong corporate governance, particularly in times of crisis, in ensuring the resilience and sustainability of businesses.

Table 2. The goodness of fit value

GOF Index	Cut Off Value	Output	Information
Chi-Square	> 0.05	584.992	Fit
Probability	> 0.05	0.050	Fit
RMSEA	< 0.08	0.056	Fit
CMIN/DF	< 2.0	1.481	Fit
NFI	> 0.90	0.893	Marginal
TLI	> 0.95	0.952	Fit
GFI	> 0.90	0.907	Fit
AGFI	> 0.80	0.773	Marginal
CFI	> 0.95	0.920	Marginal

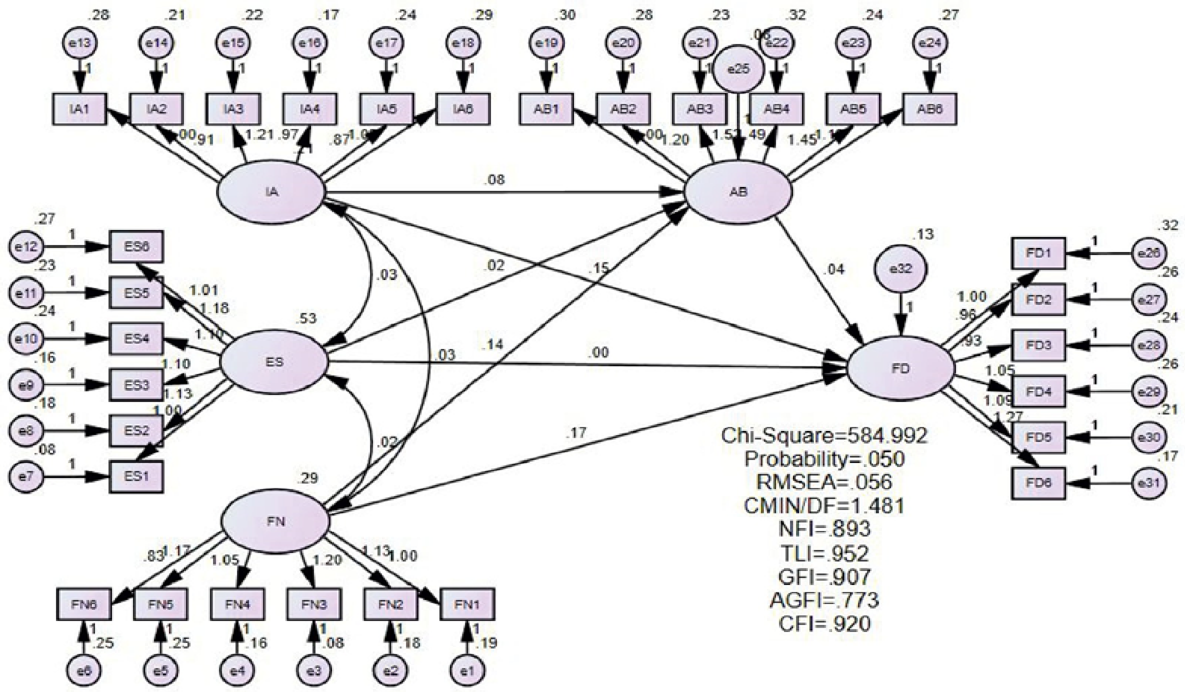

Figure 2. SEM Analysis Graph

Table 3. Hypothesis testing of direct relationships

Hypothesis	Estimate	S.E.	P-Value	Information
Experience ← Information Access	0.087	0.078	0.001	Significant
Financing Decisions ← Information Access	0.154	0.085	0.069	Not Significant
Experience ← External Sources	0.029	0.055	0.000	Significant
Financing Decisions ← External Sources	0.003	0.048	0.094	Not Significant
Experience ← Family Norms	0.147	0.069	0.000	Significant
Financing Decisions ← Family Norms	0.175	0.072	0.000	Significant
Financing Decisions ← Experience	0.049	0.089	0.001	Significant

In examining H2, which states that information access significantly influences financing decisions, the output obtained an estimated value of 0.154, S.E. of 0.085 and the p-value obtained is 0.069, so hypothesis 2 was not supported. This study is not accordance with previous research demonstrating that information access, specifically access to financial and digital information, plays a crucial role in shaping one's capacity for entrepreneurship (Oggero et al. 2020). The results are also contradictory with Daspit et al. (2019), who suggest that access to financial and digital information is critical to the absorptive capacity of a family firm, particularly for those run by female entrepreneurs who may already face unequal access to resources.

The hypothesis testing of H3 states that external sources significantly influence experience. The output obtained an estimated value of 0.029, S.E. of 0.055 and the p-value obtained is 0.000, so that hypothesis 2 was empirically supported. The results are in line with Sestu and Majocchi (2020) showing that family firms are more likely to choose joint ventures over wholly-owned subsidiaries when they have low international experience and when they enter into complex and uncertain markets. This is because joint ventures allow family firms to share the risk, costs, and knowledge with their partners and reduce transaction costs. The results are also in line with Kryeziu et al. (2022) showing that family firms that have strong social networks with their partners and suppliers are more likely to successfully internationalize. This is because social networks provide family firms with information, resources, and support that positively influence their internationalization efforts. Lastly, Ying et al. (2019) argue that a manager's intangible capabilities, such as strategic thinking, networking, and leadership skills, are critical for family firms to acquire and manage resources efficiently and sustainably.

The results of testing H4 showed that external sources have insignificant influence on financing decisions, obtaining an estimated value of 0.003, the value of S.E. of 0.048 and a p-value of 0.094 so that hypothesis 4 is not supported. Previous studies do not support the findings. In exploring the financing decisions of small businesses, Zubair et al. (2020) and Nguyen and Canh (2021) found that formal sources of financing such as bank loans have a significant positive impact on firm performance and profitability. However, Nguyen and Canh (2021) also noted that informal sources of financing such as personal savings and borrowing from family and friends have a limited role in the financing decisions of small businesses in Vietnam.

In examining hypothesis 5, which states that family norms significantly influence experience, it obtains an estimated value of 0.147, S.E. of 0.069 and a p-value of 0.000. This means that the statistical results supported the acceptance of H5. The results are consistent with previous studies highlighting the importance of family norms and values in shaping the experiences of family members within family-owned businesses (Bloemen-Bekx et al. 2019). Erdogan et al. (2020) explores the tradition and innovation in family-owned businesses and highlights the impact of family norms on the experiences of family members within these businesses. Beech et al. (2020) suggest that family norms and values play a significant role in shaping the resilience of family businesses. Moreover, H6 states that family norms significantly influence financing decisions. It obtains an estimated value of 0.175, an S.E. of 0.072 and a p-value of 0.000. Therefore, the results supported the acceptance of H6. The results align with the studies by Nguyen and Canh (2021), and Michiels and Molly (2017) which suggest that family norms significantly influence financing decisions in small businesses. Similarly, Beech et al. (2020) found that resilient family businesses were characterized by strong family bonds, shared values, and a culture of trust and support.

The results showed the acceptance of H7. This is indicated by the effect of experience on financing decisions, obtaining an estimated value of 0.049, a value of S.E. of 0.089, and a p-value of 0.001. Thus, the results supported the acceptance of H7, indicating that experience has a significant effect on financing decisions. The findings align with previous studies revealing that experience can positively affect financing decisions, depending on the context and the specific actors involved (Erdogan et al. 2020). Sasaki et al. (2020) suggest that experience and tradition can provide a foundation for innovation and risk-taking in financing decisions. Cumming et al. (2019) also suggests that investors with experience or expertise in a particular industry or market may be more likely to prioritize strategic decisions over short-term financial gains.

In the analysis of hypotheses that use mediating factors, the mediating variable was used to explain how the presence of intermediary variables can explain the relationship between the independent variables and the dependent variable. The mediating variable is a link between the independent and dependent variables in a model, so it must have a strong relationship with these two variables (Gunzler et al. 2013). In this study, the indicator used as a mediating variable is the experience. In this study, the Sobel test is a method used to test the indirect effect of the independent variables on the dependent variable through intermediary variables. The analytical test is acceptable if the one-tailed and two-tailed values obtained are <0.05. The results of the analysis using the Sobel test in this study are as follows:

The results of the Sobel test show that experience plays a significant role in mediating the relationship between the independent variables (information access, external sources, and family norms) and the dependent variable (financing decisions) in the context of family businesses. The one-tailed probability values (0.00726, 0.00583, 0.00199) and the two-tailed probability values (0.0145, 0.01166, 0.00398) indicate that the mediation effect is statistically significant at a 95% confidence level (Table 4). The fact that the results for all variables are <0.05 suggests that experience fully mediates the relationship between the independent and dependent variables. This means that experience is a critical factor that strengthens the relationship between information access, external sources, family norms, and financing decisions in family businesses. The results are in line with previous research (Eberhardt et al. 2019; De Bortoli et al. 2019; Liguori & Pittz, 2020; Colombo, 2021; Ahmad & Shah, 2020) demonstrating the significantly mediating role of experience in family business financing decisions.

The results of this study also suggest that family business owners' financing decisions are related to the financial growth cycle of the family business, which highlights the importance of financial planning and decision-making in family businesses. Additionally, the theory of planned behavior is an important factor in family business financing decisions, indicating that attitudes, subjective norms, and perceived behavioral control are key predictors of financing decisions in family businesses. The results suggest that experience is crucial in understanding the relationship between information access, external sources, family norms, and financing decisions in family businesses. The findings highlight the importance of financial planning and decision-making in family businesses and the relevance of theoretical frameworks such as the theory of planned behavior in guiding family business financing decisions.

Table 4. The influence of indirect relationship

Hypothesis	Sobel Test Statistic	One-Tailed Probability	Two-Tailed Probability	Information
Experience mediates the relationship between information access and financing decisions	2.44411340	0.00726043	0.01452086	Significant
Experience mediates the relationship between external sources and financing decisions	2.52224780	0.00583038	0.01166075	Significant
Experience mediates the relationship between family norms and financing decisions	2.87914113	0.00199380	0.00398760	Significant

Agency problems in family businesses can occur due to differences in interests between family members and the company (Chrisman et al. 2004; Tarigan et al. 2020; Sa'diyah & Hilabi, 2022). Family members may have goals different from company goals, such as personal or family interests, that are more important than company interests. In addition, the family as the controlling shareholder can influence management decisions with decisions based on non-economic considerations or closer family relationships, not on objective business factors (Calabrò et al. 2017). It can be detrimental to the company and other stakeholders such as employees, business partners, or investors. Therefore, family businesses need to have good governance, with clear rules and policies, to avoid conflicts of interest and ensure decisions based on objective business considerations (Balsa et al. 2003; Ehrhardt & Nowak, 2003; Koropp et al. 2013). In addition, involving professionals and trained family members in business decision-making can help reduce the potential for agency problems in family businesses.

The results showed the perception of decision-makers on the risks associated with external financing sources. At a younger experience, decision-makers may be more inclined to take risks in using external financing sources because they want to accelerate business growth (Lappalainen & Niskanen, 2013). However, in a business with more experience, decision-makers may be more conservative and prefer to avoid the risks associated with external sources of financing. Experience can also affect the relationship between external financing sources and financing decisions in family businesses (Keasey et al. 2015). The results would imply that the experience can also affect the extent to which decision-makers feel bound by family norms. At a younger experience, decision-makers may feel more bound by family norms because they do not have sufficient business management experience (Koropp et al. 2013; Chrisman, 2004). The results also highlighted the importance of addressing agency problems in family business decision-making, especially in acquiring financing issues (Rezki et al. 2020; Jufri et al. 2022).

Managerial Implications

This study focuses on the mediating role of experience in influencing the influence of three factors, namely access to information, external sources, and family norms on financing decisions for family business growth. It is intended to gain a deeper understanding of how these factors affect financing decisions in family businesses and how their influence can change depending on the experience of the company's business. In a family business, the family, as the controlling shareholder, has strong control over the company, including the manager. Even so, this does not guarantee that agency problems will occur less and less. Agency problems can occur in family businesses and affect the company's performance and success. As for the managerial implications, the study provides valuable insights into the complex dynamics that influence financing decisions in family businesses and has significant implications for both research and practice in the field. The findings highlight the importance of experience in mediating the influence of various factors on financing decisions in family businesses. This suggests that decision-makers in family businesses should take into account their level of experience when making financing decisions and that the nature of this decision-making process may change over time. Moreover, the study highlights the potential for agency problems in family businesses and the need for good governance to avoid conflicts of interest and ensure objective decision-making. This is particularly important in the context of financing decisions, which can have significant implications for the performance and success of the company. Finally, the study suggests that family norms can also influence financing decisions in family businesses and that this relationship may be influenced by experience. This highlights the importance of considering objective business factors, family dynamics, and cultural norms in decision-making processes.

CONCLUSIONS AND RECOMMENDATIONS

Conclusions

The study found that information access, external sources, family norms had significant effects on experience. Moreover, financing decisions were influenced by family norms, and experience. This research also showed that experience mediates the relationship between other factors, such as information access, external sources, and family norms, with financing decisions in family businesses. As theoretical implications, the experience can be considered an important factor that must be considered in the analysis of financing decisions for family businesses. The findings also highlight that the financial growth cycle along with the theory of planned behavior plays an important role in financing decisions in family businesses. This theory identifies factors such as perceived risk, the tendency to delay decision-making, and limited information that influence the financing decisions taken by family business owners.

Recommendations

This research provides a basis for further research to explore other factors that influence family business financing decisions and increase the overall success of family businesses. As family business owners usually depend on their own capital and loans from family or friends, family business owners need additional financing to support their fast-growing business during the rapid growth stage. In this regard, the results expect that experience may also be the relationship between family norms and financing decisions in family businesses. Therefore, decision-makers in family businesses need to consider the experience factor of the business when considering family norms in making financing decisions.

FUNDING STATEMENT: This research did not receive any specific grant from funding agencies in the public, commercial, or not - for - profit sectors.

CONFLICTS OF INTEREST: The authors declare no conflict of interest.

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