

Investigating the Effect of Behavioral Factors of Attitude, Mental Norms and Perceived Behavioral Control on the Intention to Make Private Financial Decisions in Small and Medium Enterprises in Shiraz

Mustafa Taheri ^{1*}, Monireh Sadat Fatemi²

1. Dept. of Management, Faculty of Management, Payame Noor University, Iran

2. M.A Student of Business Management, Payame Noor University of Mahriz

Abstract

The purpose of this study was to investigate the effect of behavioral factors of attitude, mental norms and perceived behavioral control on the intention to make private financial decisions in small and medium enterprises in Shiraz. The research method was applied based on the purpose, and in terms of nature was descriptive-survey-causal research. The statistical population of this study was all managers (senior and financial) small and medium Shiraz located in Shiraz in 1398. To determine the sample size based on Morgan table, the sample size was estimated at 302 people. A simple random sampling method was used. Data collection tool was a standard questionnaire. Descriptive statistics (using SPSS software) and inferential statistics (using smartPLS software) were used to analyze the data. The findings indicate the confirmation of all hypotheses and the proper fit of the research model. The results showed that the attitudes, mental norms and perceived behavioral control of managers of small and medium enterprises have a significant effect on their intention to make private financial decisions.

Key words

Behavioral factors
Attitudes
Mental norms
Behavioral control

Original article

Corresponding author: mtaheri362@gmail.com

Received:

10 Aug 2021

Accept:

22 Sep 2021

Introduction

Access to bank loans is one of the important options for the activities of small and medium companies. However, due to company size restrictions, banks may require collateral as a pre-loan guarantee. In addition, the

potential inability to meet interest payments could lead to the bankruptcy of small and medium-sized enterprises (1). In addition, small and medium-sized companies seeking financing may face a capital gap, small

and medium-sized companies that are not members of listed companies, and companies that do not generally trade in the stock market may Access to finance through equity is difficult for them, but stock market fluctuations are more costly for smaller companies (2). When small and medium-sized companies are listed for the first time, they are often priced sharply below the actual price. Without financial support, many small and medium-sized companies may not be able to invest, operate or even start a business. (3). Taking into account these challenges to lending and obtaining financing through the issuance of shares by investors, owners of small and medium-sized companies can try to use their personal help and accumulated profits, Provide capital for themselves. Private investment is one of the available options, because it can be done in capital markets where shares are not issued, where stocks can be traded with private investment (1). Many small and medium-sized business owners have traditionally used financing through the issuance of bonds, as this method provides bank overdraft facilities for the day-to-day operations of the company and enables small and medium-sized companies to build trust. Maintain credit with suppliers (4). In addition, in capital markets, access to finance through the issuance of shares provides control over management and ownership. The effects of accepting financing through the issuance of shares in family-owned companies are related to financial decisions, conflict of interest, valuation issues, and power disputes (5). From the entrepreneurs' point of view, the change from the traditional approach to the use of private financing is related to the behavioral tendencies of business owners. Research on how small and medium-sized enterprises participate in the private investment sector is limited (1). It has been observed that an empathy gap between small and medium business owners and private investors is the reason for small and medium business owners' reluctance to invest privately. Empathy gap is the inability to recognize differences in cognitive frameworks that inform how others make decisions (6). The present study does not use financing theory, but uses the theory of planned behavior to examine how behavioral factors affect the intention to use financial self-sufficiency options, especially in relation to private investment. And accumulated profits. Although the theory of planned behavior

has already been used to explain the behavioral factors that influence financial decision-making in small and medium enterprises (3).

This study focuses on small and medium companies in Shiraz. This study, focusing on non-financial factors in small and medium-sized companies in Shiraz, begins a new work to examine debt and investment and can play a role in research in this field. Many small and medium business owners follow the approaches used by their fathers and family members in business-related activities, and behavioral intentions and reactions are driven by social norms (1). Financial decision-making is based on the beliefs of small and medium-sized business owners about the use of private investment and domestic budgets. Such a view holds that the use of external consultants, auditors, and banking audiences will be an advantage when using private investment budgets, and that social effects also affect the intention to use personal budgets. Small and medium-sized business owners will have a positive attitude towards private finance activities, provided they feel that their family, friends and other important institutions agree with and support the use of private investment (7). . Another effect on the investment behavior of small and medium business owners is perceived behavioral control. Perceived behavioral control describes the behavior of individuals in relation to doing or not doing something in accordance with their beliefs. Understanding an individual's ability to control an action may boost confidence in doing so. Conversely, if people believe that it is difficult to control an action, they resist such behavior (1). The issuance of private shares as an important source of financing is important. Difficulties with financial ambiguity and business size constraints are major challenges that SMEs face in seeking financial support, and the inability to access financing from capital markets has limited many SMEs. Encourages small and medium-sized enterprises to develop innovative projects to obtain funding from formal institutions, especially young companies, in order to gain financial support from friends and family (8). In this regard, the present study suggests that SME owners may be more inclined to use private investment if they can reduce the issues that arise between SME owners / founders and foreign investors. Give. In particular, issues of misun-

derstanding in contracts and validation need to be addressed so that they can have more control over private investment. In addition, small and medium-sized business owners may be more inclined to invest privately if they can meet the needs of sponsors or private investors. Small and medium industries are one of the most important factors in the development of Iran's economy. Given the capacity and potential of Shiraz and the willingness of investors to invest in small and medium industries, by creating an infrastructure, we can see the dynamics of employment and economic prosperity in the region. Therefore, efforts to implement and complete the necessary infrastructure in order to attract and invest investors in the town and industrial areas of Shiraz is important. It is necessary to witness the growth and development of industry in Shiraz more than before with the jihadi plans of the government and the efforts of all relevant executive bodies and the interaction and cooperation of the operating banks. Small and medium-sized enterprises are known as the driving force of the economy because of their many effects on solving the problems of unemployment and the prosperity of societies. The problem of financing these companies is one of the main problems in the process of their activities. The issue of financing is one of the important and influential factors in the decision-making process of companies. After understanding the need to support small and medium industries, we must on small companies, extensive measures should be planned and implemented for small and medium industries. In addition to this, creating jobs and employment for young people can prevent social harms and the activity of production units located in Shiraz industrial town is one of the most important reasons for reducing social harms. And it is necessary to take effective measures in discussing the infrastructure of Shiraz town and industrial areas. One of the most important concerns of producers and industrialists in towns and industrial areas is the lack of liquidity, so supporting and strengthening small and medium industries is one of the intrinsic duties of the Small Industries and Industrial Towns Organization of Iran and the government. Become a more active cluster so that they can function better. In this regard, the present study seeks to answer the question that behavioral factors such as attitudes, men-

tal norms and perceived behavioral control have an effect on the intention to make private financial decisions in small and medium enterprises in Shiraz?

Research Methodology

The method of the present study is applied in terms of purpose and descriptive-survey-causal in nature. The statistical population of this study is all managers (senior and financial) small and medium Shiraz located in Shiraz in 1398, to determine the sample size based on Morgan table The sample size was estimated to be 302 people. A simple random sampling method was used. The data collection tool of the standard questionnaire (1) included 16 questions. The validity of the questionnaire was obtained and confirmed by the supervisor and specialists, management experts and its reliability by calculating Cronbach's alpha coefficient and composite reliability for all variables greater than 0.7. The data collection method included library studies (Articles, Internet resources, translation of texts) and field methods were also used to collect data from the questionnaire.

The values obtained for the composite reliability are greater than 0.7, which indicates the optimal reliability of the research variables. Therefore, measurement models have good reliability. These indices are obtained by examining the internal correlation with factor loads between the references about the simultaneous reliability of the variables.

Data Analysis

According to the results of descriptive data analysis, the highest number of sample members are men with a frequency of 92.4%, also 15.6% of respondents with a master's degree, 50.3% of respondents with a bachelor's degree, 30.1% of respondents with 4% have a master's degree and 4.3% of respondents are under 30 years old, 33.8% are between 31 and 40 years old, 44.6% are between 41 and 50 years old and 15.9% are over 51 years old.

According to the results of Table (1), the value of significant level for all variables is less than the error value of 0.05. As a result, the data is not normally distributed. Therefore, the partial least squares method has been used to analyze the hypotheses.

Table 1: Kolmogorov-Smirnov test

Variable	Sig.	Result
Attitude	0.001	Abnormal
Objective norms	0.000	Abnormal
Perceived behavioral control	0.000	Abnormal
Intention to decide financial decisions	0.000	Abnormal

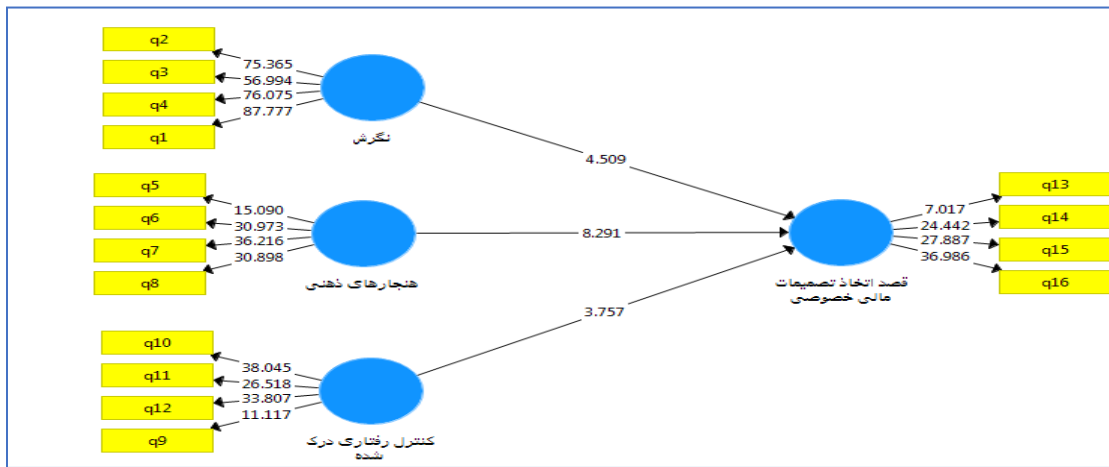


Figure 1: Research model in a meaningful state

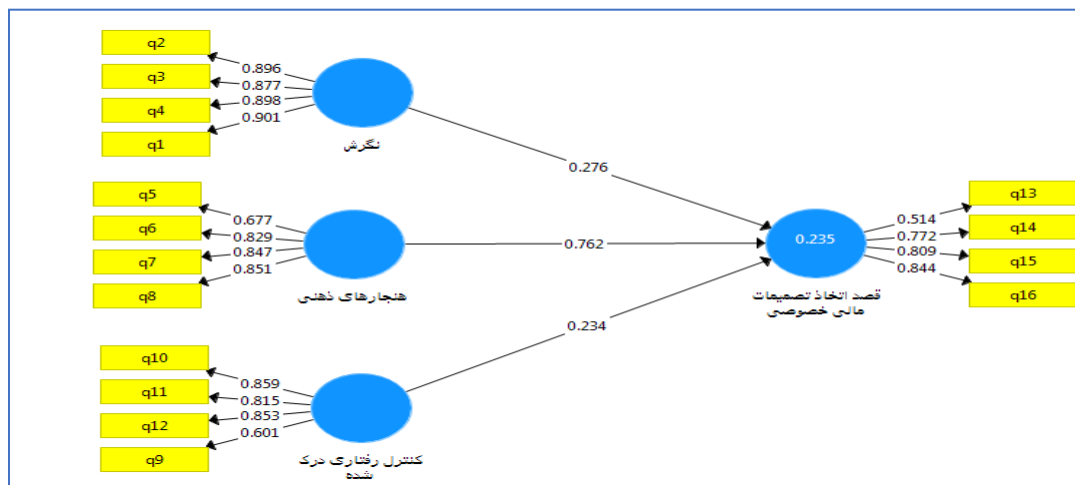


Figure 2: Research model in standard mode

Table 2: Indicators of latent variables

Variables	R ²	Communality
Intention to decide financial decisions	0.235	0.283
Attitude	-	0.609
Objective norms	-	0.397
Perceived behavioral control	-	0.377
Mean	0.235	0.416

Table 3: Results of measurement and structural model quality test

Variables	CV Com	CV Red
	1-SSE/SSO	1-SSE/SSO
Intention to decide financial decisions	0.283	0.115
Attitude	0.609	-
Objective norms	0.397	-
Perceived behavioral control	0.377	-
Mean	0.416	0.115

Discussion

According to the results, it can be said that attitude has a significant effect on the intention to make private financial decisions. A significant value equal to (4.509) (t-statistic is out of the range of negative 1.96 to positive 1.96) as a result of the first hypothesis has been confirmed. Also, the path coefficient between these two variables is equal to (0.276). Considering the path coefficient, it can be said that the effect of attitude on the intention to make private financial decisions is positive and significant, because the path coefficient obtained is positive. One of the most important problems that has become more prominent during the recession and has had a significant impact on the performance of manufacturing firms is the liquidity situation of these firms. Manufacturing companies do not have favorable liquidity conditions for various reasons such as not selling products and filling the warehouse of products and raw materials or spreading liquidity problems from one company to other companies. Therefore, in some companies, the most important factor limiting or even stopping production is the issue of liquidity. The liquidity problem in this situation is greater for small and medium-sized

companies because small and medium-sized companies have a higher credit risk than larger companies, and therefore their access to financial market facilities and credit is more limited. Small companies compared to large industries are affected by several factors inside and outside the company. Also, setting up small production units and increasing the mentioned capabilities is a function of internal organizational and environmental variables as well as appropriate support mechanisms. Under favorable conditions and with the right support, small and medium production units can play an important and decisive role in meeting the needs of the market. Therefore, examining the barriers and problems inside and outside the enterprise of small and medium production units along with studying the effects and results of government support policies and identifying the support areas needed for planning and correct and principled policies for economic and social development of the province and country And the realization of the twenty-year vision of the system is of special importance. The results of this hypothesis is consistent with other studies (9-12). According to the results, it can also be said that subjective norms have a significant effect on the intention

to make private financial decisions. A significant value equal to (8.291) (t-statistic is out of the range of negative 1.96 to positive 1.96) as a result of the second hypothesis was confirmed. Also, the path coefficient between these two variables is equal to (0.762). Considering the path coefficient, it can be said that the effect of subjective norms on the intention to make private financial decisions is positive and significant, because the path coefficient obtained is positive. Iranian companies are insatiably thirsty to inject their liquidity into working capital and use it in their operating cycles. Asia should use the strategy of stabilizing working capital in a period or even reducing it during a financial period. Our companies have capital in incremental cycles whose sales and profitability growth has never been in line with the growth of working capital and they do not have profit quality. According to the new models of financial management of enterprises, the majority of progressive companies reduce working capital during the financial period by increasing business turnover. In general, due to the special role of small and medium enterprises in creating employment and economic growth and helping to create and maintain stability Social and considering their privileged role in increasing exports and creating inventions and innovations and other irreplaceable functions of small and medium industries, it seems that one of the best ways to create comprehensive economic and social development of the country, attention Specific to all policy makers, planners, legislative and executive bodies is the importance and role of this group of enterprises. The results of this hypothesis are consistent with other studies (13-17)

According to the results, it can be stated that perceived behavioral control has a significant effect on the intention to make private financial decisions. A significant value equal to (3.757) (t-statistic is out of the range of negative 1.96 to positive 1.96) as a result of the third hypothesis was confirmed. Also, the path coefficient between these two variables is equal to (0.234). Considering the path coefficient, it can be said that the effect of perceived behavioral control on the intention to make private financial decisions is positive and significant, because the path coefficient obtained is positive. Despite the above advantages

and despite the government's assistance to these industries, small and medium production units in playing the expected role in the country's economy, competing with similar industries abroad and large domestic industries, as well as gaining a competitive advantage that requires a serious presence in global markets. They face a problem. The results of this hypothesis are consistent with other related studies (13-17).

- Because attitudes toward using borrowing finance and having current accounts are essential to using private finance. Owners of small and medium-sized businesses that are risk averse, it is better to use domestic and private budgets. This is beneficial for SMEs, as it provides more financial opportunities for SMEs as well as other barriers such as knowledge sharing between SME owners and professional investors.
- It is suggested to create a clear and codified strategy for financing companies based on modern science and successful international experiences, to use international tools and commitment to up-to-date knowledge, because unfortunately the current position of companies is due to the lack of such a strategy.
- Findings about the impact of non-financial factors on financial decision-making, which include subjective behavioral factors that affect the financial decision of personal business owners and ultimately the financial economy as a whole, should be considered by policymakers, especially when it comes to improving, they have financial systems. These considerations may help to review ambiguous rules and regulations that impede these financial activities and the transfer of funds, in a way that supports supply and demand for financial seekers and financial providers and should therefore not be ignored.
- One of the reasons for the low share of the capital market is the lack of familiarity of investors with new financial instruments. Therefore, in order to improve financing, it is

necessary for all institutions and organizations involved in this matter to work together to create conditions that will facilitate financing and to inform financing instruments from the capital market, to reduce the costs of financing resources, and to plan. Easy, adequate and targeted access to facilities can be effective for using new tools in financing.

- Successful companies must always adopt the appropriate method of financing, which is one of the important pillars of the physical progress of the project. To eliminate or minimize this concern, conditions must be prepared and decisions must be made: 1- Concluding contracts that guarantee payment. Guaranteed by the employer. 2- Payment of long-term facilities by banks and government agencies to create stability in the financial system of enterprises. 3- Accurate estimation of the project volume in Rials before concluding the contract and starting the executive operations so that in case of financial fluctuations such as exchange rate changes or the employer's liability in payments, it is possible to advance the project using other alternative financial sources.
- It is suggested that in future research, other behavioral factors related to private finance be added to create a more complete model. In future research, it is better to study the financing mechanisms of small and medium enterprises and compare them with other countries and design a general strategy framework for the financial development of small and medium enterprises and strategies to support small and medium enterprises. One of the limitations of this research is the non-submission of some questionnaires by the managers of the companies due to the management of the companies in the traditional way and unfamiliarity with specialized finance, which if answered seemed to have a better and more desirable result. Also, due to the economic problems that plague small and medium-sized companies, most managers complained and were reluctant to cooperate

and complete questionnaires, and this is the biggest constraint for us.

Conclusion

In this study, it was found that attitudes, mental norms and perceived behavioral control can have a positive and significant effect on the intention to make private financial decisions. Given the current situation in the country and the lack of sufficient incentive to invest in the creation of large industries by the private sector on the one hand, and plans to reduce government ownership in economic affairs on the other, it seems to help keep small and medium-sized production units alive. Existing and creating suitable conditions for launching new units by potential entrepreneurs, including effective ways to mobilize productive activities, meet part of the needs of society, increase presence in global markets and reduce the problems caused by the unemployment rate in the country.

References

1. Kijkasiwat p. (2021). The influence of behavioral factors on SMES' owners' intention to adopt private finance. *Journal of Behavioral and Experimental Finance*; 30(2021); 1-6.
2. Abatecola G, Cristofaro M. (2018). Hambrick and Mason's Upper Echelons theory: Evolution and open avenues. *J. Manag. Hist.* 26 (1): 116–136.
3. Al Balushi Y, Locke S, Boulanouar Z. (2018). Islamic financial decision-making among SMEs in the Sultanate of Oman: An adaption of the theory of planned behaviour. *J. Behav. Exp. Finance* 20: 30–38.
4. Ta H, Esper TL, Ford K, Garcia-Dastuge S. (2018). Trustworthiness change and relationship continuity after contract breach in financial supply chains. *J. Supply Chain Manag.* 54 (4): 42–61.
5. Sacristán-Navarro M, Cabeza-García L. (2019). When family firm corporate governance fails: The case of El Corte Inglés. *J. Fam. Bus. Manag.* 10 (2): 97–115.
6. Montinari N, Rancan M. (2018). Risk taking on behalf of others: The role of social distance. *J. Risk Uncertain.* 57 (1): 81–109.
7. Ljungqvist A, Richardson MP, Wolfenzon D. (2017). The investment behavior of buyout funds: Theory and evidence. NYU Working Paper, No. SC-AM-03-12.

8. Yanto H, Handayani BD, Solikhah B, Mula JM. (2016). The behavior of Indonesian smes in accepting financial accounting standards without public accountability. *Int. J. Bus. Manag. Sci.* 6 (1): 43–62.
9. Adam AB, Jizat JEBM, Nor MABM. (2016). Internal factors within Entrepreneurs that influence the acceptance and use of social commerce among SMEs in Malaysia. *DeReMa (Development Research of Management), Jurnal Manajemen*; 11(1): 35-45.
10. Cholil M. (2015). Analysis of attitude, experience, subjective norm and behavioral control on the entrepreneurial intention and behavior: A case study toward the powers of Sharia pawnshop of Surakarta branch office, Central Java, Indonesia. *Bus. Manage.* 7 (2): 63–76.
11. Johan ZJ, Putit L. (2014). Impact of Knowledge and Religiosity on halal Product Compliance: A Financial Service Perspective. *International Journal of Business and Management Studies*; 3 (1): 453-461.
12. Mohamed Shith MSSP, Safruddin M, Abdul Rahim M, Mohd Shith Putera NSF. (2021). using the theory of planned behavior and religion to assess customers behavioral intention to adopt Islamic banking services in Malaysia. *Journal Islam Dan Masyarakat Kontemporari*; 22(2): 36-45.
13. Singh. C, Wasdani.K. P. (2016). Finance for Micro, Small, and Medium-Sized Enterprises in India: Sources and Challenges. ADBI Working Paper 581. Tokyo: Asian Development Bank Institute. Available: <http://www.adb.org/publications/finance-micro-small-and-medium-sized-enterprises-india-sources-and-challenges>
14. Taufiquea KR, Vaithianathan SA. (2019). Fresh look at understanding green consumer behavior among young urban Indian consumers through the lens of theory of planned behavior. *Journal of Cleaner Production*; 4: 1-13.
15. Vamvaka V, Stoforos C, Palaskas T, Botsaris C. (2020). Attitude toward entrepreneurship, perceived behavioral control, and entrepreneurial intention: dimensionality, structural relationships, and gender differences. *Journal of Innovation and Entrepreneurship*; 9(5): 1-26.
16. Wellalage NH, Fernandez V. (2019). Innovation and SME finance: Evidence from developing countries. *Int. Rev. Financ. Anal.* 66: 101370.
17. Whidya Utami C. (2017). Attitude, subjective norms, perceived behavior, entrepreneurship education and self-efficacy toward entrepreneurial intention university student in Indonesia. *European Research Studies Journal*; xx(2a): 475-495.