

STRATEGIC FINANCIAL MANAGEMENT AND PERFORMANCE OF FAMILY BUSINESSES IN GHANA: MODERATING ROLE OF ENTREPRENEURIAL ORIENTATION.

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ABSTRACT

Extant literature suggests that the role of family businesses in most economies around the world is highly esteemed. Globally, it is believed that family businesses constitute about 70-80% of businesses, depending on the country. Nevertheless, scholars are of the opinion that finance literature have failed to explore the impact of entrepreneurial mindset on strategic financial management's impact on firm performance.

This study therefore focuses on the impact of entrepreneurial mindset on strategic financial management's impact on firm performance using a mixed research approach and follows a pragmatism paradigm. A quantitative data was collected from 372 finance and accounts officers in the food distribution industry whilst the qualitative data was sourced from 11 participants.

The study reveals that there is no connection between financial choices and business success; and finds a substantial and favorable relationship between firm success and strategic investment decisions. The relationship between a strategic investment choice and firm success is moderated by entrepreneurial attitude. Depending on how well the methods of strategic financial management and a certain antecedent of entrepreneurial attitude are employed, this influence might be either favorable or bad. However, the impact is positive and substantial if entrepreneurial orientation (taking risks and being inventive) moderates strategic investment choice and firm performance, but proactiveness has a negative interaction effect on firm performance.

The study comes to the conclusion that the relationship between profit distribution strategy and firm performance is moderated by entrepreneurial orientation. According to the findings, if entrepreneurial orientation (risk-taking and proactivity) moderates profit distribution strategy and firm performance, it results in negative interaction effects on firm performance. Consequently, having an entrepreneurial mindset is crucial to improving firm performance within the organization.

Keywords: Strategic financial management; entrepreneurial orientation; firm performance: family business; strategic investment decisions; profit distribution.