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Understanding family firm intentions to use private equity: A theory of planned behaviour perspective

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Understanding Family Firm Intentions to Use Private Equity: A Theory of Planned Behaviour Perspective

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Abstract: Although past research suggests that family firms are less likely to use private equity (PE) financing, further research is required to identify the underlying reasons for such behaviour. Using the theory of planned behaviour and based on the analysis of data collected from 254 family firms, we identify the factors that explain a family firm's intentions to use PE. Family owners are more likely to plan to use PE when they have a favourable attitude toward PE, their intended succession strategy involves relinquishing control by selling the business sometime in the future, and they have a good understanding of PE.

Keywords: private equity, family business, succession, attitude, knowledge

1 Introduction

Access to financial capital is critical for the survival (Lussier and Halabi 2010), growth and performance of firms (Matthews et al. 1994). Importantly, restrictions of access to external sources of finance, such as owner (self) imposed restrictions as observed in family firms, can be detrimental to their financial survival and performance (Koropp et al. 2013). This study focuses on one specific source of external financing, which is gaining growing recognition of the role it can play for family firms: Private Equity (PE).

In its broadest terms, PE is defined as the capital raised through the issuing of shares that are not publicly traded on a securities exchange (BVCA 2012). PE dates back to the 18th century when entrepreneurs approached high-net-worth

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individuals or angel investors to finance their ventures. In the 20th century, PE became more formalised by establishing private equity firms worldwide (BVCA 2012).

Although some critics argue that short-term profit orientation of PE firms can negatively affect the ability of PE-invested firms to initiate and sustain entrepreneurial management (Campello 2003), other researchers have found that PE can help firms refocus and concurrently increase entrepreneurial and administrative management (Bruining and Wright 2002). Wright et al. (2000) argued that the role of PE-backed firms was positive in that it allowed management to be empowered to take entrepreneurial actions and develop new forms of employee cooperation. In their study of 600 Dutch firms that underwent a buy-out during 1996–2004, Bruining, Verwaal, and Wright (2013) found that most PE-backed buy-outs significantly increase entrepreneurial management practices. Likewise, Davis et al. (2014) found in their research on US firms that due to an intensification of creative destruction immediately following PE-investment, in the first two-year post-acquisition period, PE-invested firms, on average experienced a two percent productivity improvement compared with the control group of firms. There is also evidence that PE-invested firms have significant increases in aspects of corporate entrepreneurship and innovation, including new product development (Bull 1989; Wright et al. 2006) and patent citations (Lerner et al. 2008). Similarly, PE can play an essential role in improving entrepreneurial management in family businesses. Gurung and Lerner (2008) note that while family-owned firms have substantial 'tails' of poorly managed firms, those with PE investment appear to be consistently well managed.

This paper further explores the demand-side arguments of family businesses' intentions to use PE, focusing on the pre-deal phase. Family owners may look to use PE to grow the business, exit as owners and assist in pruning or restructuring the current ownership configuration (e.g. Dreux 1990; Wennberg et al. 2011). As the current generation of owners face difficulties in growing their firms or managing inter-generational transfer or exit (Sharma, Chrisman, and Chua 2003a; Shepherd and Zacharakis 2000; Smith and Amoako-Adu 1999; Wasserman 2003), it has been suggested that PE is one possible solution to overcoming these difficulties (Dawson 2011; Howorth, Westhead, and Wright 2004; Scholes, Westhead, and Burrows 2008).

Despite this, as is discussed below, prior research suggests that family owners are more averse to using PE financing as compared to non-family businesses (Bueno, Román, and Portillo 2019; Gallo, Tapies, and Cappuyns 2004; Poutzouris 2001; Schickinger, Leitterstorf, and Kammerlander 2018; Wu, Chua, and Chrisman 2007). Yet, some family businesses utilise PE financing for growth or ownership restructuring, and the PE route is becoming a more common option for family firms

(Dawson and Barrédy 2018; Khoury et al. 2022). However, very little is known about the demand-side of the pre-deal phase. Our research question is therefore to examine the factors internal to the family business (such as succession strategy, or the owner-managers' familiarity with the PE industry), that may determine which types of family businesses are more open to PE than others. Moreover, a recent systematic literature review of 50 academic studies on PE and family firms (Schickinger, Leitterstorf, and Kammerlander 2018) shows that the limited research on this topic is characterised by a strong regional bias on Europe and call for more international studies to better understand and explain this phenomenon especially in the pre-deal phase, which this study is focussed on. Another recent bibliometric analysis of the broader PE research field by Sharma et al. (2022) also points to geographic bias towards the USA and Europe.

To advance the understanding of the financing behaviour of family firms (such as the use of PE financing), there is a call for researchers to explore the influence of non-economic factors such as owner characteristics (e.g. attitudes, desire for control, goals and intentions) (Koropp et al. 2013, 2014; Matthews et al. 1994; Romano, Tanewski, and Smyrnios 2001). Given that owner characteristics such as the desire for control can change over time, it is reasonable to expect that intentions towards using particular sources of finance (such as PE) may also change. It is also unclear whether the reluctance of family owners to consider using PE is consistent across different uses of PE (for growth or to prune/restructure ownership). Croce and Marti (2016) call for more research on other factors, such as exit and succession intentions, which may influence attitudes towards using PE financing.

While most of the research focuses on motives for selling shares to PE, there is limited understanding as to which reasons dominate the different phases of the development of family firms (Schickinger, Leitterstorf, and Kammerlander 2018). Traditional finance theories, in their current form, cannot fully explain financing behaviour in family firms. Therefore, it is worth investigating further how behavioural arguments (e.g. the theory of planned behaviour) can help explain financing behaviour. Despite the increasing attention to the behavioural financing approach, it remains underused and has considerable potential in analysing financing decisions in family firms (Michiels and Molly 2017).

This paper attempts to go some way to address these calls for further research by examining the factors that influence a family firm owner's intention towards using PE financing. In this study, the theory of planned behaviour (Ajzen 1991) is used to examine family firms' intentions to use PE. Based on the ordinal regression analysis of data collected from 254 privately-owned Australian family firms, we find that the general attitude towards PE, plans to exit the family business in the future and knowledge of PE significantly influence the intentions to use PE.

This study contributes to our understanding of the financing behaviour of family firms in four important ways. Firstly, the results of this study further our understanding of the influences on family firm owners' intentions to use PE for two distinct roles, namely, (1) for growth and (2) to restructure the current ownership configuration. Secondly, this study highlights how Ajzen's (1991) theory of planned behaviour can be applied to a family business context to explain determinants of the intentions of family owners to use PE financing. Thirdly, this study highlights the importance of educating owners on PE financing in order to foster more positive intentions to use such finance. Finally, we explicitly focus on demand-side arguments of PE investments instead of supply-side arguments, which have been widely investigated in previous PE research (Schickinger et al. 2022; Seghers, Manigart, and Vanacker 2012). By taking the perspective of the family firm, we also answer a recent call by Michiels and Molly (2017) to clearly distinguish between demand-side and supply-side factors when examining family business financing decisions.

The rest of this paper is organised as follows. We begin by reviewing the literature on private equity and family firms. We then draw on the theory of planned behaviour to develop hypotheses concerning the drivers of family businesses' intention to use private equity: their general attitude towards private equity, subjective norms and perceived behavioural control. The paper continues with a discussion of the paper's methods and a discussion of the results. Finally, we offer thoughts on this paper's contributions and suggest directions for future research.

2 Literature Review and Hypotheses

2.1 Family Firms and Private Equity

Although research on PE in family firms is still in its infancy, academic interest in this topic has increased considerably during the last decade (Neckebrouck, Meuleman, and Manigart 2021; Schickinger, Leitterstorf, and Kammerlander 2018). Prior research into PE investment in family firms can be grouped based on the three phases of interaction between family businesses and private equity investors. First, several studies investigate the *pre-deal phase*; e.g. owner attitudes towards using PE (e.g. Gallo, Tapies, and Cappuyns 2004; Lappalainen and Niskanen 2013; Poutziouris 2001; Romano, Tanewski, and Smyrnios 2001; Tappeiner et al. 2012; Wu, Chua, and Chrisman 2007) or attributes used by PE firms when determining what family firms to invest in (e.g. Ahlers et al. 2016; Dawson 2011; Howorth, Westhead, and Wright 2004; Scholes, Westhead, and Burrows 2008; Upton, Teal, and Felan 2001). Second, studies that focus on the *deal-phase* investigate aspects

such as valuation (e.g. Ahlers, Hack, and Kellermanns 2014; Granata and Gazzola 2010) and the negotiation between both parties (e.g. Ahlers et al. 2016; Scholes, Westhead, and Burrows 2008). Finally, research on the *post-deal phase* investigates the outcomes associated with PE investment into family firms on both the firm level, such as growth and efficiency (e.g. Chrisman et al. 2012b; Goossens, Manigart, and Meuleman 2008) and the family level, such as conflict (e.g. Achleitner et al. 2010; Ahlers, Hack, and Kellermanns 2014).

This paper focuses explicitly on the *pre-deal phase* and takes the perspective of the family when examining the rationale for private equity investments in family firms. In broad terms, prior literature suggests that family owners may look to use PE to grow the business (Martí, Menéndez-Requejo, and Rottke 2013; Tappeiner et al. 2012), exit as owners (Dawson 2011; Howorth, Westhead, and Wright 2004; Scholes et al. 2007, 2010; Wennberg et al. 2011; Wiklund et al. 2013), and assist in the pruning/restructuring of the current ownership configuration (e.g. due to family conflict) (Dawson 2011; Dreux 1990; Tappeiner et al. 2012). Yet, empirical research on the pre-deal phase is virtually non-existent, with the exception of Tappeiner et al. (2012), who rely on case studies of 21 large German family businesses.

Additionally, much of the existing research on PE investment in family firms has focussed on the supply-side: e.g. the decision-making criteria that are employed by PE investors selecting family firms (Dawson 2011; Dawson and Barrédy 2018); private equity firm perceptions of investee firms affective deal commitment in buy-out transactions (Ahlers, Hack, and Kellermanns 2014) or the financing choices of PE investors versus single family offices (Schickinger et al. 2022). However, little is known on the demand-side, i.e. about what determines the intention towards using PE, how it is shaped in the context of a family business and how it might differ across different types of family businesses (Di Toma and Montanari 2017; Seet et al. 2010).

In this study, we attempt to address these gaps by drawing on the theory of planned behaviour to further understand the intentions of family firms to use PE financing. This also allows us to move beyond comparing the "average" family firm to the "average" non-family firm, thereby acknowledging and further exploring determinants of heterogeneity amongst family firms (Payne 2018).

2.2 The Theory of Planned Behaviour in a Family Business Context

Ajzen's (1991) theory of planned behaviour (TPB) has been applied to a limited extent by family business studies (Kuiken 2015). Researchers have, for example, applied the theory to examine the determinants of succession planning activities

(De Massis et al. 2013; Sharma, Chrisman, and Chua 2003b; Zellweger, Sieger, and Halter 2011), attitudes towards debt financing (Koropp et al. 2013) and financing behaviour (Koropp et al. 2014) in family firms. The fundamental tenet of the TPB is that it is an individual's intentions that determine the likelihood that a particular behaviour will be undertaken (Ajzen 1991). This is because "intentions are assumed to capture the motivational factors that influence a behaviour; they are indications of how hard people are willing to try, of how much of an effort they are planning to exert, to perform the behaviour" (Ajzen 1991, p. 181). Consequently, the stronger the intention, the more likely the associated behaviour will be carried out. In other words, an individual's behavioural intention to perform a particular behaviour provides the most accurate prediction of behaviour (Fishbein and Ajzen 1975). This study applies the TPB (Ajzen 1985, 1991) as a key theory because of its theoretical usefulness in examining intentions to use PE.

Although this study does not examine actual use of PE, the TPB suggests that an intention to engage in the behaviour (e.g. an intention to use PE) is the best predictor of behaviour (e.g. actual use of PE) (Van Breukelen, Van der Vlist, and Steensma 2004). This intention represents the degree to which an actor has a conscious plan or decision to exert effort to carry out a behaviour (Conner and Armitage 1998; Eagly and Chaiken 1993).

Ajzen (1991) further argues that intentions can be predicted and explained by the attitude towards the behaviour, subjective norms and perceived behavioural control. *Attitude* refers to the extent to which the person is favourably or unfavourably disposed to the intended behaviour. *Subjective norms* refer to the extent to which the intended behaviour is subject to social pressures. *Perceived behavioural control* refers to the individual's ability (ease or difficulty) to undertake the intended behaviour. Figure 1 illustrates the TPB and its components.

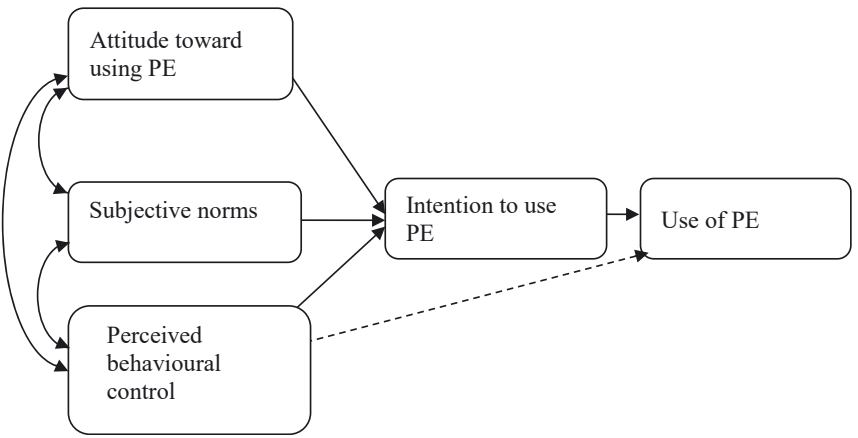

Figure 1: Theory of planned behaviour in the family firm context of intention to use PE.

Below we use this theory to explain how these three predictive variables (attitude towards PE, subjective norms and perceived behavioural control) together lead to the formation of a behavioural intention to use PE in family firms and develop relevant hypotheses.

2.3 Attitude towards PE among Family Firms

The first factor that is expected to influence the intention toward a behaviour is the attitude a person has toward that behaviour (Ajzen 1991). In the context of this study, we, therefore, investigate the CEO's general feeling of favourableness or unfavourableness towards PE financing. After all, financing decisions in family firms are generally made by one single decision-maker, usually the owner-manager (Feltham, Feltham, and Barnett 2005). The CEO's values and beliefs are thus considered significant drivers in strategic decision-making (Heck 2004), such as the decision to utilise PE.

Despite the argued benefits associated with PE investment (Salerno 2019), it is commonly assumed that family owners have a negative attitude towards this form of financing where possible because of the implications of ceding some or most of its control to outside investors (La Porta, Lopez-de-Silanes, and Shleifer 1999; Poutziouris 2001; Wu, Chua, and Chrisman 2007). Poutziouris (2001), for example, argues that family firms are reluctant to use PE because of the "war stories" associated with PE involvement, such as clashes in values, stripping businesses of assets and employees, and eroding the good name of the family in the community. Other studies have confirmed this, indicating that family control is significantly negatively associated with the use of PE (Gallo, Tapies, and Cappuyns 2004; Romano, Tanewski, and Smyrnios 2001; Wu, Chua, and Chrisman 2007). They explain these findings by the so-called *empathy gap* that exists due to substantially differences in objectives between the two parties, which results in family owners' reluctance to engage with PE providers (Poutziouris 2001; Seet et al. 2010). After all, family owners typically have their wealth concentrated in one firm and have long-term objectives that are not necessarily solely economic in nature (Chrisman et al. 2012a; Gomez-Mejia et al. 2007). On the other hand, PE firms invest in a portfolio of firms and focus on maximising their return in about four to seven years (Wood and Wright 2009). Accordingly, we hypothesise that the family firms' intention to use PE is influenced by the family firm CEO's attitudes towards PE. Put formally,

H1: The intention of family firms to use PE is positively associated with their general attitude towards PE.

2.4 Subjective Norms Surrounding Exit and Succession and Implications for PE

The second factor that is likely to influence the family firm's intention to use PE, according to the theory of planned behaviour, is subjective norms. These are defined as a person's perception that most people who are important to him/her think (s)he should or should not perform the behaviour in question (Fishbein and Ajzen 1975). As highlighted by Wu, Chua, and Chrisman (2007) the desire for family control influences the owners' choice of different sources of finance. This desire for control has been attributed to the family's socio-emotional wealth objective to preserve family bonds to the firm through dynastic succession (Berrone, Cruz, and Gomez-Mejia 2012). In essence, the owners make choices between behaviours that preserve control (such as family succession) and the firm's current and future financial needs. However, this desire is by no means universal amongst family firms:

> Rather than assuming that internal ownership transition is the preferred choice and external ownership transfer a last resort, we have taken the view that ownership transition in family firms can be seen as a choice. Some family firms choose to transfer ownership inside the family to the next generation of family owners, whereas other family firms choose to sell their firms to new owners outside the family. (Wiklund et al. 2013, p. 1332)

So, the choice of succession strategy is influenced by whether or not the family intends to perpetuate control. This intention to remain in control is highlighted by family financing norms such as restricting ownership to existing owners and their relatives or limiting the ability to sell to outsiders (Byrom and Lehman 2009).

The families' intended succession strategy will therefore influence their intention towards using PE financing through its family financing norms. Specifically, owners who intend on using succession strategies that preserve family control are less likely to consider using PE finance as it will undermine their preference for family control (Scholes et al. 2008). Conversely, owners who intend on using succession strategies where family control will be relinquished are more likely to consider using PE finance as family control is no longer a determining factor. There will be situations where selling the family firm rather than perpetuating the continuity of family ownership and control is the most appropriate action for family leadership to take as investors (e.g. to exit from a particular industry) (Wright and Bruining 2008). We argue that in such circumstances (i.e. where the family's succession strategy is to sell the business), the family owners will be prepared to forego sole control and consequently more willing to utilise PE in the business, whether to grow the business or restructure the current ownership.

Conversely, in situations where intended succession plans involve the family perpetuating the continuity of family control (e.g. by appointing outside management but retaining ownership and control), it is proposed that family firms are less likely to contemplate using PE for growth and/or restructuring ownership.

To summarise, we propose that the current owners' intended succession strategies explain differences in their intentions to use PE investment in privately-owned firms. The following hypotheses are proposed to examine the influence of succession strategies, which preserve control of current owners ((a) transfer control to the next generation, (b) maintain family control but appoint outside management) or relinquish control of current owners ((c) sell the business entirely) on their intention to use PE:

H2a: The intention of family firms to use PE will be negatively associated with their intention to pass on the business to the next generation of their family.

H2b: The intention of family firms to use PE will be negatively associated with their intention to appoint outside management but retain control.

H2c: The intention of family firms to use PE will be positively associated with their intention to exit by selling the business.

2.5 Perceived Behavioural Control over Accessing PE

According to the theory of planned behaviour, the third factor that influences behavioural intentions is the perceived behavioural control over access to PE, or, as defined by Ajzen (1991, p. 181), "people's perception of the ease or difficulty of performing the behaviour of interest." In the context of our study, we argue that the perceived behavioural control of the family owners pertain to the extent they believe they have control over the PE process and therefore see it as feasible, since perceived feasibility perceptions can be considered as surrogate for perceived behavioural control (Krueger and Carsrud 1993). As established by previous research, perceived behavioural control incorporates both self-efficacy (i.e. internal factors) and external factors that may facilitate or hinder the performance of a particular behaviour (Ajzen 2002; Zellweger, Sieger, and Halter 2011).

Self-efficacy reflects the individual's conviction that (s)he can perform in a certain domain or task (Gist 1987), in this case: engaging with PE investors. As highlighted by previous research, family firms often lack the know-how and experience in dealing with private equity investors (Poutziouris 2001; Seet et al. 2010). This lack of understanding of the various types of schemes and processes offered by

PE professionals is often referred to as the knowledge gap (Poutziouris 2001; Schickinger, Leitterstorf, and Kammerlander 2018; Seet et al. 2010). Conversely, having used PE before or having a profound understanding of PE's processes should increase a family firm owner's belief in his or her ability to successfully engage with PE investors. In other words, we argue that higher knowledge of, or familiarity with, PE increases the perceived behavioural control of the key decision maker, which will increase the intentions of using PE. Put formally;

H3a: The intentions of family firms to use PE will be positively associated with their level of knowledge of PE.

Next, we argue that the perceived feasibility perception of PE is not only formed by the internal factor (i.e. knowledge of PE) but also by external factors that reach beyond that of the owner. More specifically, we hypothesise that the family business owners' perceptions about the current market conditions shape the perceived feasibility perception of PE, which influences the intention to use PE. Put formally;

H3b: The intentions of family firms to use PE will be negatively associated with perceived unfavourable market conditions.

2.6 Model of Family Firms' Intentions to Use PE

Figure 2 outlines the conceptual model, the six hypotheses, and their direction to be empirically tested in this study. Drawing on the TPB, the model highlights that the intentions of a family firm to use PE are influenced by three concepts. Firstly, the intention of using PE will be influenced by their general attitude towards PE. Secondly, the intention of using PE will be influenced by the subjective norms underlying different succession options. Specifically, succession intentions seeking to preserve family control will negatively affect the intention to use PE. Alternatively, intentions to exit the business by sale suggest the owning family reduces the need for control and, therefore, will be more inclined to use PE. Finally, a family business's perceived behavioural control over accessing PE will influence its intention of using PE. Specifically, family firms will be more likely to use PE when they have a high degree of knowledge of PE as they will perceive to have the knowledge and insights to successfully negotiate a PE deal. Conversely, family firms which face unfavourable market conditions will be less likely to use PE as they will perceive to have little control in attracting PE given the unfavourable environment.

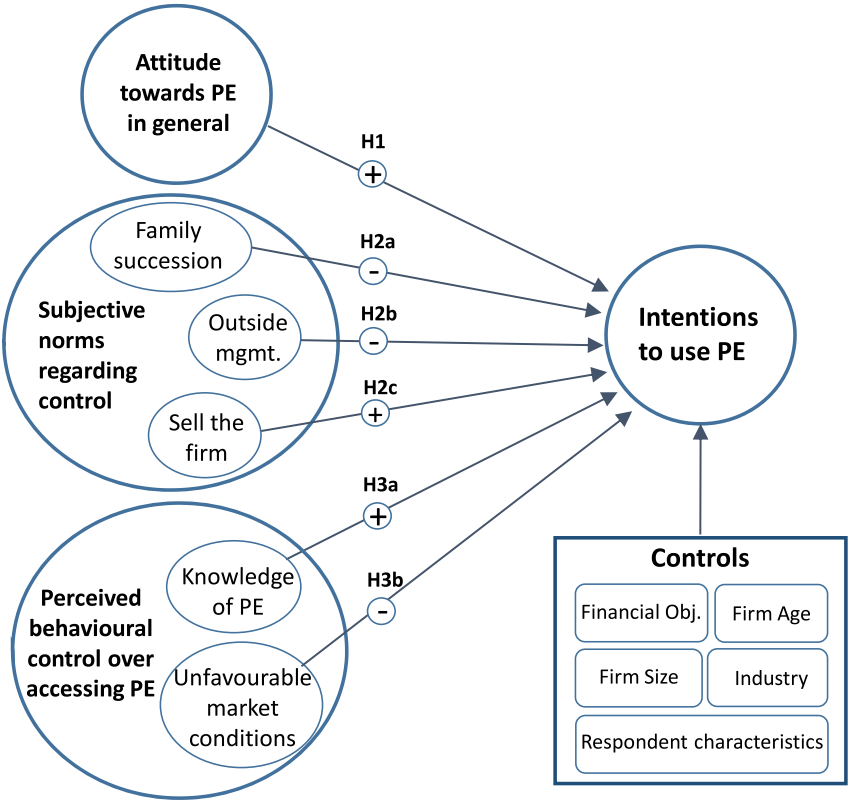

Figure 2: Conceptual model.

3 Methods and Results

3.1 Sample, Data Collection and Respondents

Data was collected through a survey of firms to examine the influence of different owner succession strategies on the current owners' intentions towards using private equity financing. Based on survey instruments developed in previous academic research, a 42-item questionnaire was developed with the assistance of business researchers, business owners and advisors. A questionnaire pilot was tested using a range of stakeholders (academics, practitioners, family business owners), and the feedback received was incorporated into the final questionnaire. The final questionnaire contained six sections: firm and owner characteristics, firm performance, management and strategic issues, practices and attitudes to

financing alternatives, succession and exit plans, and sources of advice for business and financing issues.

Using the Dunn and Bradstreet database, 2300 Australian privately-owned (i.e. unlisted) firms were randomly selected from two states in Australia, representing regions of high and low economic growth and PE activity (South Australia and Victoria). The questionnaire was sent to the chief decision maker (the Chief Executive Officer) with a cover letter that explained the purpose of the study and outlined an incentive to encourage participation (donation made to charity). A follow-up letter was sent three weeks after the initial questionnaire was distributed, which resulted in 385 completed questionnaires (response rate of 16.7%). The focus of this study is on family firms within the sample, which was defined as those firms that were majority-owned (i.e. >50%) by a single family, which is consistent with that used in previous studies (Chua, Chrisman, and Sharma 1999). Using this family business definition, around one-third (131 questionnaires) of responding firms were identified as non-family firms and were removed from the sample. Around two-thirds (254 questionnaires) were identified as family firms which is consistent with percentages reported in previous Australian family business studies (see for example Graves and Thomas 2004). Consequently, 254 questionnaires from family businesses were used for this study. As highlighted in Table 3, 81 percent of the respondents were the chief-decision maker. The remaining 19 percent of respondents were from the founder, a shareholder or a senior management team member.

Westhead and Cowling (1997) and Shanker and Astrachan (1996) emphasise that family business statistics are susceptible to the definition employed. Because of this and the fact that variations of the above definition have been used in prior research, the robustness of the results in this study was assessed by varying the family business definition used. Specifically, the following two alternative family business definitions were used for robustness tests (1) a firm that was wholly (100%) family-owned and (2) a firm that was majority family-owned and had a family CEO. For brevity, the results of these robustness tests are not reported in this paper. The robustness tests highlighted that the significance and direction of the results reported in Tables 4 and 5 remained the same regardless of the family business definition employed. That is, the results reported in Tables 4 and 5 were not sensitive to the family business definition used.

3.2 Measurement of Variables

A summary of all the dependent, independent and control variables included in this study is provided in Table 1.

Table 1: Measures used in the study.

Variable	Measure
Intentions to use PE to grow the business	Each respondent was asked their intentions to use PE to grow the business using a 5-point Likert scale (1 = very unlikely to 5 = very likely)
Intentions to use PE to restructure o/ship	Each respondent was asked their intentions to use PE to restructure the ownership of the business using a 5-point Likert scale (1 = very unlikely to 5 = very likely)
Attitude towards PE in general	Each respondent was asked to indicate their general attitude towards PE using a 5-point Likert scale (1 = negative to 5 = positive)
Subjective norm – family succession	Each respondent was asked whether they were considering passing the business on to the next generation of the family as part of their exit/succession plan using a 5-point Likert scale (1 = very unlikely to 5 = very likely)
Subjective norm – outside management	Each respondent was asked whether they were considering retaining ownership/control but passing on leadership to a non-family CEO as part of their exit/succession plan using a 5-point Likert scale (1 = very unlikely to 5 = very likely)
Subjective norm – sell the business	Each respondent was asked whether they were considering selling the business as part of their exit/succession plan using a 5-point Likert scale (1 = very unlikely to 5 = very likely)
Perceived behavioural control – knowledge of PE	Each respondent was asked to identify their level of understanding of PE using four 5-point likert scale questions (1 = very low to 5 = very high). Questions addressed their knowledge of how to arrange a PE deal, what firm characteristics are attractive to PE investors, benefits of PE, and ways in which PE can assist growing/restructuring the business. The scores for the four questions were averaged to calculate the overall measure of "knowledge of PE." Measure had a cronbach alpha of 0.963
Perceived behavioural control – market conditions	Each respondent was asked to identify whether they believed the poor market conditions would limit their ability in attracting PE investment using two 5-point likert scale questions (1 = not at all to 5 = very likely). Questions addressed the low growth prospects of their business and low growth prospects of the principal industry they operated in. The scores for the two questions were averaged to calculate the overall measure of "market conditions." Measure had a cronbach alpha of 0.927
Financial objectives	Based on the approach and financial variables used by Gupta and Govindarajan (1984), each respondent was asked to identify the importance of six financial objectives to the business using a 5-point Likert scale (1 = not important at all to 5 = extremely important to the business). These items were

Table 1: (continued)

Variable	Measure
	"sales growth", "net profit", "market share", "return-on-investment", and "firm value." The scores for the five financial objectives were averaged to calculate the overall measure of the importance of "business objectives." Measure had a cronbach alpha of 0.76
Firm age	Years the business been operating (regardless of changes in ownership)
Firm size	Number of full-time equivalent employees
Industry (1–5)	Businesses were identified to belonging to one of the following industry categories using five dichotomous variables (0 = no, 1 = yes): construction, manufacturing, agriculture, retail, wholesale, and services. The 'services' industry group was designated as the reference group (i.e. 5–1 = 4 industry categories) for the ordinal regression modelling
Respondent age	Age of the survey respondent
Respondent education level	Level of education of the survey respondent was measured using an 8-point likert scale (1 = primary school to 7 = post-graduate degree)
Respondent key decision-maker	Whether the survey respondent was the key decision-maker of the business (0 = no, 1 = yes)

3.2.1 Dependent Variables: Intention to Use PE for Growth and Restricting Ownership

As highlighted in the introduction section, this study focuses on the intentions of using "outside" (formal and informal) PE, which is defined as "capital obtained from sources other than existing shareholders or their relatives" (Ou and Haynes 2006, p. 157). This study investigates the determinants of the intention of family firms to use PE for two distinct purposes, namely, to grow or to restructure the ownership composition (Howorth, Westhead, and Wright 2004; Martí, Menéndez-Requejo, and Rottke 2013; Scholes et al. 2007, 2010; Tappeiner et al. 2012). Intentions to use PE to exit the business was not included as a third possible dependent variable because of its self-evident nature. That is, prior research has highlighted how PE has been used by business families to successfully exit as owners (Dawson 2011; Howorth, Westhead, and Wright 2004; Scholes et al. 2007, 2010; Wennberg et al. 2011; Wiklund et al. 2013). What is relatively unknown are factors that influence their intentions of using PE to finance the growth or restructuring of the business ownership.

Drawing on previous approaches to measuring intentions of using particular types of finance (Lappalainen and Niskanen 2013; Michaelas, Chittenden, and Poutziouris 1998), owners were asked to score on a scale from one to five (very unlikely to very likely) the likelihood that they will use PE: (1) as a means to grow the business; (2) as a means to restructure the current ownership of the business. Because there are two dependent variables (DVs), results to highlight the effect of the independent and control variables on the intention to use PE for (1) growth and for (2) restructuring ownership are presented in Tables 4 and 5, respectively.

3.2.2 Independent Variables

3.2.2.1 Attitude Towards PE in General

To measure the influence of attitude towards PE on the intention of using PE, each respondent was asked to indicate their general attitude towards PE using a 5-point Likert scale (1 = negative to 5 = positive).

3.2.2.2 Subjective Norms – Intended Succession/Exit Strategy

As highlighted earlier in this paper, this study focuses on the influence a family's subjective norms regarding succession on their intentions of using PE. DeTienne and Cardon (2012, p. 353) define entrepreneurial exit as "the process by which the founders of privately-held firms leave the firm they helped to create; thereby removing themselves … from the primary ownership and decision-making structure of the firm." They argue that exit strategies can be grouped according to family succession, sale or liquidation. It is not always possible for family firms to enact family succession because of the lack of suitable or available next-generation family members to take over the leadership of the business. In such circumstances, family succession may be enacted where the current generation passes on the management baton to outside management but retain ownership (Handler 1994). As a consequence, owners were asked to score on a scale from one to five (very unlikely to very likely) the likelihood that they would undertake one of the following three types of exit/succession strategies:[1] (1) "Family Succession" where leadership succession is intended to be passed on to the next generation of the family; (2) Appoint "Outside Management" (i.e. not related to the owners) but retain ownership within the family; (3) "Sell the Business" (whether by acquisition, independent sale, employee buy-out of IPO).

1 Liquidation of business assets was not considered as one of the exit strategies because PE finance is not usually an option to owners when they intend on closing down (rather than grow) the business.

3.2.2.3 Perceived Behavioural Controls (PBC)

As highlighted earlier in this paper, this study focuses on two variables that may influence the perceptions of being able to successfully acquire PE financing. Specifically, we focus on the respondent's knowledge of PE and market conditions. In this paper, we argue that the intentions to use PE will be higher when they have a good understanding of PE as they're more likely to perceive control over acquiring such finance. In contrast, the intentions of using PE will be lower when the family perceives that the current market conditions will make it challenging to acquire PE financing. Each respondent was asked to identify their level of understanding of PE using four[2] 5-point Likert scale questions (1 = very low to 5 = very high). The composite measure "Perceived Behavioural Control (PCB) – Knowledge of PE" had a Cronbach alpha of 0.963. Regarding market conditions, each respondent was asked to identify whether they believed the poor market conditions would limit their ability to attract PE investment using two[3] 5-point Likert scale questions (1 = not at all to 5 = very likely). The composite measure "Perceived Behavioural Control (PCB) – Market Conditions" had a Cronbach alpha of 0.927.

3.2.2.4 Control Variables

Other factors known to influence the use of PE were controlled for in this study. The importance of "Financial Objectives" was controlled for because of their known effect on the financing patterns of privately-owned firms (Chaganti, DeCarolis, and Deeds 1996; Romano, Tanewski, and Smyrnios 2001). Drawing on the work by Gupta and Govindarajan (1984) six items[4] were used to measure the importance of financial objectives. The composite measure had a Cronbach alpha of 0.76. "Firm Age" and "Firm Size" were controlled for because they have been found to influence access to finance (Beck and Demirguc-Kunt 2006; Binks and Ennew 1996). Often associated with the liability of newness, smaller and younger firms may be more reliant on PE finance because of their difficulty in accessing more traditional forms of finance because of a lack of trading history and relationships with providers of finance. "Firm Age" was measured in years since the firm was first established, while "Firm Size" was measured in terms of the number of full-time equivalent employees. "Industry" was controlled for because growth rates, and consequently the need for finance, are influenced by the industry they operate within. Firms were classified into one of five "Industry" categories.[5] As Industry 5 contained the greatest number of firms, it was used as the reference category when

2 See Table 1 for more details.
3 See Table 1 for more details.
4 See Table 1 for more details.
5 See Table 1 for more details.

undertaking the statistical analysis. That is, only Industries 1–4 were included in the statistical modelling presented in Tables 4 and 5 (n – 1 = 4 industry categories included). Demographic characteristics of the survey respondent were also controlled for. These included "Respondent Age," "Respondent's Education Level," and whether they were the "Key Decision-maker" in the firm.

3.3 Data Analysis

As outlined above, as the two dependent variables were measured using a 5-point Likert scale, Ordinal Linear Regression analysis was used to test the study's hypotheses while controlling for financial objectives, firm age and size, industry and respondent characteristics.

Critical assumptions required for the use of ordinal regression were met in this study. Firstly, the dependent variables were measured using an ordinal scale. Secondly, there were no concerns regarding the multicollinearity of independent and control variables. Specifically, the Pearson matrix (Table 2) indicates that are no correlation values between explanatory variables that reach 0.5. Also, Variance Inflation Factor (VIF) scores of the independent and control variables reported in Table 2 are below 2. Finally, as highlighted at the bottom of Tables 4 and 5, the parallel lines assumption (proportionality of odds assumptions) was not significant for all models, highlighting that this critical assumption underlying Ordinal Linear Regression analysis is satisfied.

4 Results

4.1 Descriptive Statistics

Table 3 present the descriptive statistics of the variables used in this study. The median score of the two dependent variables (intentions of using PE for growth, for restructuring ownership) was 2 ("unlikely" to use PE). This suggests most family firms do not intend to use PE in the future.

With regard to the independent variables, the median score for attitude towards PE, in general, was 3 ("Neutral") and suggests that most family businesses have a neutral attitude towards PE. Concerning subject norms surrounding succession and exit, both the mean and median scores indicate that keeping the business in family hands (through family succession or using outside management but retaining control) is preferred over selling the business. Concerning perceived behavioural controls, knowledge of PE had a median score of 2.25 (ranging from 1

Table 2: Correlation matrix[a,b,c,d].

		VIF	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
1	Attitude towards PE in general	1.10	1.000																
2	SN – family succession	1.18	−0.051	1.000															
3	SN – outside management	1.30	0.044	0.117	1.000														
4	SN – sell the business	1.32	0.183**	−0.223**	0.342**	1.000													
5	PBC – knowledge of PE	1.11	0.087	0.054	0.176**	0.088	1.000												
6	PBC – market conditions	1.12	0.186**	−0.042	−0.039	0.100	−0.060	1.000											
7	Financial objectives	1.11	−0.078	0.084	0.104	0.034	0.105	−0.007	1.000										
8	Firm age	1.28	−0.059	0.216**	−0.031	−0.191**	−0.001	0.042	0.050	1.000									
9	Firm size	1.25	−0.084	0.113	0.167**	−0.101	0.180**	−0.095	−0.005	0.235**	1.000								
10	Industry 1	1.17	0.035	0.031	−0.027	−0.066	−0.083	0.003	−0.073	−0.021	0.011	1.000							
11	Industry 2	1.23	0.025	−0.015	0.003	0.077	−0.007	0.118	−0.044	0.103	−0.002	−0.164**	1.000						
12	Industry 3	1.18	−0.023	0.125*	0.041	−0.031	−0.017	0.001	0.024	0.177**	−0.046	−0.105	−0.115	1.000					
13	Industry 4	1.25	0.055	0.035	0.055	0.030	0.021	0.120	−0.039	−0.094	−0.023	−0.198**	−0.216**	−0.139*	1.000				
14	Industry 5	1.80	−0.081	−0.110	−0.063	−0.035	0.047	−0.196**	0.100	−0.061	0.042	−0.337**	−0.369**	−0.237**	−0.444**	1.000			
15	Respondent age	1.09	0.007	0.065	−0.188**	−0.090	−0.066	0.029	−0.083	0.085	−0.080	−0.065	0.018	−0.042	0.035	0.031	1.000		
16	Respondent education level	1.13	0.015	−0.043	0.133*	0.104	0.089	−0.042	−0.129*	−0.020	0.159**	−0.037	0.026	0.087	−0.026	−0.022	0.026	1.000	
17	Respondent key decision-maker	1.11	0.029	−0.038	−0.107	0.027	−0.037	0.114	−0.099	−0.010	−0.150*	−0.057	−0.101	−0.049	0.067	0.072	0.174**	−0.012	1.000

[a]Correlation matrix relates to 254 respondents and presents the correlations between independent variables included in the ordinal regression modelling. [b]Significance level: *if $p < 0.05$; **if $p < 0.01$; ***if $p < 0.001$ (two-tailed p-values are used in determining significance). [c]VIF refers to the variance inflation factor. The critical value of the VIF to test for multicollinearity is 10. Gujarati (2003) suggests that there is no evidence of multicollinearity unless the VIF of a variable exceeds 10. All values used in this study were well below this critical level. [d]Industry categories: Industry 1 (construction), Industry 2 (manufacturing), Industry 3 (agriculture), Industry 4 (retail/wholesale), Industry 5 (services); SN, subjective norm; PBC, perceived behavioural control.

Table 3: Descriptive statistics[a,b].

Variable	Number of obs.	Mean	Median	Std. Dev.	Min.	Max.
Likelihood of using PE to grow the business	268	2.21	2.00	1.28	1.00	5.00
Likelihood of using PE to restructure o/ship	268	2.22	2.00	1.23	1.00	5.00
Attitude towards PE in general	256	3.07	3.00	0.89	1.00	5.00
Subj. norm – family succession	272	2.83	3.00	1.40	1.00	5.00
Subj. norm – outside management	270	2.92	3.00	1.25	1.00	5.00
Subj. norm – sell the business	271	2.76	2.75	0.81	1.00	5.00
PBC – knowledge of PE	271	2.44	2.25	1.10	1.00	5.00
PBC – market conditions	258	2.55	3.00	1.12	1.00	5.00
Financial objectives	274	3.98	4.00	0.65	0.83	5.00
Firm age	271	24.83	21.00	18.09	1.00	151.00
Firm size	273	25.30	11.00	63.62	1.00	900.00
Industry 1	276	0.13	0.00	0.34	0.00	1.00
Industry 2	276	0.15	0.00	0.36	0.00	1.00
Industry 3	276	0.07	0.00	0.25	0.00	1.00
Industry 4	276	0.21	0.00	0.41	0.00	1.00
Industry 5	276	0.43	0.00	0.50	0.00	1.00
Respondent age	270	53.20	53.00	9.55	21.00	83.00
Respondent education level	273	3.62	3.00	1.86	1.00	7.00
Respondent key decision-maker	276	0.81	1.00	0.39	0.00	1.00

[a]Industry categories: Industry 1 (construction), Industry 2 (manufacturing), Industry 3 (agriculture), Industry 4 (retail/wholesale), Industry 5 (services); [b]SN, subjective norm; PBC, perceived behavioural control.

to 5), suggesting that most family firms sampled have a moderate knowledge of PE. Market conditions had a median score of 3 ("Moderate"), which indicates that unfavourable market conditions were perceived to negatively affect family firms' ability to attract PE financing.

The remainder of this section discusses the descriptive statistics of the control variables used in this study. Financial objectives had a median score of 4 ("Important"), which suggests that achieving such objectives is important to family firms. The median age of family firms sampled was 21 years, with a median number of full-time equivalent employees of 11. As the industry variables are dichotomous, the mean scores indicate the proportion of family firms sampled in each industry category. Of the family firms sampled, 13 percent principally operated in Industry 1 (construction), 15 percent in Industry 2 (manufacturing), 7 percent in industry 3 (agriculture), 21 percent in Industry 4 (retail/wholesale) and 43 percent in Industry 5 (services). The median age of the respondent was 53 years

old, with a median level of education of 3 (technical/trade qualification). Overall, 81 percent of respondents were the primary decision-maker of the family business.

Based on the ordinal regression analysis results, the following sections highlight what variables were found to significantly influence the intentions to use PE for two purposes (growth and restructure ownership).

4.2 Intentions of Using PE for Growing the Family Business

Models 1–5 in Table 4 were used to examine the effect of the independent variables on the intentions of a family business to use PE to grow the business (dependent variable 1). The attitude towards PE, in general, was positively and significantly associated ($p < 0.01$) with the intentions to use PE for growth (Model 2), providing support for H1. With regards to subjective norms associated with succession, intentions to sell the business was positively and significantly associated ($p < 0.01$) with the intentions to use PE for growth (Model 3), providing support for H2c. Although the succession intention to retain control through using outside management was significant ($p < 0.05$), it was opposite to the direction hypothesised (Model 3). Therefore, H2b is not supported. No support was found for H2a (Model 3). As for perceived behavioural controls, knowledge of PE was positively and significantly associated ($p < 0.01$) with the intentions to use PE for growth (Model 4), providing support for H3a. No support was found for H3b in Model 4.

Model 5 includes all the independent variables to ascertain their relative effect on the intentions to use PE for growth. Overall, the results presented in Model 5 support H1, H2c, and H3a. These results suggest that a family's attitude to PE in general, the family's intention to exit by selling the business, and the family's overall knowledge of PE all have a positive and significant influence over the intentions of the family business to use PE for growth.

4.3 Intentions of Using PE to Restructure the Ownership of the Family Business

Models 6–10 in Table 5 were used to examine the effect of the independent variables on the intentions of a family business to use PE to restructure the ownership of the business (dependent variable 2). The attitude towards PE, in general, was positively and significantly associated ($p < 0.01$) with the intentions of using PE for restructuring ownership (Model 7), providing support for H1. In terms of subjective norms associated with succession, intentions to sell the business was positively and significantly associated ($p < 0.01$) with the intentions of using PE for

Table 4: Ordinal regression results – grow the firm[a,b,c,d].

Dependent variable		Intention of using PE – to grow the firm								
		Model 1 β (Wald)		Model 2 β (Wald)		Model 3 β (Wald)		Model 4 β (Wald)		Model 5 β (Wald)	
Independent variables											
Attitude towards PE in general	H1 (+)			0.66	***					0.56	***
				(20.48)						(12.95)	
SN – family succession	H2a (–)					0.07				0.09	
						(0.47)				(0.74)	
SN – outside management	H2b (–)					0.23	**			0.16	
						(4.48)				(1.82)	
SN – sell the business	H2c (+)					0.91	***			0.76	***
						(23.34)				(14.41)	
PBC – knowledge of PE	H3a (+)							0.43	***	0.33	***
								(14.35)		(7.55)	
PBC – market conditions	H3b (–)							0.01		–0.10	
								(0.015)		(0.64)	
Control variables											
Financial objectives		0.10		0.18		–0.03		0.01		0.00	
		(0.258)		(0.83)		(0.02)		(0.01)		(0.00)	
Firm size		0.00		0.00		0.00		0.00		0.00	
		(0.580)		(0.98)		(0.71)		(0.11)		(0.50)	
Firm age		–0.01		–0.01		0.00		–0.01		0.00	
		(0.823)		(0.52)		(0.08)		(0.43)		(0.13)	
Industry 1		0.33		0.48		0.24		0.03		0.24	
		(0.725)		(1.41)		(0.35)		(0.01)		(0.30)	
Industry 2		0.05		0.09		0.27		–0.19		0.08	
		(0.017)		(0.06)		(0.53)		(0.25)		(0.04)	

Table 4: (continued)

Dependent variable	Intention of using PE – to grow the firm									
	Model 1 β (Wald)		Model 2 β (Wald)		Model 3 β (Wald)		Model 4 β (Wald)		Model 5 β (Wald)	
Industry 3	−0.10		−0.21		−0.26		−0.30		−0.51	
	(0.046)		(0.18)		(0.26)		(0.36)		(0.91)	
Industry 4	−0.29		−0.32		−0.30		−0.28		−0.28	
	(0.916)		(1.00)		(0.91)		(0.77)		(0.68)	
Respondent age	−0.03	**	−0.03	**	−0.02		−0.03	**	−0.02	
	(4.533)		(5.96)		(1.85)		(3.93)		(2.42)	
Respondent education level	−0.01		0.01		−0.06		−0.03		−0.04	
	(0.040)		(0.05)		(0.70)		(0.20)		(0.26)	
Respondent key decision-maker	−0.29		−0.30		−0.28		−0.58	*	−0.43	
	(0.897)		(0.82)		(0.74)		(3.07)		(1.50)	
Model diagnostics										
– 2 log likelihood (intercept only)	663.98		629.00		650.58		629.29		601.17	
– 2 log likelihood (final)	654.48		597.19		602.75		605.51		540.89	
Chi square statistic	9.50	*ns*	31.81	***	47.82	***	23.78	**	60.28	***
Pseudo R-Square: Nagelkerke statistic	0.04		0.13		0.19		0.10		0.25	
Test of parallel lines – chi square statistic	19.10	*ns*	17.13	*ns*	21.39	*ns*	18.85	*ns*	21.29	*ns*
Observations	254		240		249		241		229	

[a]Two different definitions for family business were employed to robust the results reported in Table 4. The primary family business definition used in this study (Table 4) was a firm that was majority family-owned. The two alternative definitions used for family business were: (1) a firm that was wholly (100%) family-owned and (2) a firm that was majority (>50%) family-owned and had a family CEO. For brevity, the results of these robustness tests are not reported in a separate table. The robustness tests highlighted that the significance and direction of the results reported in Table 4 remain the same regardless of the family business definition employed. That is, the results reported in Table 4 were not sensitive to the family business definition employed. [b]The Parallel Lines Test (Proportional Odds Test) tests a key underlying assumption of ordinal regression, namely, that the relationships between the independent variables and the ordinal dependent variable (logits) are the same for all the logits. This test produced non-significant results for all models presented in Table 4 and indicates that this assumption is satisfied. [c]Two-tailed *p*-values are used in determining significance: *if $p < 0.05$; **if $p < 0.01$; ***if $p < 0.001$. [d]Industry categories: Industry 1 (construction), Industry 2 (manufacturing), Industry 3 (agriculture), Industry 4 (retail/wholesale), Industry 5 (services); SN, subjective norm; PBC, perceived behavioural control.

Table 5: Ordinal regression results – restructure ownership of the firm[a,b,c,d].

Dependent variable		Intention of using PE – to restructure o'ship of the firm									
		Model 6 β (Wald)		Model 7 β (Wald)		Model 8 β (Wald)		Model 9 β (Wald)		Model 10 β (Wald)	
Independent variables											
Attitude towards PE in general	H1 (+)			0.82	***					0.72	***
				(22.43)						(16.79)	
SN – family succession	H2a (–)					0.01				0.06	
						(0.00)				(0.27)	
SN – outside management	H2b (–)					–0.08				–0.19	
						(0.45)				(2.15)	
SN – sell the business	H2c (+)					1.14	***			1.09	***
						(27.18)				(21.10)	
PBC – knowledge of PE	H3a (+)							0.36	***	0.25	*
								(8.88)		(3.47)	
PBC – market conditions	H3b (–)							0.06		–0.09	
								(0.28)		(0.41)	
Control variables											
Financial objectives		–0.21		–0.28		–0.27		–0.30		–0.35	
		(1.08)		(1.68)		(1.63)		(1.96)		(2.34)	
Firm size		0.00		0.00		0.00		0.00		0.00	
		(0.05)		(0.30)		(0.19)		(0.03)		(0.19)	
Firm age		–0.01		–0.01		0.00		–0.01		0.00	
		(0.79)		(0.66)		(0.07)		(0.44)		(0.10)	
Industry 1		0.25		0.38		0.11		0.04		0.18	
		(0.36)		(0.74)		(0.07)		(0.01)		(0.14)	
Industry 2		0.06		0.15		0.21		–0.11		0.09	
		(0.02)		(0.14)		(0.27)		(0.07)		(0.04)	

Table 5: (continued)

Dependent variable	Intention of using PE – to restructure o'ship of the firm									
	Model 6 β (Wald)		Model 7 β (Wald)		Model 8 β (Wald)		Model 9 β (Wald)		Model 10 β (Wald)	
Industry 3	0.10		−0.08		−0.07		−0.07		−0.37	
	(0.03)		(0.02)		(0.02)		(0.02)		(0.37)	
Industry 4	−0.32		−0.23		−0.43		−0.29		−0.32	
	(0.99)		(0.46)		(1.59)		(0.73)		(0.74)	
Respondent age	−0.02		−0.02		−0.01		−0.02		−0.02	
	(1.29)		(2.21)		(0.50)		(1.25)		(1.05)	
Respondent education level	−0.07		−0.06		−0.11		−0.08		−0.11	
	(1.02)		(0.76)		(2.37)		(1.33)		(2.06)	
Respondent key decision-maker	−0.31		−0.35		−0.20		−0.57		−0.36	
	(0.84)		(0.90)		(0.31)		(2.37)		(0.82)	
Model diagnostics										
– 2 log likelihood (intercept only)	484.05		458.90		474.46		457.56		437.16	
– 2 log likelihood (final)	476.77		425.81		434.36		441.10		378.07	
Chi square statistic	7.28	*ns*	33.08	***	40.10	***	16.46	*ns*	59.09	***
Pseudo R-Square: Nagelkerke statistic	0.03		0.15		0.18		0.08		0.27	
Test of parallel lines – chi square statistic	6.59	*ns*	11.26	*ns*	10.75	*ns*	12.89	*ns*	8.23	*ns*
Observations	254		240		249		242		230	

[a]Two different definitions for family business were employed to robust the results reported in Table 5. The primary family business definition used in this study (Table 5) was a firm that was majority family-owned. The two alternative definitions used for family business were: (1) a firm that was wholly (100%) family-owned and (2) a firm that was majority (>50%) family-owned and had a family CEO. For brevity, the results of these robustness tests are not reported in a separate table. The robustness tests highlighted that the significance and direction of the results reported in Table 5 remain the same regardless of the family business definition employed. That is, the results reported in Table 5 were not sensitive to the family business definition employed. [b]The Parallel Lines Test (Proportional Odds Test) tests a key underlying assumption of ordinal regression, namely, that the relationships between the independent variables and the ordinal dependent variable (logits) are the same for all the logits. This test produced non-significant results for all models presented in Table 5 and indicates that this assumption is satisfied. [c]Two-tailed *p*-values are used in determining significance: *if $p < 0.05$; **if $p < 0.01$; ***if $p < 0.001$; *ns* if $p > 0.05$. [d]Industry categories: Industry 1 (construction), Industry 2 (manufacturing), Industry 3 (agriculture), Industry 4 (retail/wholesale), Industry 5 (services); SN, subjective norm; PBC, perceived behavioural control; ns, not significant.

restructuring ownership (Model 8), providing support for H2c. No support was found for H2a or H2b (Model 8). With regards to perceived behavioural controls, knowledge of PE was positively and significantly associated ($p < 0.01$) with the intentions of using PE for growth (Model 9), providing support for H3a. No support was found for H3b in Model 9.

Model 10 includes all the independent variables to ascertain their relative effect on the intentions to use PE for restructuring ownership. Overall, the results presented in Model 10 support H1, H2c, and H3a. These results suggest that a family's attitude to PE in general, the family's intention to exit by selling the business, and the family's overall knowledge of PE all have a positive and significant influence over the intentions of the family business to use PE for restructuring ownership of the business.

4.4 Summary of Results

Table 6 presents an overall summary of the hypotheses supported based on the abovementioned results. Regardless of the intended purpose of PE (growing the business; restructuring ownership), there is support for H1, H2c, and H3a. Specifically, a family's attitude to PE in general, the family's intention to exit by selling the business, and the family's overall knowledge of PE all have a positive and significant influence over the intentions of the family business to use PE, regardless of whether it is for growth or for restructuring ownership of the business.

Table 6: Summary of results.

Hypothesis	Result
H1: The intention of family firms to use PE is positively associated with their general attitude towards PE	Supported
H2a: The intention of family firms to use PE will be negatively associated with their intention to pass on the business to the next generation of their family	Not supported
H2b: The intention of family firms to use PE will be negatively associated with their intention to appoint outside management but retain control	Not supported
H2c: The intention of family firms to use PE will be positively associated with their intention to exit by selling the business	Supported
H3a: The intentions of family firms to use PE will be positively associated with their level of knowledge of PE	Supported
H3b: The intentions of family firms to use PE will be negatively associated with perceived unfavourable market conditions	Not supported

5 Discussion & Conclusion

Although past research suggests that family firms are less likely to use PE financing when compared to their non-family counterparts (Scholes, Westhead, and Burrows 2008; Wright and Bruining 2008), they do not explore in-depth the main reasons for doing so. Our (Poutziouris 2001; Romano, Tanewski, and Smyrnios 2001; Wu, Chua, and Chrisman 2007) study identifies major underlying causes as to why this might be the case. Similar to research in PE investment among non-family firms that found that employees were often fearful of the possible changes by the new owners or investors (Boselie and Koene 2010), many family firm owners may be influenced by the negative "war stories" associated with using PE and consequently may develop an antipathy towards using PE. Second, family owners are more likely to consider using PE financing for growing the business or restructuring ownership of the business when their intended succession strategy involves relinquishing control of the business (i.e. selling the business sometime in the future). Finally, family firms with a lower level of understanding of PE, such as knowing what firm characteristics are attractive to PE investors or how to go about a PE deal, have lower intentions to use PE. This suggests that a critical reason why family firms intend to use PE to a lesser extent is due to a knowledge gap.

5.1 Contribution to Theory

The intention to use PE among family firms provides a unique context to study the decisions to engage in such forms of external investment as alternatives to funding growth and/or reconfigure the ownership structure. First, our study advances family business theory in that while there are studies that purport to examine what is happening in different stages of family firm-PE deal-making, few have really investigated the issues surrounding the early pre-deal phase, which PE researchers have generally not focussed on. This study advances our understanding of how the TPB can be applied to the family business context to further understand attitudes towards family firms using PE financing.

Second, the research advances our understanding of how the TPB can be applied to the family business context to further understand attitudes towards family firms using PE financing. Using the TPB, this study highlights that a family's attitude towards using PE is not homogeneous across family firms but is influenced by three factors: their attitude to PE in general, succession intentions and their knowledge of PE. When family norms dictate that family control takes pre-eminence in future succession strategies, family business leaders are less likely to

view PE favourably because of the concerns over loss of control. However, when such family norms are relaxed, where family control is no longer paramount, family firms are more likely to contemplate using PE. However, the family's knowledge of PE also influences intentions to use PE. This is because it is expected to influence their perceptions and ability to pursue PE deals, which is consistent with previous studies that found that the knowledge gap is a barrier for family firms to consider using PE.

Finally, we explicitly focus on the demand-side aspects of PE investments instead of supply-side elements, which have been widely investigated in previous PE research (Seghers, Manigart, and Vanacker 2012). By taking this perspective, we answer Michiels and Molly's (2017) call to clearly distinguish between demand-side and supply-side factors when examining family business financing decisions.

5.2 Contributions to Practice

The implications of the findings from this study are as follows. Firstly, a family owner's attitude towards PE, the subjective norms underlying their intended succession strategies, and their knowledge of PE will significantly influence their intentions to use PE financing. There may be a large cultural mismatch between PE funds and family firms. Unless these issues are addressed from the family firm owner's perspective, this will prevent most of them from transacting with PE investors (Thiele, Busse, and Prigge 2018). Family firms who start negotiations and eventually sign contracts with PE are generally optimistic that the deal between PE and family firms could be successful. This outcome could be driven by a positive attitude towards PE, a more open understanding of succession norms or a sufficient understanding of the PE investment process.

Secondly, PE financing may provide a viable alternative for family owners intending to exit the business because family succession is not viable or desirable. In essence, there is the potential for PE to provide a solution to the upcoming succession crisis (see for example Waters 2013) where the current generation of owners will increasingly seek to retire and exit as owners.

Finally, policymakers and advisors should be encouraged to educate owners about PE financing. As the results suggest, owners are considerably more likely to consider using PE financing if they have a better understanding of what PE is, how it can benefit their business and how to initiate and structure a PE deal. Such education may also address misinformed attitudes regarding PE, such as being "vulture capital" instead of legitimate and fruitful strategies for financing growth or restructuring/pruning the family ownership tree where buying out existing family owners with family wealth is not a viable option. While previous research

has looked at PE trying to understand the complexities of the family and the family firm (Michel et al. 2020), our research shows that if the family firm wants to consider PE and negotiate from a position of strength, it is just as important that the family firm owner(s) do their homework to understand the complexities of the PE investment sector and process (Schickinger, Leitterstorf, and Kammerlander 2018).

5.3 Limitations and Future Research

Regarding limitations, as this study was restricted to Australian firms, it is not known to what extent the findings are generalisable to other countries and therefore is an area for future research. Secondly, we have followed the central idea of the TPB in that any behaviour is determined by behavioural intentions, which are a function of three independent constructs: attitude, subjective norms, and perceived behavioural control – i.e. the study has been conducted within an additive framework. However, there is evidence in other domains that these social cognitive constructs likely interact (Castanier, Deroche, and Woodman 2013; Eagly and Chaiken 1993; McMillan and Conner 2003; Umeh and Patel 2004; Yzer 2007), and these should be tested in future research. Thirdly, this study used cross-sectional data; therefore, it was impossible to ascertain how independent and control variables influence attitudes and behaviour over time. Consequently, future research could include longitudinal research designs to examine the influence of attitudes, subjective norms and perceived behavioural controls on intentions to use PE over a period of time and whether these intentions result in changes in the use of PE by family firms. Finally, we have limited our study to family businesses to further understand why they may be reluctant to use PE, which has been well-established in the literature. Future research should be encouraged to examine whether TPB is useful for understanding the use of PE by non-family businesses and how components of TPB, such as perceived behavioural control in accessing PE differ between family and non-family firms.

6 Conclusions

In line with patterns of non-family firms using PE to initiate and sustain entrepreneurial management, the results of this study help extend our understanding of the influences on family firm owners' intentions to use PE for two distinct roles, namely, (1) for growth and (2) to restructure the current ownership configuration. It also shows how Ajzen's (1991) TPB can be applied to a family business context to explain determinants of the intentions of family owners to use PE financing.

Additionally, the study's findings emphasise the importance of educating owners on PE financing to foster more positive intentions to use such finance. Finally, by focussing on demand-side factors for PE investments instead of supply-side, which have been widely investigated in previous PE research, we also respond to a recent call by Michiels and Molly (2017) to clearly distinguish between demand-side and supply-side factors when examining family firm financing decisions.

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