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# Comparative Evaluation of Public and Private Financing in Determining the Company's Growth Strategy

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## Abstract

This study explores the comparative impact of public and private financing on corporate growth strategies, focusing on their respective advantages, limitations, and the contextual factors influencing their effectiveness. It further examines mixed financing strategies as a balanced approach to optimizing financial resources and operational flexibility in various industries. The research adopts a qualitative systematic literature review approach, synthesizing insights from recent studies across diverse theoretical and practical domains. It evaluates the interplay between public and private financing mechanisms, contextual influences such as macroeconomic conditions and industry dynamics, and the implications of mixed financing strategies. The study identifies that public financing provides substantial capital and market visibility, supporting large-scale expansion and diversification. However, it also imposes regulatory pressures and shareholder expectations. Private financing offers flexibility, strategic support, and greater managerial control, making it suitable for high-risk and innovative sectors, though it is limited by funding capacity and investor dependency. Mixed financing strategies are highlighted as a pragmatic solution, leveraging the strengths of both mechanisms to balance risk, cost, and flexibility. The study also emphasizes the critical role of external factors, such as economic stability, regulatory policies, and sector-specific needs, in shaping financing decisions. The findings offer practical recommendations for corporate leaders to align financing decisions with strategic objectives and for policymakers to create supportive regulatory frameworks and incentives. This dual approach fosters sustainable growth, innovation, and competitiveness across industries.

**Keywords:** public financing; private financing; mixed financing strategies; corporate growth; financial decision-making.

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## Introduction

The choice of financing sources plays a crucial role in shaping the success of corporate growth strategies across various business contexts. In an ever-evolving business ecosystem, companies face complex challenges in selecting the most suitable financing pathways to achieve sustainable growth and maintain competitive advantage. While offering distinct benefits, public and private financing mechanisms exert varying impacts on critical dimensions of corporate growth, including revenue expansion, market penetration, and workforce development. Market dynamics, industry-specific requirements, and the growing expectations of stakeholders regarding transparency and sustainability further intensify this complexity (Chit & Vasudevan, 2024). The diverse preferences for financing across industries and regions underscore significant variations in how companies utilize capital to advance their growth strategies (Tula et al., 2023). Technology startups, for instance, often lean toward venture capital or private equity due to their flexibility and lower regulatory burdens than public financing options. Conversely, more giant corporations frequently rely on public financing mechanisms, such as Initial Public Offerings (IPOs), to secure substantial capital for large-scale expansions. Globally, there is an increasing emphasis on sustainability and Environmental, Social, and Governance (ESG) principles, which adds another layer of complexity to financing decisions (Ziolo et al., 2019). Investors now evaluate companies based on their financial performance and social and environmental impact, significantly influencing corporate financing preferences.

Agency theory offers significant insights into potential conflicts between management and financiers, particularly in public financing. In these scenarios, shareholder expectations, often focused on short-term financial returns, may diverge from the long-term strategic priorities of management. Such misalignments create agency problems impacting decision-making processes, operational efficiency, and corporate growth. Publicly financed companies are also subject to increased scrutiny from external stakeholders, including investors and regulatory bodies, further complicating the alignment of interests between management and shareholders (Keasey & Wright, 1993). Conversely, resource-based theory emphasizes the strategic importance of financial capital as a foundational asset for sustaining competitive advantages (Dasuki, 2021). By securing and effectively managing financial resources, companies can invest in innovation, expand into new markets, and enhance operational efficiency. This perspective underscores that financing is not merely a tool for capital acquisition but also a strategic enabler, allowing firms to build and sustain unique capabilities that drive long-term success.

Recent studies have delved deeply into the relationship between financing sources and corporate growth strategies, uncovering nuanced impacts across different contexts. Santos et al. (2024) found that equity financing substantially influences revenue growth, while fixed asset or liquidity-related financing is more closely linked to job creation. Similarly, Wei & Li (2024) revealed that digital transformation enhances corporate growth performance through debt and equity financing, with debt financing acting as a more robust mediator. Hasibuan et al. (2024) emphasized the importance of supply chain management strategies and strategic management accounting in driving corporate growth through internal and external orientations. Meanwhile, Ghaemi-Zadeh & Eghbali-Zarch (2024) proposed a multi-criteria decision-making model that balances stakeholder benefits through strategic financing approaches. These findings underscore the multifaceted nature of financing decisions and their role in shaping growth strategies. Moreover, Zahid et al. (2024) and Lefebvre (2023) examined industry-specific financing decisions, from debt preferences among skilled managers to using IPOs to alleviate financial constraints. Research by Barburski & Hołda (2023) and Yan & Haroon (2023) explored financing structures in energy and natural resource markets, while Bernstein (2022) and Ochinanwata et al. (2021) highlighted the strategic advantages of public-private partnerships, particularly for SMEs. These studies illustrate the diverse factors influencing financing decisions and their broader implications for corporate growth.

Despite the extensive research on financing sources and their impact on corporate growth strategies, several critical gaps persist in the current literature. Much of the existing research focuses on specific financing mechanisms in isolation without sufficiently addressing the comparative dynamics of public and private financing. For instance, Santos et al. (2024) explored the role of equity financing in revenue growth. However, they needed to consider how a combination of equity and debt financing might influence broader growth outcomes. Similarly, Wei and Li (2024) emphasized the mediating role of debt financing in digital transformation but needed to evaluate its synergies with public financing mechanisms. Ghaemi-Zadeh and Eghbali-Zarch (2024) presented a model for evaluating business strategies, yet overlooked the practical implications of balancing public and private financing in real-world scenarios. These limitations highlight the need for more holistic approaches that explore mixed financing strategies across diverse industries and market conditions.

Empirical studies often need to capture the nuanced interactions between market-specific variables, such as regional economic conditions, sectoral dynamics, and government policies. While Zhang and Wellalage (2022) focused on investor preferences shaped by environmental performance measures, they still need to investigate how organizational strategies align with these preferences. Additionally, the role of government incentives and regulatory frameworks in influencing financing decisions still needs to be explored, leaving a gap in understanding how policy environments shape corporate financing strategies. These omissions suggest the need for an integrated approach that considers both public and private financing in the context of evolving market dynamics. Addressing these gaps will provide a deeper understanding of the strategic implications of financing choices for corporate growth, offering valuable insights for academia and industry.

This study seeks to address critical gaps in the literature by analyzing the comparative impact of public and private financing on corporate growth strategies. Unlike previous research, which often examines financing mechanisms in isolation, this study takes a more comprehensive approach by exploring the interaction between these financing options across various industrial and market contexts. The novelty of this research lies in its synthesis of insights from diverse empirical and theoretical studies, offering an integrated understanding of how financing decisions shape corporate growth trajectories. By considering factors such as market conditions, industry needs, and the influence of policy frameworks, this research aims to identify the conditions under which public or private financing proves most effective in achieving growth objectives. The study emphasizes the critical role of mixed financing strategies, which still need to be explored in the existing literature. This research contributes to developing practical decision-making tools for corporate leaders by bridging the gaps between empirical findings and theoretical frameworks. The central research question it seeks to address is: How do public and private financing mechanisms influence corporate growth strategies, and under what conditions are these financing options most effective? This question underscores the need to understand the comparative strengths and limitations of public and private financing while providing actionable insights for decision-makers navigating an increasingly dynamic financial landscape. This approach aims to lay a solid foundation for strategic financing decisions aligned with long-term corporate growth objectives.

## Literature Review

*Distinct Characteristics and Impacts of Public and Private Financing*

Understanding the distinct characteristics and impacts of public and private financing is essential for developing effective corporate growth strategies. Public financing typically involves mechanisms like Initial Public Offerings (IPOs), bond issuances, and government funding. The primary objective is to access substantial capital with high transparency levels. IPOs, for example, allow companies to attract diverse investors, improving market visibility and credibility among stakeholders (Chemmanur et al., 2010). This enhanced visibility fosters trust from business partners and consumers, which can unlock additional business opportunities. In contrast, private financing sources include venture capital, private equity, and institutional loans (Lerner & Leamon, 2023). This financing offers flexibility in decision-making and is ideal for companies prioritizing long-term goals and innovation (Bernstein et al., 2017). A significant advantage of private funding is retaining management control, as public reporting requirements do not bind companies. Additionally, private investors often contribute non-financial benefits, such as strategic guidance and networking opportunities, which are critical for driving growth. Public financing provides distinct advantages in accessing large-scale capital and improving corporate transparency (Fan et al., 2008). By issuing IPOs or bonds, companies can secure substantial funding for expansion projects (Chemmanur et al., 2010). The regulatory requirements for transparency also enhance corporate credibility through structured and audited financial reports. However, public financing is challenging. Companies often face shareholder pressure for short-term profits, which may conflict with long-term strategic goals (Goranova & Ryan, 2022). Despite these challenges, public financing usually enhances market reputation, bolstering stakeholder trust.

Private financing, known for its flexibility, enables companies to focus on strategic objectives without the market pressures typical in public funding (Gatti, 2023). Startups, particularly in technology, frequently rely on venture capital for early-stage development (Islam et al., 2018). This flexibility allows management to take strategic risks without external oversight. Moreover, venture capitalists provide funding and critical resources such as business connections and operational expertise, fueling innovation and growth (Metrick & Yasuda, 2021). The impacts of public financing on corporate growth are most evident in facilitating large-scale expansions. With substantial capital, companies can increase production capacity, expand operations, or enter new markets. However, public financing introduces risks, such as stock price volatility and stringent regulatory requirements that limit operational flexibility. Private financing, on the other hand, promotes innovation and operational agility. Companies funded privately are better positioned to adopt new technologies and develop innovative products, as they are less constrained by market pressures (Chakravarty, 2022). Despite its advantages, private financing has its own set of challenges. High dependence on specific investors can restrict strategic decisions, especially when disagreements arise. Furthermore, funding from private sources generally provides less capital than public financing, which may limit opportunities for large-scale expansions (Falchetta et al., 2022). These constraints highlight the need for companies to evaluate their strategic goals when carefully choosing financing sources.

Comparing public and private financing reveals differing efficiencies and risks. Public financing excels in rapidly raising significant funds, whereas private financing is more flexible but limited in scale. Public financing also involves risks like regulatory pressure and market volatility, while private financing faces challenges related to investor dependency (Gatti, 2023). Strategically, public financing aligns more with large-scale expansion goals, while private financing better supports innovation and product development. The long-term implications of both financing types also vary. Public financing offers stable access to capital markets but can reduce strategic flexibility due to regulatory constraints (Nassr & Wehinger, 2016). In contrast, private financing allows for greater managerial freedom but may hinder future growth due to limited funding sources. Consequently, companies must align their financing choices with long-term objectives and industry-specific characteristics. In an industry context, public or private financing preference depends heavily on sectoral dynamics. Startups and technology firms favor private financing due to their need for innovation and flexibility. In contrast, established industries like energy and manufacturing often rely on public financing for large-scale expansions and infrastructure development (Dailami & Klein, 1998). External factors such as macroeconomic conditions and government policies also shape financing decisions. Incentives and favorable market conditions can influence whether companies pursue public or private financing (Sobel, 2002).

*Contextual Relevance of Mixed Financing Strategies*

In corporate finance, mixed financing strategies integrating public and private funding sources are increasingly vital for optimizing capital access and managing risks. This approach combines the extensive capital and market visibility of public financing, such as Initial Public Offerings (IPOs) and bond issuances, with the flexibility and strategic support of private funding, including venture capital and private equity (Demaria, 2020). By diversifying their capital structures, companies can effectively mitigate financial risks and adapt to market fluctuations. The application of mixed financing varies by industry and market. Startups and technology firms often rely on private financing during initial growth stages to fund innovation, later transitioning to public financing through IPOs to scale operations (Klein et al., 2019). Conversely, established industries like energy and manufacturing frequently combine public bonds with private loans to finance large-scale projects while maintaining operational efficiency (Fu & Ng, 2021). This blend provides stability and flexibility, ensuring companies are not overly dependent on a single source. Regional dynamics further influence the adoption of mixed financing. In emerging markets, government incentives often complement private investments, supporting growth and development. In developed markets, mature financial systems allow for greater flexibility in structuring financing strategies (Berger & Udell, 2002). Ultimately, mixed financing enables firms to leverage the strengths of both funding types, fostering adaptability, innovation, and sustainable growth in diverse market conditions.

One of the primary benefits of mixed financing is risk diversification. By integrating public and private funding, companies can offset market volatility risks associated with public financing against the stability provided by private investments (Murphy & Edwards, 2003). This diversified approach reduces dependency on a single capital source, enhancing financial resilience. Mixed financing offers operational flexibility, enabling firms to tailor their funding strategies to specific needs, such as expansion initiatives or innovation projects. This adaptability is crucial for competitiveness in rapidly changing markets (Chemmanur et al., 2010). Combining different financing sources can lead to optimized capital costs. Public financing often provides access to lower-cost capital, while private funding offers strategic advantages and flexibility. They allow companies to achieve a balanced, cost-effective capital structure. Despite its benefits, mixed financing presents particular challenges. Managing diverse funding sources introduces complexity concerning regulatory requirements and investor expectations (Froot et al., 1993). Companies must navigate these differences to maintain compliance and investor confidence. Potential conflicts between stakeholders are another concern. Public shareholders may prioritize short-term returns, whereas private investors often focus on long-term strategic goals. Aligning these differing objectives requires careful governance and communication strategies. The effectiveness of mixed financing is contingent upon market conditions. (Fay et al., 2021). Companies must remain vigilant and adaptable to these external factors to sustain their financing strategies.

The relevance of mixed financing is context-dependent, varying with a company's lifecycle stage, macroeconomic environment, and technological landscape. During early growth, firms may rely more on private financing to support innovation and development (Lerner & Nanda, 2020). Public financing can provide the necessary capital for scaling operations as they progress to expansion stages. Macroeconomic factors, including monetary policies, interest rates, and government incentives, also significantly impact the implementation of mixed financing strategies. Favorable economic conditions can enhance access to public and private capital, while adverse conditions may necessitate reevaluating financing approaches (Clark et al., 2018). In sectors characterized by rapid technological advancement, mixed financing supports investments in research and development, enabling companies to innovate while maintaining financial stability (Hall et al., 2016). This balance is essential for sustaining competitiveness and fostering long-term growth. Implementing mixed financing strategies can positively influence corporate performance by facilitating sustainable development. Access to diverse capital sources allows companies to fund innovation and expansion initiatives without compromising operational stability. This strategic flexibility enhances a firm's ability to adapt to market changes and pursue new opportunities. Additionally, a well-structured mixed financing approach can improve competitiveness by providing the financial resources needed to invest in technology, talent, and market development (Alina, 2024). Over the long term, optimizing the cost of capital through a balanced financing mix contributes to financial efficiency, supporting profitability and shareholder value (Schoenmaker & Schramade, 2023)

*Role of External Factors in Shaping Financing Decisions*

External factors, such as macroeconomic conditions, financial market dynamics, governmental regulations, social and technological advancements, industry characteristics, and external risks, influence corporate financing decisions (Tirole, 2010). Understanding these factors is vital for firms to optimize capital structures and align financing strategies with environmental contexts. Macroeconomic conditions significantly shape financing decisions. Monetary and fiscal policies directly affect the cost of capital and funding preferences. Low interest rates encourage debt financing by reducing borrowing costs, while high rates deter it due to increased expenses (Blanchard, 2019). Inflation influences actual investment returns, impacting financing choices, especially in volatile economies (Agénor & da Silva, 2013). Tax incentives steer firms toward specific financing options, fostering investments in targeted sectors (Graham & Leary, 2018). Economic stability also plays a critical role, with firms favoring public financing during stable periods, while economic crises prompt shifts to private financing to mitigate uncertainty. Financial market dynamics also critically influence decisions. Capital market accessibility determines whether firms pursue public financing through equity or debt issuance. Liquid markets, offering abundant funds and minimal transaction costs, facilitate financing at favorable terms (Amihud et al., 2006). The growing investor emphasis on Environmental, Social, and Governance (ESG) criteria has reshaped financing strategies. Firms adhering to ESG principles often attract more investment, guiding their funding choices accordingly (Giese et al., 2019). By adapting to these factors, firms can navigate complex financial landscapes and ensure sustainable growth.

Governmental regulations and policies significantly influence whether firms choose public or private financing. Regulatory frameworks for public companies, including stringent financial reporting and transparency requirements, may discourage firms from going public due to the high compliance costs and disclosure obligations (Leuz & Wysocki, 2016). On the other hand, government incentives such as subsidies, grants, or tax breaks encourage firms to pursue specific financing strategies, particularly in priority sectors like renewable energy or infrastructure (Dechezleprêtre et al., 2014). International trade policies, including tariffs and cross-border investment regulations, further shape financing choices for multinational corporations navigating global markets (Alfaro et al., 2014). Social and technological factors are increasingly shaping financing strategies. The growing demand for sustainable and environmentally friendly products has encouraged firms to adopt financing methods that support ESG initiatives. This approach enhances corporate reputations and attracts socially conscious investors. Technological advancements in financial services, such as fintech innovations, have introduced alternative financing options like crowdfunding and blockchain-based funding. These developments provide firms, especially startups, new avenues to secure capital and reduce reliance on traditional financing methods (Hornuf & Haddad, 2019). Additionally, digitalization improves access to market data, enabling firms to make informed financing decisions and optimize their capital structures (Goldfarb & Tucker, 2019).

Industry-specific dynamics also influence financing decisions. Highly competitive industries often require flexible financing options to support rapid innovation and market responsiveness. In contrast, capital-intensive sectors like energy or manufacturing may depend on structured and stable financing methods (Wesseling et al., 2017). The regulatory environment and technological advancements within an industry further dictate the unique financing needs and strategies of firms operating in these sectors (Zahra, 1996). External risks, such as exchange rate fluctuations, geopolitical instability, and environmental pressures, also play a critical role in financing decisions. Currency risks affect the cost of foreign-denominated debt and the valuation of international revenues, requiring firms to manage their exposure carefully (Bartram et al., 2012). Geopolitical uncertainties, including regional conflicts or political instability, can restrict access to international capital markets and reduce investor confidence, influencing firms to seek alternative financing strategies (Bekaert et al., 2016). Moreover, the increasing pressure to address environmental risks and climate change has led many firms to adopt financing options that support sustainability initiatives, such as green bonds or investments in renewable energy projects.

## Research Design and Method

*Study Design*

This study employs a qualitative research methodology using a Systematic Literature Review (SLR) approach. The SLR method was chosen to synthesize and critically evaluate existing literature on the role of external factors in shaping corporate financing decisions. The research aims to provide comprehensive insights into the interplay between macroeconomic conditions, market dynamics, regulations, social and technological advancements, and other external variables by systematically identifying, selecting, and analyzing relevant studies. The study design follows established SLR protocols to ensure transparency, reproducibility, and rigor in the research process.

*Sample Population or Subject of Research*

The sample population consists of peer-reviewed journal articles, books, and credible reports published after 2018 that examine corporate financing decisions influenced by external factors. The inclusion criteria focus on studies that provide empirical or theoretical analyses of monetary policies, market accessibility, ESG considerations, and industry-specific financing trends. Exclusion criteria include studies unrelated to corporate financing or those published in non-peer-reviewed outlets. Databases such as Scopus, Web of Science, and Google Scholar were utilized to identify relevant literature.

*Data Collection Techniques and Instrument Development*

Data collection involved a structured search process using predefined keywords, including "corporate financing," "external factors," "macroeconomic conditions," and "ESG criteria." Boolean operators and filters were applied to refine the search results and focus on studies meeting the inclusion criteria. A data extraction template was developed to catalog information systematically, including publication details, research objectives, methodologies, key findings, and implications.

*Data Analysis Techniques*

Thematic analysis was employed to synthesize data, enabling the identification of recurring patterns, gaps, and insights across the selected studies. The analysis involved coding, categorizing, and interpreting the extracted data to construct a coherent narrative. The results were evaluated to identify areas of consensus and divergence, offering a nuanced understanding of the influence of external factors on financing decisions. This approach ensures the research findings are comprehensive and grounded in a robust methodological framework.

## Results and Discussion

### *Result*

*Impact of Public Financing on Growth Strategies*

Public financing mechanisms, such as Initial Public Offerings (IPOs) and bond issuances, are critical in shaping a company's growth strategy by providing access to substantial capital resources. This influx of funds allows companies to embark on large-scale expansion projects, such as entering new markets, increasing production capacity, and acquiring strategic assets (Santos et al., 2024). Furthermore, public financing supports investment in innovative projects, such as research and development initiatives, essential for maintaining competitiveness in rapidly evolving industries (Wei & Li, 2024). For many firms, access to significant financial resources offered by public financing is pivotal in achieving long-term growth objectives. Another notable advantage of public financing is its impact on a company's market visibility and credibility. By entering public markets, companies gain heightened exposure to a broader range of investors, including institutional investors, which can significantly enhance their market reputation (Lefebvre, 2023). This visibility strengthens the company's brand image and fosters trust and confidence among business partners, customers, and stakeholders. The enhanced credibility associated with public financing can also increase opportunities for strategic collaborations and partnerships, further bolstering the company's growth potential.

However, public financing has its challenges. Companies must comply with strict regulatory requirements, including detailed financial reporting, transparency obligations, and adherence to corporate governance standards (Barburski & Hołda, 2023). These compliance measures, while ensuring accountability, often impose significant administrative and operational burdens on firms. The resources required to meet these regulatory standards can detract from a company's ability to focus on core business activities, thereby limiting its managerial flexibility. Additionally, the pressure to maintain transparency can expose companies to greater scrutiny from regulators, stakeholders, and the public. Another limitation is the pressure from shareholders, particularly those prioritizing short-term financial performance. Publicly traded companies are often under significant pressure to deliver consistent quarterly earnings growth, which can lead to strategic compromises. This focus on short-term results may conflict with long-term initiatives, such as investing in sustainable innovations or pursuing transformative growth strategies. As a result, management may need help meeting immediate shareholder expectations and executing plans aligned with the company's strategic vision (Bernstein, 2022).

*Impact of Private Financing on Growth Strategies*

Private financing, which includes venture capital, private equity, and other private investments, plays a significant role in shaping corporate growth strategies by offering unique advantages. One of the most prominent benefits is the flexibility it provides in decision-making. Unlike public financing, private financing allows management to retain greater control over the company's strategic and operational decisions without pressure to meet the demands of a diverse group of public shareholders (Ghaemi-Zadeh & Eghbali-Zarch, 2024). This level of control is particularly critical for startups and firms in innovative sectors, where adaptability and strategic agility are essential for navigating rapid industry changes. In addition to providing capital, private investors often bring invaluable strategic support to the companies they fund. Venture capitalists and private equity firms typically offer managerial guidance, mentorship, and access to extensive business networks (Zahid et al., 2023). This support enables companies to build robust growth strategies, identify market opportunities, and address operational challenges. These non-financial contributions can be as critical as the financial resources for firms in early development stages or those pursuing disruptive innovations. However, private financing has its limitations. The capital available through private channels is generally smaller than public financing. This constraint can limit the scope of expansion projects or investments in large-scale initiatives. Additionally, companies reliant on private financing may face challenges stemming from dependency on a limited number of investors. Strategic disagreements between management and investors, or a withdrawal of support, can pose significant risks to the company's growth trajectory (Ochinanwata et al., 2021).

*Factors Influencing the Effectiveness of Public and Private Financing*

The effectiveness of public and private financing in supporting corporate growth strategies is significantly shaped by external factors, including market and economic conditions, industry-specific needs, and government policies. These factors are critical in determining the most suitable financing approach for a given company or situation. Market and economic conditions are among the most influential factors. Public financing becomes attractive in stable economies with robust market liquidity and favorable monetary policies. Stable environments reduce market volatility, enabling companies to secure funding through public mechanisms such as Initial Public Offerings (IPOs) or bond issuances (Yan & Haroon, 2023). Favorable interest rates further encourage public financing by lowering the cost of capital. Conversely, companies often gravitate toward private financing during periods of economic uncertainty or in volatile market conditions. This preference stems from the need to mitigate exposure to market fluctuations and maintain operational stability. Private financing offers a more controlled environment, allowing firms to navigate economic challenges without being subject to the pressures of public markets (Hasibuan et al., 2024).

Industry needs also play a pivotal role in financing decisions. High-growth sectors like technology, characterized by rapid innovation and evolving business models, often prioritize private financing. The flexibility and strategic value provided by venture capitalists or private equity investors align well with the dynamic nature of these industries (Wei & Li, 2024). On the other hand, capital-intensive industries such as manufacturing, energy, and infrastructure require substantial financial resources to fund extensive projects. These industries typically rely on public financing to access larger pools of capital, enabling them to scale operations and meet significant capital demands. Government regulations and incentives further shape financing choices. Policies such as tax incentives, subsidies, or grants often encourage companies to pursue public financing by reducing the associated costs or enhancing the benefits. In contrast, stringent regulatory frameworks, particularly in public markets, can deter companies from seeking public financing, making private financing a more appealing alternative. Industries that need more government support may also turn to private investors to fulfill their financial needs (Ghaemi-Zadeh & Eghbali-Zarch, 2024).

*Effectiveness of Mixed Financing Strategies*

Mixed financing strategies, which combine public and private funding, offer a balanced approach that allows companies to maximize the benefits of both financing types while mitigating their respective limitations. By diversifying capital sources, companies can reduce the overall cost of capital and maintain operational flexibility. For instance, public financing can support large-scale expansions, while private financing is ideal for research and development initiatives requiring strategic oversight (Bernstein, 2022). This hybrid approach is efficient for businesses with long-term financing needs or those operating in high-risk industries where adaptability and strategic guidance are essential. The findings of this study hold significant implications for corporate leaders and policymakers. For business leaders, understanding the strengths and weaknesses of public and private financing is critical for aligning financing decisions with growth objectives. Evaluating industry contexts, market conditions, and strategic goals enables the selection of an optimal financing mix. For policymakers, these insights can guide the creation of regulations and incentives that encourage effective and sustainable corporate financing. Governments can promote corporate growth and broader economic development by fostering an environment that balances the benefits of public and private financing (Zahid et al., 2023).

***Discussion***

Public financing, such as Initial Public Offerings (IPOs) and bond issuances, provides companies with substantial capital. This funding enables large-scale expansion, technological innovation, and operational diversification. Additional benefits include enhanced market credibility and increased visibility, making companies more attractive to potential investors, business partners, and customers. The elevated trust from stakeholders often drives further business opportunities. However, public financing has limitations. Companies must comply with strict regulatory requirements, including comprehensive financial disclosures and rigorous oversight from regulators. These requirements impose administrative burdens and restrict managerial flexibility in pursuing long-term strategic objectives. Shareholder pressure to achieve short-term financial gains often conflicts with management's vision for sustained growth. Private financing offers greater flexibility in strategic decision-making. Management retains more control over operations without the direct pressures of public market scrutiny. Venture capital and private equity provide funding and strategic support, including managerial guidance and access to relevant business networks. This support is particularly critical for startups and innovative sectors that require adaptability to develop new products and services. However, private financing has risks. Limited access to capital is a common challenge that can hinder large-scale expansions. Additionally, reliance on a small group of investors poses strategic risks, particularly when management and investors disagree.

Macroeconomic conditions significantly influence corporate financing decisions by determining the attractiveness and feasibility of public and private funding options. In stable economic environments, companies are more inclined to utilize public financing, such as issuing bonds or conducting Initial Public Offerings (IPOs), due to reduced market risks and the ability to secure substantial capital. Public financing in such conditions supports large-scale expansions and infrastructure development with relatively predictable outcomes. Conversely, during periods of economic volatility or market instability, businesses often favor private financing to mitigate exposure to market fluctuations. Private funding gives companies greater control and flexibility, enabling them to navigate uncertain economic landscapes more effectively. For instance, low interest rates encourage debt-based public financing by lowering borrowing costs, while higher interest rates often deter this approach, pushing firms toward alternative private funding mechanisms.

Regulatory frameworks and government incentives further shape these financing decisions. Policies like tax incentives, subsidies, or industry-specific financial initiatives can enhance the appeal of public financing by reducing associated costs and risks. However, stringent public market regulations, such as exhaustive reporting requirements and compliance mandates, may discourage some companies from pursuing public funding. As a result, private financing becomes an attractive alternative, particularly for firms prioritizing operational flexibility and reduced administrative burdens. Industry-specific characteristics also play a crucial role in financing preferences. Sectors like technology, which thrive on innovation and rapid growth, often rely on private financing to support their dynamic needs. In contrast, capital-intensive industries like infrastructure and energy frequently choose public financing to address their significant and sustained funding requirements. These distinctions highlight companies' need to align their financing strategies with industry needs and the broader market dynamics to achieve long-term growth objectives.

Mixed financing strategies, integrating public and private funding, present a well-rounded approach to addressing corporate growth needs by leveraging the unique benefits of each financing type. By combining these sources, companies can effectively diversify risks, lower the overall cost of capital, and preserve the operational flexibility required to adapt to dynamic market conditions. Public financing, such as IPOs or bond issuances, can supply substantial capital for large-scale expansions or infrastructure projects. In contrast, private financing, including venture capital or private equity, supports more specialized initiatives like innovation and research. This dual approach is particularly advantageous for sectors that face high risks yet demand significant investment and agility. For instance, industries like renewable energy and advanced technology often require large-scale funding to develop infrastructure while fostering innovation to remain competitive. Mixed financing allows these companies to address both needs simultaneously—securing extensive capital through public markets while maintaining strategic flexibility with the tailored support of private investors. Mixed financing strategies help companies manage market uncertainties by balancing exposure to public market volatility with the stability of private investor relationships. This adaptability is especially critical in volatile or rapidly evolving industries where market conditions can shift unexpectedly. By diversifying funding sources, businesses can better align their financing strategies with long-term objectives and immediate operational demands.

The findings of this study align closely with established financial and strategic theories, particularly resource-based theory and agency theory, providing a robust theoretical foundation for interpreting the results. Resource-based theory underscores the importance of financial capital as a critical resource that enables companies to develop competitive advantages. Public financing aligns with this perspective by offering substantial capital resources that allow firms to undertake large-scale expansions, invest in infrastructure, and diversify their operations. The availability of these resources is essential for companies seeking to establish themselves in competitive markets or maintain their market dominance.

Private financing complements this by providing financial support and strategic inputs from investors, such as mentorship, network access, and market insights. These additional resources enhance a company's ability to innovate and adapt, especially in sectors driven by technological advancements and rapid change. Agency theory provides further insight into the dynamics of public and private financing. In public financing scenarios, the relationship between shareholders and management is often characterized by potential conflicts of interest. Shareholders prioritize short-term financial performance, while management may focus on long-term strategic goals. This misalignment can constrain a firm's operational flexibility and ability to pursue innovative or high-risk projects. Conversely, private financing often involves closer and more aligned relationships between investors and management. Private investors, such as venture capitalists, tend to have a strategic interest in the company's growth, facilitating greater trust and collaboration. This dynamic minimizes agency conflicts, enabling firms to take calculated risks and focus on long-term objectives.

The findings of this study align with prior research that emphasizes the distinct roles of public and private financing in shaping corporate growth strategies. Santos et al. (2024) demonstrated that equity financing significantly drives revenue growth, consistent with this study's observation that public mechanisms like IPOs enable firms to secure large-scale funding for expansion. Similarly, Wei and Li (2024) highlighted how digital transformation enhances corporate growth through debt and equity financing, which parallels this research's findings on public financing as a catalyst for technological and operational scaling. Lerner & Leamon (2023) provided insights into the strategic value of private financings, such as venture capital and private equity, by illustrating how these sources offer financial support, strategic mentorship, and business networks. This complements the study's findings that private financing fosters innovation and strategic agility, particularly in technology-driven sectors. Moreover, Hasibuan et al. (2024) emphasized the importance of strategic management in leveraging internal and external orientations for growth. This aligns with the benefits identified in this research for private financing in creating flexible and adaptive growth paths.

This study also builds on research by Yaghoubi and Keefe (2022), who analyzed how financing structures, including debt levels and cash reserves, influence investment volatility. The findings reinforce that external conditions, such as market stability, significantly shape corporate preferences for public or private financing. Zhang and Wellalage (2022) explored how environmental performance influences investor preferences, echoing this study's insights into the role of external factors like ESG trends in financing decisions. In highlighting the synergies of mixed financing strategies, this study complements Ghaemi-Zadeh and Eghbali-Zarch (2024), who proposed multi-criteria decision-making frameworks to optimize stakeholder benefits. This research shows that integrating public and private financing supports the view that combining these mechanisms allows firms to balance large-scale capital access with strategic flexibility, a key for industries navigating high risks and innovation demands.

The findings of this study have significant practical implications for both corporate leaders and policymakers, providing actionable insights into optimizing financing strategies. The study offers a strategic framework for selecting the most appropriate financing sources for corporate leaders based on their company's specific needs and objectives. Companies pursuing large-scale expansions, such as infrastructure development or market diversification, may benefit more from public financing due to its ability to secure substantial capital. Conversely, firms focusing on innovation, research, and adaptability in competitive sectors like technology may find private financing more advantageous because of its flexibility and strategic support from investors. For policymakers, the study highlights the importance of fostering an enabling environment for adequate corporate funding. One key recommendation is the development of incentives that promote mixed financing strategies, such as offering tax benefits for innovative projects that integrate both public and private funding sources. These incentives encourage companies to leverage the unique strengths of each financing type, ensuring balanced growth across various industries. Moreover, the study underscores the need to address regulatory barriers discouraging companies from accessing public markets or exploring mixed financing options. Simplifying compliance processes and creating sector-specific financial initiatives can enhance the attractiveness of public financing while maintaining transparency and accountability.

## Conclusions

This study comprehensively evaluates public and private financing mechanisms and their respective roles in determining corporate growth strategies. By integrating theoretical frameworks and empirical evidence, the research highlights the advantages and limitations of public and private financing and the contextual factors that influence their effectiveness. Furthermore, the study introduces the concept of mixed financing strategies as a balanced approach to optimizing capital access and operational flexibility across various industries and market conditions. It underscores the importance of aligning financing decisions with internal strategic objectives and external market dynamics to achieve sustainable corporate growth.

The originality of this study lies in its holistic approach, synthesizing insights from diverse theoretical and practical perspectives. It contributes to the academic literature by advancing the understanding of how external factors, such as macroeconomic conditions, industry-specific needs, and regulatory frameworks, shape financing decisions. Practically, the study offers actionable recommendations for corporate leaders to select and combine financing options tailored to their strategic priorities, such as leveraging public financing for large-scale expansions or private funding for innovation and agility. For policymakers, the findings suggest designing supportive policies, such as tax incentives and streamlined regulations, to encourage effective and sustainable financing strategies. These implications are vital for fostering economic resilience and innovation in technology, energy, and infrastructure sectors.

While this study provides valuable insights, it has limitations. The reliance on secondary data through a systematic literature review may limit the ability to capture real-time industry changes and nuances. Future research could expand by incorporating primary data, such as interviews with industry leaders, to enrich the understanding of contextual financing decisions. Additionally, longitudinal studies could explore the long-term outcomes of mixed financing strategies across different sectors and regions. These avenues enhance the depth and applicability of research, offering robust guidance for academic inquiry and practical implementation.

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