

Financial Performance Behavioral in the Company Life Cycle

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Abstract

The diversity of financial performance behavior occurs in companies listed on the Indonesian capital market. This study aims to investigate and analyze the behavior of financial performance in the company's life cycle at various stages, including early expansion, late expansion, maturity, and decline. The object of this research is a manufacturing company registered in the Indonesian capital market at least ten years after the IPO and has a complete financial performance report. The regression analysis results prove that the behavior of financial performance varies in each stage of the company's life. i.e., dividend behavior, retained earnings behavior (Retained Earnings to Total Equity), profitability behavior, financial leverage behavior, risk behavior, Cash flows from investment (CFI) behavior. Cash flows from operations (CFO) and behavior Cash flows from financial (CFF).

Keywords: financial performance behavior; company life cycle; expansion; dividend behavior; financial leverage behavior

JEL: G14, G23, G41

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1. INTRODUCTION

The behavior of financial performance in the company's life cycle displays different behaviors. e.g., introducing the pioneering stage, the growth stage, the maturity stage, and the decline stage. Previous research has examined the relationship between life stages and firm age (Ahsan et al., 2016), firm size (Panda, 2015), dividends (Kaur, 2019), financial leverage (Hyatt et al., 2018), and profitability (Zhou et al., 2016). However, few still cover the behavior of financial performance more broadly, namely dividend behavior, retained earnings behavior (Retained Earnings to Total Equity), profitability behavior, financial leverage behavior, risk behavior, and cash flow behavior from investments. CFI), cash flow behavior from operations (CFO), and cash flow behavior from finance (CFF). We want to examine a series of behavioral variations in financial performance above because we think there are still research gaps. It is essential to research and can have a significant impact, especially in financial management practices.

Previous studies on the behavior of financial performance in the company's life cycle still require a more comprehensive or in-depth explanation, and some are still unfinished. e.g., dividend behavior. Recent studies (Kaur, 2019) prove that dividend behavior is at the introduction, growth, mature, and decline stages. Development can be divided into early growth and late growth. Then (O'Connor & Byrne 2015) stated that dividend payments tend to be highly mature. Likewise, the behavior of paying dividends at the decline stage is relatively high (Gim & Jang, 2019; Kaur, 2019). Therefore, this study seeks to provide reasons why dividend behavior varies in each life stage.

Furthermore, along with the varying behavior of dividends, the behavior of retained earnings is interesting to examine more deeply. The argument of Khan & Shamim (2017) adopts the concept of retained earnings behavior from (Deangelo & Deangelo, 2006, 2010) that the behavior of retained earnings in each stage of the company's life varies. The behavior of retained earnings at the introductory stage has not been seen. Recently (Kaur 2019) also explained that the company's retained earnings at the preliminary stage did not yet exist, and the growth stage is low. Likewise (O'Connor & Byrne, 2015) states that the maturity stage of dividend payments tends to be high, so retained earnings at this stage are low.

Moreover, (Hsu 2018) that the behavior of retained earnings at the decline stage is different from the mature stage. The behavior of financial leverage is that the company tends to need debt or leverage in small amounts to support the company's growth (Hyatt et al., 2018). The mature stage tends to be high. In fact, (Ahsan et al., 2016) that at the decline stage, it can increase debt even though the company's decline stage experienced price pressures. This study tries to find answers to why companies dare to raise debt. Furthermore, (Castro et al., 2016) show that firms adjust leverage at a slower pace at the stage of change. Their targets are more influenced by profitability, significantly when it changes from growth to maturity. And the profitability behavior of the late expansion stage is relatively high compared to the early expansion stage (Kaur, 2019).

Meanwhile, Zhou et al. (2016) postulated that the mature stage, high profitability. There is no explanation for why the profitability behavior of the late expansion stage is the same as the mature stage. Then, the decline stage decreases. Even Zhou et al., (2016) state that U-shaped profitability is inverted in every stage of a firm's life. Then, risk behavior at the growth stage tends to be high. Studies (Al-Hadi et al., 2016) prove that market risk disclosure varies for different stages of the company's life cycle. Akbar et al. (2019) showed that the older the company, the higher the potential risk faced by the company.

Several previous researchers (Blomkvist et al., 2021; Bravo, 2019; Castro et al., 2016; Shahzad, Lu, & Fareed, 2019) showed growth and maturity at the introductory stages, CFI behavior will display $CFI < 0$. In contrast to the behavior of CFI at the decline stage is positive ($CFI > 0$). Empirical evidence, e.g., Blomkvist et al. (2021); Habib et al. (2018), stated that the behavior of the decline stage CFI is positive ($CFI > 0$). Next, the study of Blomkvist et al. (2021); Bravo, (2019); Kaur, (2019); Shahzad et al. (2019) reported that the growth stage as well as the mature stage, operational activities generate positive cash flows. In contrast to the decline stage, the CFO's behavior is harmful. Bravo Studies (2019); Shahzad et al. (2019) postulated that CFO behavior is negative ($CFO < 0$). Then, the study of Choi et al. (2016); Shahzad et al. (2019) stated that as the company grows, it expects the cash flow of funding to be positive ($CFF > 0$). In contrast to the mature and decline stages, the behavior of funding cash flows is negative ($CFF < 0$). The work of Blomkvist et al. (2021); Bravo,

(2019), Kaur (2019) produced a model that the CFF behavior was negative ($CFF < 0$). When the company carries out a turn-around strategy, the company may generate positive financing cash flows ($CFF > 0$). Recent studies Blomkvist et al. (2021); Habib et al. (2018); Kaur (2019) that CFF behavior at the decline stage is $CFF > 0$ or $CFF < 0$. Shahzad et al. (2020) refer to the concept introduced by (Dickinson, 2011) who argue that the behavior of $CFF > 0$ or $CFF < 0$ considers both equally valid. Therefore, there is an indication of a lack of literature related to financing cash flows at this stage. It was previously not based on assumptions and predictions of direction (ex-ante).

This study seeks to investigate and analyze the behavior of financial performance in the company's life cycle at various stages, including early expansion, late expansion, maturity, and decline. This is because some behavioral patterns of financial performance still require a deeper explanation, and some are still unfinished. We are trying to divide the stages of growth into early growth and late growth. Of course, financial performance behavior has significant implications in financial management practices. This research model is built to obtain accurate information by placing dummy variables (CFI, CFO, CFF) and control variables (inflation and firm size). Moreover, the unit of analysis of this research is a manufacturing company with a minimum consideration of 10 years after the IPO and a company with a complete financial performance report.

2. THEORETICAL FRAMEWORK AND HYPOTHESIS FORMULATION

Several financial management observers provide views on the company life cycle. Ideally, every company that develops and becomes a large company will usually experience several stages of the company life cycle. Of course, the phases experienced by each company vary in how long each phase will be lived and when to experience it. One company may take longer while another may go through the stages faster. Generally, the company's life stage has four stages: introduction (introduction/pioneering), growth, maturity, and decline. Another view is that the company's life stage has five stages: introduction or pioneering, growth, maturity, shake-out, and decline. Even at the growth stage, some divide it into two, namely rapid or early expansion or slow growth or final expansion. The risk behavior faced by each person tends to vary and cash flow (Begenau & Salomao, 2019). For example, the behavior of Cash flows from investment (CFI), Cash flows from operations (CFO), and Cash flows from financing (CFF). Therefore, cash flow patterns and risks are relatively easy to predict, especially for companies growing and developing and mature or established (Akbar et al., 2019).

Whether or not the pattern and stability of cash flow will be very decisive in fulfilling investment funds. Does the need for funds follow what stage the company? Empirically, the company's life cycle will determine how it defines its financing mix; it means that at each step of its life, what is the pattern or tendency for its balance of debt and equity. Likewise, the behavior of dividends, retained earnings, profitability, risk, and firm size. Of course, enterprise life cycle measurements or proxies vary. Some tend to use sales growth (Habib et al., 2019), company age, company size, asset growth (Meza et al., 2020). Furthermore, Deangelo & Deangelo (2006) developed by (Hsu 2018) using Retained Earnings to Total Assets (RE/TA) and Retained Earnings to Total Equity (RE/TE), and Irawan (2018) using Initial Public Offering (IPOs).

A dividend is a portrait that the company produces good financial performance. The behavior of dividends at each stage is different, depending on the company's ability to generate profits and available funds. The company has not recorded profits in the

introductory stage so that no dividends can be distributed to shareholders (Kaur, 2019). Furthermore, the behavior of dividends in the early expansion stage is still low. Because profits are reinvested, so dividend payouts are low. (Kaur, 2019; Smith & Pennathur, 2019) provides evidence that in the early growth stages, dividend payments tend to be low. Even though the growth is upgraded, the dividend payment behavior in the late expansion stage tends to be the same as when the company is in the early expansion stage. Then, the behavior of paying dividends at the mature stage is quite high. Because the company has scored high profits, the stocks are valuable (income stock), blue chips, and defensive stocks.

For this reason, (O'Connor & Byrne, 2015) states that at the mature stage, dividend payments tend to be high. Likewise, the behavior of dividend payments at the decline stage is relatively high. Although the company no longer has competitive power in the market, the company still adheres to the dividend principle. There is a tendency for the company to have an abundant amount of excess Cash, so it is an excellent time to prosper shareholders in cash dividends (Cash). In this line of reasoning, Kaur (2019); Smith & Pennathur (2019) that at the decline stage, dividend payments are high. Thus, the research hypothesis is:

H1a. At the early expansion stage of the company's life cycle, dividend behavior will negatively impact.

H1b. At the expansion stage at the end of the company's life cycle, dividend behavior will negatively impact.

H1c. At the mature stage of the company's life cycle, dividend behavior will positively impact.

H1d. At the decline stage of the company's life cycle, dividend behavior will positively impact.

Retained earnings are a source of internal funding. The behavior of retained earnings follows the behavior of dividends. That is, when dividend payouts are high, companies tend to place lower retained earnings. On the other hand, retained earnings tend to be high when the dividend payout is low. This is in line with the concept (Deangelo & Deangelo, 2006, 2010) adopted by Khan & Shamim (2017). Profit balance is proxied by Retained Earnings to Total Assets (RE/TA) and Retained Earnings to Total Equity (RE/TE). The behavior of retained earnings at the introductory stage has not been seen because the company has not recorded a profit. Recently (Kaur 2019) also explained that the company's retained earnings at the introductory stage did not yet exist because the company had not yet made a profit.

Furthermore, in the early expansion stage, retained earnings tend to be low. Because the profits earned are partially paid in dividends in low amounts, the allocation of retained earnings is also low. This approach has been adopted by (Kaur 2019; Khan & Shamim, 2017), which state that dividend payouts are low at the early expansion stage or early growth, and retained earnings tend to be low. The behavior of retained earnings in the late expansion stage is similar to the early expansion stage. Then, the behavior of retained earnings at the mature stage is low. This is due to high dividend payments. Because the management orientation is to prosper the shareholders and build a positive image in the market's eyes, (O'Connor & Byrne, 2015) stated that dividend payments tend to be high at the mature stage. When dividend payments are high, retained earnings at this stage certainly tend to be low. Finally, the decline stage is that the retained earnings are low.

Although sales growth began to decline, dividend payout behavior was high, and retained earnings behavior declined. This is similar (Hsu, 2018) in that the behavior of retained earnings at the decline stage is different from the mature stage.

H2a. In the early expansion stage of the company's life cycle, retained earnings behavior will negatively impact.

H2b. At the expansion stage at the end of the company's life cycle, retained earnings will negatively impact.

H2c. At the mature stage of the company's life cycle, retained earnings behavior will positively impact.

H2d. At the decline stage of the company's life cycle, the behavior of retained earnings will tend to have a negative impact.

Financial leverage reflects that the company uses debt funds to finance productive investment activities or generates a positive net present value (NPV). At the introductory stage, the company still relies on equity to finance investment, not debt. Then, entering the initial expansion stage, the company began to be tempted by debt, but the amount was still small; This is presumably because profit as a source of internal funding cannot be relied on to support the company's investment needs. On the other hand, the results of an empirical study by (Hyatt et al., 2018) state that at the growth stage, companies tend to require small amounts of debt or leverage to support company growth because profits are still relatively small. In the final expansion stage, the company began to dare to add debt according to the investment needs to encourage growth. Because profits started high, so dare to add debt. The behavior of financial leverage at the mature stage is similar to the final expansion. There is the courage to add debt so that financial leverage is high. Of course, the courage is because the company is making quite a significant profit. In this phase, upon the need for loan funds, assets can be used as collateral. While the decline stage, the behavior of financial leverage decreases so that the company refrains from adding debt. Because sales growth support looks weak, the assets owned can be used as collateral to earn profits at this stage. However, the company is still holding back because it is still haunted by sales growth, showing a downward trend. In fact, (Ahsan et al., 2016) can increase the debt by assuming assets as collateral at the decline stage. Therefore, the proposed hypothesis is:

H3a. In the early expansion stage of the company's life cycle, financial leverage behavior will positively impact.

H3b. At the expansion stage at the end of the company's life cycle, financial leverage behavior will tend to have a positive impact

H3c. Financial leverage behavior will tend to have a positive impact at the mature stage of the company's life cycle.

H3d. At the decline stage of the company's life cycle, financial leverage behavior will be negatively impacted.

It is no exaggeration to state that profitability is a portrait of good and quality governance to display good financial performance. Introductory stage, no profit yet. The company is still focused on building awareness of the product and arousing consumer desire to try or create demand for new products (primary demand) so that the company doesn't get the wrong address. Of course, the company carried out aggressive promotions

and expanded its distribution network. Therefore, a lot of costs are incurred so that profits cannot be obtained.

Meanwhile, profitability can contribute to growth in the early expansion stage because the company can already profit. A recent study (Kaur, 2019) states that profits can drive sales growth in expansion's early or growth stages. Furthermore, profitability is quite high in the final expansion stage compared to the initial expansion stage. Usually, at the mature stage, profitability is high. There is a tendency that at this stage, sales are high because the company can meet market needs so that profits are high. This stage is the longest compared to the initial expansion stage, late expansion, and introduction. Studies (Zhou et al., 2016) postulate that at the mature stage, profitability is high because the company can meet market needs.

In contrast to the decline stage, sales begin to shift towards a decline, so profits also experience a decline. Thus, profitability at the decline stage is different from the mature stage, late expansion, and early growth. Previous research (Zhou et al., 2016) stated that U-shaped profitability is inverted in every stage of a firm's life. Thus, the research hypothesis is:

H4a. In the early expansion stage of the company's life cycle, profitability behavior will positively impact.

H4b. At the expansion stage at the end of the company's life cycle, profitability behavior will positively impact.

H4c. At the mature stage of the company's life cycle, profitability behavior will positively impact.

H4d. At the decline stage of the company's life cycle, profitability behavior will be negatively impacted.

Risk can be interpreted as the possibility of missing or not achieving the expected results. The risk of market rejection is often at the introductory stage. This is because the company cannot sense the market as a whole to cause market risk. In the early expansion stage, risk behavior tends to be high. For companies, the risk is viewed as an opportunity to grow or escape market resistance. Characterized by soaring sales tend to be fast because the friendship with the market is so intimate that competitors begin to glance and be fascinated by the company's growth. Therefore, many investors are interested in investing in the early expansion stage, namely in growth stocks that provide high returns – reasoned that the higher the risk, the higher the return. Then, the perceived risk behavior in the late expansion stage is similar to the initial expansion stage in the late expansion stage. Often, at this stage, the company tries to maintain market share and maintain its positioning in the market (Habib & Hasan, 2017) to avoid market risk. Investors who play at this stage have confidence that they will get a high return, even though the risk tends to be high. This is in line with the trade-off theory, which states that the returns obtained cannot be separated from the ability of investors to respond to risk.

In contrast to the mature stage, risk behavior tends to be low. Many investors place their investments at this stage. There is an impression that the characteristics of stocks at the mature stage are value stocks (income stock), blue chips, and defensive stocks that provide high returns and low risk. Therefore, the risk at the mature stage is different from the introduction, early expansion, late expansion, and decline stages. (Al-Hadi et al., 2016)

provide evidence that market risk disclosure varies for different stages of the company's life cycle. Finally, the risk behavior of the decline stage tends to be high; this is indicated by the downward pressure on selling prices in the market; then, the volume of demand decreases. As a result, the contribution of profitability to sales growth is low. Therefore, if the selling price pressure is high, it can be ascertained that the risk is high. So it can be ascertained that the stock's characteristics at this stage are aggressive stocks (aggressive stocks) with a high-risk beta. (Pai et al., 2014) show that the older the company, the higher the potential risk faced by the company. So the proposed hypothesis is:

H5a. In the early expansion stage of the company's life cycle, risk behavior will positively impact.

H5b. At the expansion stage at the end of the company's life cycle, risk behavior will positively impact.

H5c. At the mature stage of the company's life cycle, risk behavior will negatively impact.

H5d. At the decline stage of the company's life cycle, risk behavior will positively impact.

Cash flow from investment activities at each stage tends to be different. It depends on the motive for the investment. In the introduction stage, the financial principle adopted by the company is an investment (investment decision). At this stage, the company's investment needs are very high as a form of efforts to develop and introduce products to the market so that the CFI is negative ($CFI < 0$). Then, the initial expansion stage of the financial principle is still the same as the previous stage, namely the investment principle. The consequence of rapid growth and early expansion in the market is high investment requirements. And this requires the company's management to allocate the profits earned, do good governance to strengthen the company's competitive advantage, and try to block the entry of potential competitor companies. Therefore, CFI is negative ($CFI < 0$). Likewise, in the final expansion stage, the company is growing in the market. Perform management by innovating and taking advantage of opportunities that have not been found by competitors and offering products that have characteristics and are of interest to the market. Then it will produce a negative CFI ($CFI < 0$).

Furthermore, the behavior of CFI at the mature stage is negative. A downward trend in sales growth indicates this. Due to the maturity of distribution, management is reluctant to increase investment, and changes in economic conditions become sensitive to sales. Considering the explanation above, it is not an exaggeration that the CFI behavior at the introductory, growth (early expansion and late expansion), and mature stages is negative or $CFI < 0$. Several previous researchers, Blomkvist et al. (2021); Bravo, 2019; Castro et al. (2016); Shahzad et al. (2019), showed that at the introductory, growth, and mature stages, CFI behavior will display $CFI < 0$ because the company is increasing investment with the orientation of strengthening market resilience and attractiveness.

Furthermore, the CFI behavior at the mature stage is smaller than zero or negative. Its behavior is similar to the initial expansion, late expansion, and introduction stages. A downward trend in sales growth indicates this. Several factors suspected the decline. Among other things, the maturity of distribution so that management is reluctant to increase investment and changes in economic conditions become sensitive to sales. Recent studies (Blomkvist et al., 2021; Bravo, 2019; Shahzad et al., 2019) explain that CFI behavior shows less than zero or negative ($CFI < 0$). In contrast to the behavior of CFI at the decline stage is positive ($CFI > 0$). There are indications that the company is liquidating assets to

pay debts and support operational activities to generate positive cash flows from investments. Empirical evidence, for example (Blomkvist et al., 2021; Habib et al., 2018), states that CFI behavior in the decline stage is positive ($CFI > 0$). Then the research hypothesis is:

H6a. In the early expansion stages of a company's life cycle, CFI behavior will negatively impact.

H6b. At the expansion stage at the end of the company's life cycle, CFI behavior will negatively impact.

H6c. At the mature stage of the company's life cycle, CFI behavior will negatively impact.

H6d. At the decline stage of the company's life cycle, CFI behavior will positively impact.

Cash flow behavior from operations varies in every stage of a company's life. In the introductory phase, companies tend not to have established regular customers. And impressed, the company does not yet know how to achieve revenue with a positive cash flow and lacks the knowledge to allocate production costs. As a result, the company generates negative operating cash flow (Kaur, 2019). When the company can maximize profit margins and increase investment, of course, the operational cash flow is positive during the growth stage (early expansion and late expansion) and the mature stage. Several previous studies stated the postulate about CFO, for example, Blomkvist et al. (2021); Bravo (2019); Kaur (2019); Shahzad et al. (2019) reported that the growth stage (early expansion and late expansion) as well as the mature stage, operational activities generate positive cash flows.

In contrast to the decline stage, the CFO's behavior is harmful. Because of the pressure of falling prices in the market, operating cash flow decreases (or becomes negative) when the company enters the decline stage. Studies (Bravo, 2019a; Shahzad et al., 2019) postulate that CFO behavior is negative ($CFO < 0$). Then, the proposed hypothesis is:

H7a. In the early expansion stages of a company's life cycle, CFO behavior will positively impact.

H7b. At the expansion stage at the end of the company's life cycle, the behavior of the CFO will tend to have a positive impact.

H7c. At the mature stage of the company's life cycle, CFO behavior will positively impact.

H7d. At the decline stage of the company's life cycle, the behavior of the CFO will tend to have a negative impact.

The behavior of cash flow from funding shows varied behavior as well. For example, the behavior of CFF introductory and growth stages (early expansion and late expansion) to encourage growth requires debt. The dogma of (Myers & Majluf, 1984) states that when internal funding is not sufficient, the company looks for external funds. Of course, the company's leverage is high and the company's commitment to maintaining liquidity. For example, Bravo (2019); Shahzad et al. (2019) stated that the source of funding from profits was not sufficient to finance investment so that companies began to dare to borrow in small amounts so that capital inflows exceeded debt payments ($CFF > 0$). Then, studies (Choi et al., 2016; Shahzad et al., 2019) state that as the company grows, it expects the cash flow of funding to be positive ($CFF > 0$). In contrast to the mature and decline stages, investment

opportunities begin to decrease. Especially in the decline stage, price pressures and negative funding cash flows ($CFF < 0$). The work of Blomkvist et al. (2021); Bravo, (2019), Kaur (2019) produced a model that the CFF behavior was negative ($CFF < 0$). When the company carries out a turn-around strategy by making a productive investment selection and targeting loyal and profitable consumers, and offering unique products, they have new benefits and are sought after by consumers so that sales growth will increase and generate profits. Then the company will generate favorable cash flow financing ($CFF > 0$).

Therefore, there is an indication that there is a void in the literature related to financing cash flows at this stage where previously it was not based on assumptions and predictions of direction (ex-ante). Thus it can be concluded that the behavior of CFF at the decline stage is $CFF > 0$ or $CFF < 0$. This has been described by Blomkvist et al. (2021), Habib et al. (2018), Kaur (2019) that CFF behavior at the decline stage is $CFF > 0$ or $CFF < 0$. In fact, (Dickinson, 2011) developed by (Shahzad et al., 2020), argues that the behavior of $CFF > 0$ or $CFF < 0$ considers both equally valid. So, the proposed hypothesis is:

H8a. In the early expansion stages of a company's life cycle, CFO behavior will positively impact.

H8b. At the expansion stage at the end of the company's life cycle, the behavior of the CFO will tend to have a positive impact.

H8c. At the mature stage of the company's life cycle, CFO behavior will negatively impact.

H8d. At the decline stage of the company's life cycle, the behavior of the CFO will tend to have a negative impact.

Inflation can play a role in controlling growth—ideally, real growth after deducting inflation. The role of inflation is positive at the introductory, growth (early expansion and late expansion), and maturity stage. It requires additional debt, resulting in high-interest costs caused by inflation. Therefore, management has an element of prudence when adding debt, which tends to be profitable at a lower cost than funds. Meanwhile, the decline stage is negative. Due to declining sales growth and the high cost of funds, the company is reluctant to take on additional debt. This finding contradicts the postulate of the trade-off theory. Because it is reasonable, inflation has a role in controlling sales growth in every stage of its life.

H9a. In the early expansion stage of the company's life cycle, inflationary behavior will positively impact.

H9b. At the expansion stage at the end of the company's life cycle, inflationary behavior will positively impact.

H9c. At the mature stage of the company's life cycle, inflationary behavior will positively impact.

H9d. At the decline stage of the company's life cycle, inflationary behavior will negatively impact.

Company size has a role in controlling sales growth. In the introduction stage, the company's total assets' growth (initial expansion) is still tiny. (Tavassoli, 2015) postulates that newly-growing companies tend to have small assets and small profits. However, Castro et al. (2016b) have a different view that firm growth is not related to firm size. The

behavior of firm size in the late expansion stage is different from the introduction and early expansion stages. Furthermore, the mature stage of the company's size is large. (Panda, 2015) suggests that company size has a role in driving sales growth. Because sales began to decline, the size of the company at the decline stage also decreased. Therefore, the size of the company can act as a control in driving sales growth.

H10a. In the early expansion stage of the company's life cycle, the behavior of company size will tend to have a positive impact.

H10b. At the expansion stage at the end of the company's life cycle, the behavior of company size will tend to have a positive impact.

H10c. At the mature stage of the company's life cycle, the behavior of company size will tend to have a positive impact.

H10d. At the decline stage of the company's life cycle, the behavior of company size will tend to have a negative impact.

3. METHOD

The population of this research access is all 173 manufacturing companies, namely 71 primary and chemical industries, 45 various industries, and 53 consumer goods companies listed on the Indonesia Stock Exchange. The samples of this study are manufacturing companies with a minimum consideration of 10 years after the IPO and companies that have complete financial performance reports such as sales growth, dividends, retained earnings, financial leverage, profitability, beta correction, cash flow from investment (CFI), cash flow from investment Finance (CFF), and company size. All financial data is collected from the Indonesia Stock Exchange website for 2015-2019. Meanwhile, inflation data is obtained from data published by the Central Bureau of Statistics (BPS). This research refers to Habib et al. (2019) regarding determining the company's life stage, namely sales growth. The following are the criteria for financial behavior in each stage of the company's life as follows Table 1.

Table 1. Criteria for financial behavior in the company life cycle

No	Phase/stage	Average sales growth (for five years)
1	Introduction	>50%
2	Initial expansion	20 - 50%
3	Final expansion	10 - 20%
4	Mature	1 - 10%
5	Decrease	<1%

sources: Habib et al., (2019)

The introduction stage was not observed because the average sales growth was more than 50%. Observation targets are the early expansion, late expansion, maturity, and decline phases. As a novelty with previous research, the growth phase is divided into early development and late expansion. This study uses multiple regression analysis with dependent, independent, dummy, and control variables (see Table 2).

Table 2 Operational definitions of variables

Variable	Acronym	Definition
Dependent variable		
Firm life cycle (Sales Growth)	GROWTH	(Current year sale/previous year sales) - 1
Independent variable		
Financial leverage	LEV	Debt as a percentage of total assets
Dividend	DPR	Dividend payout ratio
Profitability	ROA	Net profit/total asset
Retained earnings	RE	Retained Earnings of total equity
Risk	RISK	Beta correction
Dummy variable		
Cash flows from investment (CFI)	CFI	1 = CFI > 0 = positif, 0 = CFI < 0 =negatif
Cash flows from operations (CFO)	CFO	1 = CFO > 0 = positif, 0 = CFO < 0 =negatif
Cash flows from financial (CFF)	CFF	1 = CFF > 0 = positif, 0 = CFF < 0 =negatif
Control variable		
Firm size	SIZE	Natural logarithm of total asset
Inflation	INF	Consumer Price Index (CPI)

4. RESULTS

In Table 3, it can be seen that the tendency of profits to start to increase so that dividend payments in the early expansion stage tend to be low compared to other stages. Because dividend payments tend to be low, retained earnings tend to be high compared to other stages. At this stage, the CFI shows negative. That is, $CFI < 0$ or negative CFI. Meanwhile, positive CFO or $CFO > 0$ and positive CFF or $CFF > 0$. This is because the company still adheres to the investment principle. Therefore, the company exceeds the break-even point ($CFO > 0$). On the other hand, the company is trying to strengthen its competitive advantage in the market so that there is an additional investment that results in ($CFI < 0$). (Bravo, 2019a) states that at this stage, the company tends to emphasize achieving a high level of revenue growth. The profit is not enough to finance the necessary investment, and the company is starting to dare to borrow small amounts ($CFF > 0$). Then the final expansion stage of dividend payments retained earnings, CFI shows negative compared to CFO and CFF, which tend to be positive. Thus, the final expansion stage has similar financial performance behavior as in the initial expansion stage. In the mature expansion stage, dividend payment tends to be high, and retained earnings decreased compared to the early and late expansion stages. The behavior of $CFI < 0$ or negative CFI and $CFF < 0$ or negative CFF compared to $CFO > 0$ or positive CFO. At this stage, the company still can continue to grow and even has a competitive market position. Of course, the reason is that the company must invest even though the amount of investment is proportionally lower than in the previous stages, so that CFI behavior < 0 . (Bravo, 2019a; Habib et al., 2018) explains that both the profit growth rate and the innovation rate tend to decline at this stage. An increase in dividend payments, share repurchases, and debt payments, together with a decrease in investment opportunities and a downward trend in

retained earnings, will result in negative cash flows for financing activities (CFF<0). Therefore, the behavior of CFI<0 and CFF<0.

Table 3. Descriptive statistics for each stage of the company's life

Stage	Variable	Mean	Min	Max	Sta. Div
Initial expansion n=115	Dividend	20.5747	3.1435	48.0123	11.2171
	Retained earnings	0.5252	0.1124	0.8765	0.1624
	Financial leverage	0.2011	0.0615	0.3552	0.1021
	Profitability	0.1776	-0.8100	0.5063	0.1892
	Risk	0.1904	0.1009	0.3876	0.0802
	Cash flows from investment (CFI)	-0.2000	0.0000	1.0000	-0.0920
	Cash flows from operations (CFO)	0.3939	0.0000	1.0000	0.4201
	Cash flows from financial (CFF)	0.4783	0.0000	1.0000	0.3284
	Inflation	3.8920	2.7200	7.2600	1.1056
	Firm size	14.26286	10.88872	17.71454	1.533836
Final expansion n=185	Dividend	24.7712	10.6643	39.7746	5.8580
	Retained earnings	0.5374	0.4111	0.7187	0.0729
	Financial leverage	0.2494	0.0918	0.4076	0.1399
	Profitability	0.2582	0.1620	0.4543	0.1901
	Risk	0.1986	0.1112	0.3442	0.0711
	Cash flows from investment (CFI)	-0.2524	0.0000	1.0000	-0.0235
	Cash flows from operations (CFO)	0.4514	0.0000	1.0000	0.4334
	Cash flows from financial (CFF)	0.5162	0.0000	1.0000	0.3884
	Inflation	3.9831	2.7200	7.2600	1.7666
	Firm size	14.56894	11.97539	18.33547	1.607146
Mature n=105	Dividend	49.2620	34.5645	62.6473	7.6893
	Retained earnings	0.1612	0.1003	0.3287	0.0531
	Financial leverage	0.3145	0.1200	0.5090	0.1240
	Profitability	0.4391	0.2012	0.6770	0.1528
	Risk	0.2510	0.1054	0.3966	0.0870
	Cash flows from investment (CFI)	-0.1429	0.0000	1.0000	-0.0516
	Cash flows from operations (CFO)	0.8286	0.0000	1.0000	0.3786
	Cash flows from financial (CFF)	-0.2000	0.0000	1.0000	-0.1019
	Inflation	3.8920	2.7200	7.2600	1.7063
	Firm size	15.00970	13.31405	19.50467	1.491211
Decline n=110	Dividend	41.7572	29.5463	59.6574	8.1567
	Retained earnings	0.1190	0.0123	0.5657	0.0554

Stage	Variable	Mean	Min	Max	Sta. Div
	Financial leverage	0.2470	0.1040	0.3900	0.1319
	Profitability	0.2950	0.1100	0.4800	0.1966
	Risk	0.2013	0.1023	0.3002	0.0960
	Cash flows from investment (CFI)	0.6091	0.0000	1.0000	0.4902
	Cash flows from operations (CFO)	-0.2182	0.0000	1.0000	-0.1149
	Cash flows from financial (CFF)	-0.7727	0.0000	1.0000	0.4210
	Inflation	3.8920	2.7200	7.2600	1.7060
	Firm size	14.58782	11.40006	17.48769	1.548677

Notes: CFI; CFOs; CFF is a dummy variable with a category of 1.0000 (CF = positive indicating positive cash flow or cash flow > 0); 0.0000 (negative CF= indicates negative cash flow or cash flow < 0).

Then, the decline stage (decline) is a decrease in the rate of sales growth. This is due to a lack of innovation and declining profitability. Meanwhile, it is a space for dividend principles at this stage so that the company's orientation must be to prosper shareholders through dividend payments. Even though earnings are declining, dividend payments are high, and retained earnings are low, the CFO behavior is negative or (CFO<0). (Akbar et al., 2019) stated that profitability also fell due to a lack of innovation. With this decrease, companies may be forced to liquidate their productive assets to finance operational activities and pay their short-term obligations so that behavior (CFI> 0). Several previous researchers, such as (Akbar et al., 2019; Bravo, 2019a; Habib et al., 2018), found gaps in the literature regarding cash flows from financing activities for companies in decline. Therefore assume both possibilities are equally valid (CFF>0 or CFF<0).

Regression analysis is needed to explain the behavior of financial performance in the company's life cycle, and regression analysis can be seen in Table 4. First, it begins with a simulation of the estimation model, namely the Common effect model (CEM), Fixed effect model (FEM), and Random effects model (REM). Second, the regression model is tested in each stage. The test results based on the Hausman test turned out to be at the initial expansion and decline stages that were desired, the Random Effects Model with the assumption of $p < 0.05$. This is similar to the model test conducted by (O'Connor & Byrne, 2015). Then, the final and mature expansion stage is the fixed effect model (FEM) with $p < 0.05$. The initial expansion and decline stages have probability values of ($p=0.8394$) and ($p=0.6274$). Furthermore, the final and mature expansion stages are ($p=0.0045$) and ($p=0.0032$). Third, perform the classical assumption test and only choose one, namely the normality test, assuming that the histogram normality test value is $p > 0.05$. The initial expansion stage has a probability value of ($p=0.7655$), the final expansion stage is ($p=0.7889$), the mature stage has a probability value of ($p=0.8887$), and the decline stage has a probability value of ($p=0.7734$).

The fourth displays the F ratio test or simultaneous test with the assumption that $p < 0.05$ can be stated that the independent variables jointly affect the dependent variable. The initial expansion stage has a probability value of ($p=0.0394$), the final expansion stage is ($p=0.0045$), the mature stage has a probability value of ($p=0.0032$), and the decline stage has a probability value of ($p=0.0274$). The initial expansion stage has a probability value of ($p=0.0312$), the final expansion stage is ($p=0.0165$), the mature stage has a probability value

of ($p=0.0432$), and the decline stage has a probability value of ($p=0.0336$). They are followed by the determinant coefficient test, namely Adjusted R-squared. The initial expansion stage is 0.4523 or 45.23 percent, the final expansion stage is 0.4663 or 46.63 percent, the mature stage is 0.5222 or 52.22 percent, and the decline stage is 0.4798, or 47.98 percent. The model's goodness reflected by the Adjusted R-squared is close to 50 percent or above 50 percent, so the model can be declared good in explaining the relationship between variables. Finally, we perform a t-test or partial test (see Table 4).

Table 4 shows the relationship information between variables. Initial expansion stage: dividends have a negative and significant effect on sales growth ($\beta=-0.3123$, $p<0.0230$) because the p-value is smaller than 0.05, so it gets empirical support. The earnings balance has a negative and significant effect on sales growth ($\beta=-0.2790$, $p<0.0106$) and has empirical support. Furthermore, financial leverage has a positive and significant effect on sales growth ($\beta=0.1509$, $p<0.0445$) and gets empirical support. Next, profitability has a positive and significant effect on sales growth ($\beta=0.2721$, $p<0.0060$) and gets empirical support. Then, risk has a positive and significant effect on sales growth ($\beta=0.1222$, $p<0.0495$) gets empirical support. Likewise, CFI has a negative and significant effect on sales growth ($\beta=-0.1698$, $p<0.0059$) and has empirical support. Then, CFO has a positive and significant effect on sales growth ($\beta=0.2295$, $p<0.0037$) and gets empirical support. Furthermore, CFF has a positive and significant effect on sales growth ($\beta=0.1509$, $p<0.0447$) and gets empirical support. And, inflation has a positive and significant effect on sales growth ($\beta=0.0169$, $p<0.0266$) gets empirical support. Also, firm size has a negative and significant effect on sales growth ($\beta=-0.0575$, $p<0.0418$) and has empirical support.

Final expansion stage: dividends have a negative and significant effect on sales growth ($\beta=-0.0823$, $p<0.0242$) because the p-value is smaller than 0.05, so it gets empirical support. Furthermore, retained earnings have a negative and significant effect on sales growth ($\beta=0.0753$, $p<0.0306$) and have empirical support. Next, financial leverage has a positive and significant effect on sales growth ($\beta=0.4193$, $p<0.0322$) and gets empirical support. Then, profitability has a positive and significant effect on sales growth ($\beta=0.0322$, $p<0.0225$) and gets empirical support. Also, risk has a positive and significant effect on sales growth ($\beta=0.2166$, $p<0.0035$) and gets empirical support. Likewise, CFI has a negative and significant effect on sales growth ($\beta=-0.0475$, $p<0.0070$) and gets empirical support. Then, CFO has a positive and significant effect on sales growth ($\beta=0.0372$, $p<0.0015$) and gets empirical support. After that, CFF's positive and significant effect on sales growth ($\beta=0.0254$, $p<0.0075$) got empirical support. And, inflation has a positive and significant effect on sales growth ($\beta=0.0315$, $p<0.0000$) gets empirical support.

Also, firm size has a positive and significant effect on sales growth ($\beta=0.0153$, $p<0.0156$) and has empirical support. Mature stage: dividends have a positive and significant effect on sales growth ($\beta=0.1014$, $p<0.0068$ because the p-value is smaller than 0.05 to get empirical support. Then, with empirical support, retained earnings have a positive and significant effect on sales growth ($\beta=0.0573$, $p<0.0027$). Furthermore, financial leverage had a positive and significant effect on sales growth ($\beta=0.4970$, $p<0.0260$) received empirical support. Next, profitability had a positive and significant effect on sales growth ($\beta=0.0168$, $p<0.0208$) received support; similarly, risk has a negative and significant effect on sales growth ($\beta=-0.1561$, $p<0.0035$) has empirical support. Together, CFI has a negative and significant effect on sales growth ($\beta=-0.1234$, $p<0.0022$). Then, CFO has a positive and significant effect on sales growth ($\beta=0.2320$, $p<0.0036$) gets empirical support. Thus, CFF has a negative and significant effect on sales growth ($\beta=-0.3319$, $p<0.0078$) and has

empirical support. And, inflation has a positive and significant effect on sales growth ($\beta=0.0277$, $p<0.0187$) gets empirical support. Also, firm size has a positive and significant effect on sales growth ($\beta=0.0405$, $p<0.0011$) and has empirical support.

Decline stage: dividends have a positive and significant effect on sales growth ($\beta=0.0337$, $p<0.0263$ because the p-value is smaller than 0.05, so it gets empirical support. Next, retained earnings have a negative and significant effect on sales growth ($\beta=-0.5504$, $p<0.0077$) got empirical support. Then, financial leverage had a negative and significant effect on sales growth ($\beta=-0.2867$, $p<0.0030$) got empirical support. Furthermore, with the empirical backing, profitability had a negative and significant effect on sales growth ($\beta=-0.2336$, $p<0.0506$). Likewise, with the empirical backing, risk has a positive and significant effect on sales growth ($\beta=-0.1026$, $p<0.0096$). Together, CFI has a positive and significant effect on sales growth ($\beta=0.0164$, $p<0.0024$) empirical support. Then, CFO has a negative and significant effect on sales growth ($\beta=-0.0860$, $p<0.0031$) gets practical support. Set, Therefore, CFF has a negative and significant effect on sales growth ($\beta=-0.0700$, $p<0.0037$) and has empirical support. And, inflation has a negative and significant effect on sales growth ($\beta=-0.0497$, $p<0.0020$) and gets empirical support. Also, firm size has a positive and significant impact on sales growth ($\beta=0.0759$, $p<0.0042$) and has practical support.

Table 4. Estimated financial performance in the company life cycle

Variable	Initial expansion		Final expansion		Mature		Decline	
	Random Effects Model		Fixed Effects Model		Fixed Effects Model		Random Effects Model	
	Coefficient	Prob.	Coefficient	Prob.	Coefficient	Prob.	Coefficient	Prob.
Constant	0.860605	0.0068	0.0551	0.0474	0.4522	0.0012	1.5316	0.0268
Dividend	-0.3123***	0.0230	-0.0823***	0.0242	0.1014***	0.0068	0.0337***	0.0263
Retained earnings	-0.2790***	0.0106	-0.0753***	0.0306	0.0573***	0.0027	-0.5504***	0.0077
Financial leverage	0.1509**	0.0445	0.4193***	0.0322	0.4970***	0.0260	-0.2867***	0.0030
Profitability	0.2721***	0.0060	0.0322***	0.0225	0.0168***	0.0208	-0.2336**	0.0506
Risk	0.1222**	0.0495	0.2166***	0.0035	-0.1561***	0.0152	0.1026***	0.0096
Cash flows from investment (CFI)	-0.1698***	0.0059	-0.0475***	0.0070	-0.1234***	0.0022	0.0164***	0.0024
Cash flows from operations (CFO)	0.2295***	0.0037	0.0372***	0.0015	0.2320***	0.0036	-0.0860***	0.0031
Cash flows from financial (CFF)	0.1509**	0.0447	0.0254***	0.0075	-0.3319***	0.0078	-0.0700***	0.0037
Inflation	0.0169***	0.0266	0.0315***	0.0000	0.0277***	0.0187	-0.0497***	0.0020

Variable	Initial expansion		Final expansion		Mature		Decline	
	Random Effects Model		Fixed Effects Model		Fixed Effects Model		Random Effects Model	
	Coefficient	Prob.	Coefficient	Prob.	Coefficient	Prob.	Coefficient	Prob.
Firm size	-0.0575**	0.0418	0.0153***	0.0156	0.0405***	0.0011	0.0759***	0.0042
Adjusted R-squared								
F-ratio								
Hausman test (p-value)	0.4523 0.0312		0.4663 0.0165		0.5222 0.0432		0.4798 0.0336	
Histogram normality test	0.8394 0.7655 2.3987		0.0045 0.7889 2.0335		0.0032 0.8887 3.0316		0.6274 0.7734 2.8132	
Durbin-Watson stat	115		185		105		110	
Number								

Note: *** = significant at $\alpha = 0.01$ (highly significant); ** = significant at $\alpha = 0.05$ (significant); * = significant at $\alpha = 0.10$ (weakly significant).

4. DISCUSSION

Early expansion stage: Dividend payment behavior is still low in the early expansion stage. This is because companies in the growth and profit categories are starting to move, so dividend payments tend to be low. This finding is in line with reports (Kaur, 2019; Pai et al., 2014) that dividend payments tend to be low at the growth stage. When dividend payments are low, retained earnings at this stage certainly tend to be low as well. Of course, the company prioritizes growth by reallocating profits. Generate low retained earnings. This is in sync with the concept proposed by (Deangelo & Deangelo, 2006, 2010; Kaur, 2019), which states that at the initial expansion stage or early growth, dividend payments are low, and retained earnings tend to be low as well. Companies are starting to look to support growth, and the number is still low. The company looks at it because internal sources of income are unreliable and have low profits – meanwhile, the need for funds to support the company's investment needs. High investment needs as a consequence of rapid growth and market expansion have demanded that the company's management allocate the profits earned and take advantage of debt because internal funding is not sufficient. This is in accordance with research (Hyatt et al., 2018) that at the growth stage, companies tend to require small amounts of debt or leverage to support company growth because profits are still relatively small.

Profitability contribution can drive growth. This supports the hypothesis proposed by (Kaur 2019). Therefore, it is no exaggeration to say that profitability is a symbol of the face of company growth. Sure, investors have confidence that the company will move up a class and finance productive investments in the following phases. Then, investors are increasingly confident that the company will finance the large investments that the company will make. Equally interesting, this study found that risk is related to growth. Because the company tends to be new in operation so that the company's performance is still not optimal; on the other hand, at this stage, capital expenditure tends to be high

(Canace et al., 2018). Therefore. If there are investors interested in investing and are interested in getting the opportunity to invest by taking the existing risks. However, some investors are interested in investing in the early expansion stage because of the characteristics of the company's shares that grow (growth stock) and provide high returns.

The condition of Cash flows from investment (CFI) is negatively related to growth or $CFI < 0$. This is because management seems optimistic, so they encourage companies to make initial investments or additional investments. The goal is to strengthen the company's competitive advantage and try to block the entry of potential competitors into the market as a result ($CFI < 0$). This empirical fact is in line with what was reported by (Bravo 2019; Shahzad, Lu, & Fareed, 2019) that $CFI < 0$ is indicated by additional investment in the hope that the company has a competitive advantage can drive out competitors. Then, Cash flows from operations (CFO) is positively related to growth or $CFO > 0$. This empirical fact supports the hypothesis of (Bravo 2019a; Kaur 2019; Shahzad et al., 2019), reporting that the growth stage, operating activities generate positive cash flows. In the early expansion stage, uncertainty about future growth potential tends to decrease, and operational activities generate positive cash flows. As it grows, the complexity of operations tends to increase. For example, the company introduces new products and diversifies. In addition, a growing company may have difficulty keeping up with the rhythm of an internal control system effectively. It tends to take more time to establish a new procedure. Thus, growing companies may be more susceptible to unintentional and intentional mismanagement or misstatements in their operating performance. Then, Cash flows from financial (CFF) are positively related to growth or $CFF > 0$. Long before, the pecking order theory predicted that initially, the company would seek external funding in debt if internal funding was not sufficiently followed later by the issuance of equity (Myers & Majluf, 1984). In the growth stage, debt needs for growing interests are similar to the introduction stage. Of course, the company's leverage began to be high and the company's commitment to maintaining liquidity. In fact (Bravo, 2019b; Shahzad et al., 2019) stated that the source of funding from profits was not sufficient to finance investment, so that companies began to dare to borrow in small amounts so that capital inflows exceeded debt payments ($CFF > 0$). A recent study (Shahzad et al., 2019) states that as the company grows, it expects the cash flow of funding to be positive ($CFF > 0$).

By observing the empirical results, it is stated that inflation expresses a significant positive relationship with growth – ideally, real growth after deducting inflation. There are indications that the company tends to delay dividend payments to shareholders and debt payments to creditors at this stage. The reason is that companies find it difficult to access credit from banks and other financial institutions due to rising interest rates. Of course, inflation has a hand in controlling sales growth. Similarly, the relationship between firm size and growth shows a significant negative result. Even though the company has a small company size, it can encourage growth. So, the role of company size has a role in controlling the level of sales growth. (Tavassoli, 2015) postulates that newly-growing companies tend to have small assets and small profits.

Final expansion stage: Dividend payment behavior is still small. The dividend payout behavior is similar to the early expansion stage. Of course, profits still tend to be reinvested to encourage growth. Even though retained earnings are still low, the reverse can encourage growth. The reason is that the retained earnings are low because the company is concentrating on growing and developing.

Furthermore, the company dares to add debt according to the investment needs to encourage growth at this stage. This courage is based on the fact that profits tend to increase. Likewise, profitability has a significant contribution in driving growth. This means that profitability at this stage is quite high compared to the initial expansion and decline phases; namely, the average profitability is 0.26. This shows that high growth is due to its ability to finance part of its investment with profit.

The results of the analysis found that risk (beta correction) can encourage growth. This is because, at this stage, the company is entering the final expansion period. It seems that the company is making a high amount of capital expenditure to maintain market share and maintain its positioning in the market (Canace et al., 2018; Habib & Hasan, 2017) in the hope that the company will avoid risks. Market. Of course, the risk is closely related to growth investing. Management believes that when there is an investment opportunity, of course, the risk is inevitable, and the potential for getting a return tends to be high. This is in line with the teachings of the trade-off theory, which states that the acquisition of large returns is due to the tendency of management to like the existing risks. On the other hand, management who does not like risk tends to get a low return. The characteristics of stocks that exist at this stage are growth stocks that provide high returns.

The behavior of CFI in the late expansion stage is similar to the behavior of CFI in the early expansion stage. We found that CFI was negatively related to growth or $CFI < 0$. This result implies that the company is growing in the market. Of course, management is trying to strengthen the durability or barrier and attractiveness of the market. The trick is to innovate by taking advantage of opportunities that are not seen by competitors and offering unique products sought after by the market. This condition encourages companies to increase investment so that CFI behavior becomes $CFI < 0$. Therefore, this finding is consistent with previous research (Bravo, 2019; Castro et al., 2016) that at the growth stage, CFI behavior will display $CFI < 0$ because the company is increasing investment with the orientation of strengthening the market resilience and attractiveness. Furthermore, we find that CFO is positively related to growth or $CFO > 0$. This finding shows that the uncertainty is decreasing, and the profit potential is getting higher so that the company produces a positive CFO or $CFO > 0$. This finding is consistent with previous research. For example, (Blomkvist et al., 2021; Bravo, 2019; Kaur, 2019) that operational activity generates positive cash flows at the growth stage. Likewise, CFF has a positive relationship with growth or $CFF > 0$. This finding means that the need for debt for interests grows similar to the initial expansion and introduction stages. Thus, leverage tends to be high because the profit earned is not sufficient to finance productive investments. Therefore, the pecking order theory predicts that when internal funding is not sufficient, the company dares to borrow, assuming that liquidity is maintained. If it is not sufficient, the company is forced to issue shares (Myers & Majluf, 1984). This finding confirms previous research from (Choi et al., 2016; Shahzad et al., 2019), which states that as the company grows, it expects funding cash flow to be positive ($CFF > 0$).

This study finds that inflation has a significant positive relationship with final growth. That is the real growth of the company after deducting inflation. Of course, high inflation has high-interest rates and results in difficulties in obtaining additional debt so that it will have an impact on growth. Even though the cost of debt funds is high and the benefits of using debt are greater than the cost, the company will add debt to encourage growth. This is in line with the argument mentioned in the trade-off theory that additional debt is possible if the benefits of using debt are more significant than the cost of debt funds.

Thus, inflation can play a role in controlling sales growth. Then, the relationship between firm size and final growth shows a significant positive result. That is, the behavior of firm size at this stage is large enough to encourage growth and is different from the initial expansion and introduction stages. Castro et al. (2016b) have a different view that firm growth is not related to firm size. Perhaps, a small company may grow at the same or faster rate than a large company. Therefore, the size of the company can be stated that it is able to control the level of sales growth.

Mature stage: The behavior of paying dividends is quite high at the mature stage. The company's profit is high, so that the company has sufficient funds to pay dividends. Of course, the desire to prosper shareholders in the form of dividends. This finding confirms previous research (Al-Hadi, Chatterjee, Yaftian, Taylor, & Monzur Hasan, 2019) in the mature stage of low retained earnings due to high dividend payments. The tendency to buy long-term assets (capital expenditure) tends to be high. The company can repurchase the company's shares in the market (buyback shares) which is another alternative in using excess Cash (excess Cash). Because the company can pay high dividends, we believe that the stocks at this stage are income stocks, blue chips, and defensive stocks. At this stage, the company is required to continue to survive and maintain its competitiveness and attractiveness. This is because the number of existing competitors has increased, and management must start planning to find alternatives or other innovations. (O'Connor & Byrne, 2015) stated that at the mature stage, dividend payments tend to be high. When dividend payments are high, retained earnings at this stage certainly tend to be low because the management orientation is to prosper the shareholders and build a positive image in the market's eyes.

Leverage behavior at the mature stage tends to be high in encouraging growth. The company dares to increase debt because the company has the ability to create a large enough profit. If the company is declared bankrupt, the debt holders have significant assets that can be used as collateral at any time. Therefore, the company has hope in the future and has a radiant face on financial performance at the mature stage. the good one. This means that the company can manage debt correctly and with quality so as not to cause financial risk. This finding is consistent with the hypothesis (Ahsan et al., 2016; Zhou et al., 2016) that the mature stage of financial leverage is high because the company has high profits and large total assets. Then, changes and leverage targets at a low speed because profitability influences them (Castro et al., 2016a).

Furthermore, profitability behavior is higher than the early expansion, late expansion, and introduction stages. We find that during the mature phase, profitability is high. This shows that high sales can generate high profits. Ideally, this is the longest stage compared to the introduction, early expansion, and late expansion phases. Because at this stage, market needs can be met so that profits are high. Of course, the company has carried out market sensing and innovation to meet customer needs. (Zhou et al., 2016) postulate that at the mature stage, profitability is high because the company can meet market needs.

Risk has a negative and significant effect on growth. This shows that at the mature stage, the risk tends to be low, thus encouraging growth. Apart from owning valuable stocks and blue chips, there are also defensive stocks because the characteristics of income stock, blue chips, and defensive stock have a low level of risk or have a beta value = (half). Meanwhile, empirical facts find that the average risk is 0.2510 or 25.10% or below half. That is, this type of stock fluctuates half of the market fluctuation. In addition to having income

stock, blue chips, and defensive stock characteristics, there are indications that corporate governance tends to be good so that risk is low and provides high returns.

On the other hand, if the company is not managed correctly and with quality, it can face big risks. Because the risk behavior of each stage is different, this is reinforced by the argument from (Al-Hadi et al., 2016) that market risk disclosure varies for different stages of the company's life cycle.

The behavior of CFI at the mature stage has similarities with the initial expansion stage, late expansion, and introduction, namely CFI is smaller than zero or negative. We find that CFI is negatively related to growth. Even though the growth potential tends to be small, companies should be vigilant and develop an excellent strategy to continue the market. Because there is a tendency for sales growth to decline, which is indicated by the maturity of distribution while the company has not been able to find new distribution channels, management is reluctant to increase investment. And changes in economic conditions become sensitive to sales and market segmentation. Therefore, companies tend to focus on maintaining the market to extend the life cycle of a product. So it is reasonable for the company to reduce investment. This finding is consistent with previous research (Blomkvist et al., 2021; Bravo, 2019; Shahzad et al., 2019) that CFI behavior shows less than zero or negative ($CFI < 0$).

CFO behavior is positive ($CFO > 0$). This means that CFO can encourage growth. In addition to the reduced uncertainty factor, potential consumers are still in the market. Potential consumers have tried the company's new products so that the potential for generating profits is high. Therefore, the company has $CFO > 0$. This finding is consistent with previous research (Blomkvist et al., 2021; Kaur, 2019) that at the mature stage, CFO behavior is positive. Then, we also found that the CFF at the mature stage was negative ($CFF < 0$). There is an impression that mature companies have run out of productive investments (positive net present value investments). This means that investment opportunities are not as large as when the company is still in the initial and final expansion stages. Therefore, we state that at the mature stage, investment opportunities begin to decrease. Lacking this opportunity, the company starts paying debts and distributing Cash to shareholders or repurchasing shares resulting in negative funding cash flow ($CFF < 0$). And as a result, the company makes additional loans, and the company is unwilling to make value-destroying investments. This finding supports the proposition put forward by (Blomkvist et al., 2021; Bravo, 2019; Kaur, 2019) that CFF behavior is negative ($CFF < 0$).

The effect of inflation is positive and equals the initial and late expansion stages.

Of course, the company's real growth after deducting inflation. Although investment opportunities tend to decrease and profits can still be relied on as a source of funding, the opportunity to increase debt is possible with the assumption that liquidity is maintained. As long as the use of debt provides benefits that are greater than the cost of funds, it is required for the company to increase debt. This is following the trade-off theory. Therefore, it can be stated that inflation has a role in controlling growth. Then, the behavior of the company size at this stage is large enough to encourage growth and is different from the initial expansion stage, late expansion stage, and introduction. That is, sales growth requires assets, and assets require financing. When the company has a large company size, it can be used as collateral at any time to get additional funds. This finding supports the hypothesis (Panda 2015) that company size has a role in driving sales growth. Therefore, the size of the company can act as a control in driving sales growth.

Decline stage: The company no longer has competitive power in the market because the number of competitors is very large. And apparently, sales are starting to decline, followed by the rate of return on investment has dropped dramatically. However, at this stage, we find that the dividend payout is quite high. This is because the dominance of the financial principle at this stage is the dividend principle. This means that the company has an abundant amount of excess Cash, so it is an excellent time to prosper shareholders in the form of cash dividends (Cash). Buying back shares in the market is a very feasible alternative. This finding is consistent with previous research (Banyi & Kahle, 2014; Kaur, 2019) that at the decline stage, dividend payments are high. And the need for funds to maintain fixed assets tends to be low (capital expenditure). The high dividend payout has an impact on the decrease in retained earnings. This is similar (Hsu, 2018) in that the behavior of retained earnings at the decline stage is different from the mature stage.

The results of the analysis show that the leverage behavior is negative. That is, companies refrain from increasing debt or reducing debt related to growth. Because the symptoms of a decline in sales began to appear, we suspect that it is caused by several factors such as technological changes and the inability to sense market needs so that potential consumers find very new, qualified. Innovative substitutes and have an impact on taste. This result contradicts research (Ahsan et al., 2016) that it can increase debt assuming assets as collateral at the decline stage. As sales began to shift in a downward direction, profits also decreased. Of course, profitability at the decline stage is different from the mature stage, late expansion, and early expansion. It is postulated by (Zhou et al., 2016), which states that U-shaped profitability is inverted in each stage of a firm's life.

Risk behavior at this stage tends to be high. The company experienced profitability pressures because the selling price in the market fell so that the volume of demand decreased. As a result, the contribution of profitability to sales growth is low. In addition, consumer preferences are starting to change because companies can no longer find new features that attract consumers, so that it has the potential to pressure profitability. Therefore, if the profitability pressure is high, it can be ascertained that the risk is high. Of course, the characteristics of stocks at this stage are aggressive stocks, namely stocks that have a high-risk beta. It is reasonable if it is stated that the older the company, the higher the risk faced by the company (Al-Hadi et al., 2016).

CFI behavior at this stage shows a positive CFI ($CFI > 0$). This indicates that the company is liquidating assets to pay off existing debts and support operational activities to generate positive cash flows from investments. This result is in line with previous research (Blomkvist et al., 2021; Habib et al., 2018) that CFI behavior in the decline stage is positive ($CFI > 0$). Furthermore, we find that the CFO's behavior at the decline stage is negative. Because the company is experiencing price pressures in the market and has an impact on decreasing sales growth and decreasing profits, operating cash flow decreases or is negative. Several previous researchers about the behavior of CFO decline stage. For example, (Bravo 2019; Shahzad et al., 2019) postulate that CFO behavior is negative ($CFO < 0$). Then, the behavior of CFF at the decline stage is negative. Market pressures that cannot be predicted in advance (ex-ante) can decrease profit and impact a decrease in financing cash flow or $CFF < 0$. Since pressure is unpredictable, the company should ideally make a reversal to encourage sales growth. It is possible that the company made a productive investment selection. Of course, by targeting loyal and profitable consumers and offering products that are unique, have new benefits, and are sought after by consumers so that sales growth will increase and generate profits. Therefore, profit as a source of internal funding becomes

strong again and generates positive financing cash flow ($CFF > 0$). This finding indicates a void in the literature related to financing cash flows at this stage where previously it was not based on assumptions and predictions of direction (ex-ante). Thus it can be concluded that the behavior of CFF at the decline stage is $CFF > 0$ or $CFF < 0$. This finding strengthens the previous hypothesis (Blomkvist et al., 2021; Habib et al., 2018; Kaur, 2019) that CFF behavior at the decline stage is $CFF > 0$ or $CFF < 0$. In fact, (Dickinson 2011) believes that the behavior of $CFF > 0$ or $CFF < 0$ considers both equally valid.

The effect of inflation is negative and is not the same as the initial expansion stage, the late expansion. Of course, the company's real growth after deducting inflation. Due to declining sales growth and the high cost of funds, the company is reluctant to take on additional debt. This finding contradicts the postulate of the trade-off theory. Therefore, inflation has a role in controlling sales growth. We found that company size at this stage can control sales growth. Perhaps, the company's size can be used as a guarantee to get a stimulus from external funds to encourage sales growth again.

5. CONCLUSIONS AND SUGGESTIONS

Conclusion

The central issue of this research is to investigate the behavior of financial performance in the company's life cycle. In the early expansion stage, dividend behavior is negative, and retained earnings behavior is negative, financial leverage behavior is negative, profitability behavior is positive, attribute risk behavior is positive, CFI behavior is negative, CFO behavior is positive, CFF is signaled. Positive, inflation in a positive direction, and company size in a negative direction. Furthermore, in the final expansion stage, dividend behavior with negative signals retained earnings behavior with negative signals, financial leverage behavior with positive signs, profitability behavior with positive attributes, risk behavior with positive signals, CFI behavior with negative signals, and CFO behavior with positive signals. CFF behavior with a positive signal, inflation with a positive coefficient, and firm size with a positive coefficient. Then, at the mature stage, dividend behavior with positive coefficients retained earnings behavior with positive signals, financial leverage behavior with positive attributes, profitability behavior with positive directions, risk behavior with negative coefficients, CFI behavior with negative signals, CFO behavior with positive characteristics, CFF behavior with a negative sign, inflation with a positive direction and firm size with a positive direction. Likewise, at the decline stage, dividend behavior with positive characteristics retained earnings behavior with negative signals, financial leverage behavior with positive signs, profitability behavior with positive signals, a risk with negative attributes, CFI with positive signals, CFO with negative signals, CFF with negative signals. Negative, inflation in a negative direction and firm size in a positive direction.

Research Suggestions and Limitations

This research is only limited to mapping the behavior of financial performance in the early expansion, final expansion, mature, and decline stages. It will be more interesting if it is explored with the shake-out stage. In the shake-out stage, financial performance varies, especially the behavior of CFI, CFO, and CFF. Furthermore, the measurement of the company's life stage still follows the criteria established by Habib et al. (2019) through the level of sales growth, and we believe that this pattern is still feasible to use. Therefore, we suggest that it is possible to determine the company's life stage utilizing its age (Choi et al., 2016) and use the IPO (Irawan, 2018).

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