

A Dynamic Financial Orchestration Framework for Startups Integrating Capital Structure Theories

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Abstract

This paper examines how startups manage their financing decisions over time by moving beyond traditional static views of capital structure. Existing theories, particularly the pecking order and trade-off frameworks, explain financing choices under specific conditions but offer limited insight into the dynamic nature of startup financing. In practice, startups raise funds in multiple stages, from diverse sources, and under evolving conditions of uncertainty and information asymmetry.

To address this gap, the study develops a conceptual framework that views startup financing as a continuous process rather than a one-time decision. The paper introduces the concept of Financial Orchestration Capability (FOC), defined as the ability of a startup to manage the sequencing, structuring, and timing of financial resources in alignment with its stage of development. The framework integrates capital structure theories with a lifecycle perspective to explain how financing behavior evolves from reliance on internal and informal sources in early stages to more structured and formal financing in later stages.

The study contributes to the literature in three ways. First, it reconceptualizes capital structure as a dynamic process rather than a static outcome. Second, it introduces Financial Orchestration Capability as a key mechanism explaining differences in financing strategies across startups. Third, it develops a set of testable propositions linking startup conditions, financing capability, and firm outcomes. The framework provides a foundation for future empirical research and offers practical insights for founders and policymakers seeking to improve financing decisions in entrepreneurial ventures.

Keywords: Startup financing, capital structure, financial orchestration, lifecycle, pecking order theory

1. Introduction

Capital structure has long occupied a central position in corporate finance research, with foundational theories such as the trade-off theory and pecking order theory offering competing yet complementary explanations of how firms determine their financing mix. The seminal work of Modigliani and Miller (1958) established the irrelevance proposition under ideal market conditions, subsequently giving rise to more realistic frameworks incorporating taxes, bankruptcy costs, and information asymmetries. Within this evolution, the trade-off theory posits that firms optimize their capital structures by balancing the tax advantages of debt against the costs of financial distress (Kraus & Litzenberger, 1973), whereas the pecking order theory suggests that firms follow a financing hierarchy driven by information asymmetry,

preferring internal funds over external debt and equity (Myers & Majluf, 1984; Myers, 1984).

While these theories have been extensively validated in the context of established firms, their applicability to startups remains limited and contested. Startups operate under conditions of extreme uncertainty, resource constraints, and significant information asymmetry, often lacking tangible assets, stable cash flows, and credit histories (Berger & Udell, 1998; Carpenter & Petersen, 2002). Consequently, their financing behavior deviates substantially from the assumptions underlying traditional capital structure models. Empirical evidence suggests that early-stage ventures rely heavily on internal financing, informal investors, and staged external equity rather than debt instruments, particularly in their formative years (Robb & Robinson, 2014).

More importantly, existing literature tends to treat capital structure as a static or equilibrium outcome, implicitly assuming that firms converge toward an optimal or preferred financing mix. This perspective is increasingly inadequate in the context of startups, where financing decisions are not singular or isolated choices but unfold as a dynamic sequence of interdependent actions over time. Startups continuously adapt their financing strategies in response to evolving internal capabilities, market conditions, and investor expectations. As such, their capital structure is better understood as an emergent outcome of ongoing financial decision-making processes, rather than a fixed target.

Recent developments in entrepreneurship and strategic management literature emphasize the importance of resource orchestration the managerial ability to structure, bundle, and leverage resources to create value (Sirmon, Hitt, & Ireland, 2007). However, the application of this perspective to financial resources remains underdeveloped. In particular, there is a lack of integrative frameworks that explain how startups sequence, combine, and reconfigure multiple financing sources across different stages of their lifecycle, while simultaneously navigating the constraints highlighted by capital structure theories.

This research addresses this gap by introducing the concept of Financial Orchestration Capability (FOC) and proposing a dynamic financial orchestration framework for startups. Rather than viewing capital structure as a static choice between debt and equity, we conceptualize it as a dynamic orchestration process, wherein startups actively manage the timing, structure, and sequencing of financial resources in response to changing conditions. In doing so, we integrate insights from the pecking order theory, trade-off theory, and lifecycle perspectives to develop a unified conceptual model that captures the temporal and strategic dimensions of startup financing.

The contributions of this study are threefold. First, it extends capital structure theory by shifting the focus from static optimization to dynamic orchestration, thereby offering a more realistic representation of startup financing behavior. Second, it introduces

Financial Orchestration Capability as a novel construct that explains heterogeneity in financing outcomes across startups. Third, it develops a set of testable propositions linking startup characteristics, orchestration mechanisms, and financing outcomes, thereby providing a foundation for future empirical research.

By reconceptualizing startup financing through a dynamic and capability-based lens, this paper seeks to bridge the gap between traditional corporate finance theories and the realities of entrepreneurial ventures operating under uncertainty.

2. Theoretical Background

2.1 Capital Structure Theories

The study of capital structure has been fundamentally shaped by the irrelevance proposition advanced by Modigliani and Miller, which demonstrated that, under perfect market conditions, firm value is independent of financing choices (Modigliani & Miller, 1958). Subsequent research relaxed these assumptions to account for real-world frictions, leading to the development of normative and behavioral theories explaining firms' financing decisions.

The trade-off theory emerged as a central framework, positing that firms determine an optimal capital structure by balancing the tax benefits of debt against the expected costs of financial distress (Kraus & Litzenberger, 1973). Within this perspective, firms are assumed to move toward a target leverage ratio that maximizes firm value, adjusting their financing decisions as conditions change. Empirical studies provide partial support for this theory, particularly among mature firms with stable cash flows and access to credit markets (Frank & Goyal, 2009).

The pecking order theory, developed by Stewart C. Myers and Nicholas Majluf, rejects the notion of an optimal capital structure and instead emphasizes the role of information asymmetry in shaping financing choices (Myers & Majluf, 1984; Myers, 1984). According to this theory, firms prefer internal financing, followed by debt, and resort to equity only as a last option due to adverse selection costs. Unlike the trade-off theory, the pecking order

framework implies that observed capital structures are the cumulative result of past financing decisions rather than deliberate optimization.

Beyond these dominant perspectives, the market timing theory suggests that firms exploit temporal variations in market conditions to issue equity when valuations are high and repurchase or rely on debt when valuations are low (Baker & Wurgler, 2002). This introduces a temporal dimension to financing decisions, highlighting that capital structure may reflect historical timing decisions rather than equilibrium outcomes. While each of these theories provides valuable insights, they are primarily developed in the context of established firms operating under relatively stable conditions. As such, they offer limited explanatory power when applied independently to startups, which face distinct constraints and exhibit markedly different financing behaviors.

2.2 Startup Financing and Lifecycle Perspectives

Startups differ from established firms along several critical dimensions, including uncertainty, asset structure, and access to external finance. Early-stage ventures typically lack tangible assets that can serve as collateral, possess limited operating histories, and face significant information asymmetries vis-à-vis external investors (Berger & Udell, 1998). These characteristics restrict their access to traditional debt financing and increase their reliance on alternative funding sources.

Empirical research indicates that startup financing follows a lifecycle pattern, where different sources of capital become accessible at different stages of development. In the initial stages, founders rely predominantly on personal savings, family, and friends, followed by angel investors and seed funding. As ventures grow and reduce uncertainty, they gain access to venture capital, private equity, and, eventually, more formal debt instruments (Carpenter & Petersen, 2002; Robb & Robinson, 2014). This staged financing process aligns partially with the pecking order theory in early phases, where internal and informal financing dominate due to high information asymmetry. However, as firms mature, elements of trade-off theory become more relevant, particularly as startups begin to consider cost of

capital, risk diversification, and financial structuring decisions. Importantly, this evolution suggests that no single theory adequately captures startup financing behavior across all stages.

Furthermore, the presence of specialized intermediaries such as venture capitalists introduces additional dynamics not accounted for in traditional capital structure models. Venture capital financing is not merely a source of funds but also a mechanism for certification, monitoring, and strategic guidance, thereby influencing subsequent financing opportunities and firm growth trajectories (Gompers & Lerner, 2001).

2.3 Resource Orchestration and Financial Resources

To address the limitations of static capital structure theories, recent advances in strategic management emphasize the role of managerial agency in structuring and deploying resources. The concept of resource orchestration, articulated by David G. Sirmon, Michael A. Hitt, and R. Duane Ireland, extends the resource-based view by focusing on how managers actively structure, bundle, and leverage resources to create value (Sirmon et al., 2007). Resource orchestration theory shifts the analytical focus from resource possession to resource deployment and configuration over time, emphasizing that value creation depends not only on what resources a firm has, but on how effectively those resources are managed. This perspective is particularly relevant in dynamic and uncertain environments, such as startups, where resource constraints necessitate continuous adaptation and reconfiguration.

Existing applications of resource orchestration have largely focused on operational, technological, and human resources, with limited attention to financial resources as objects of orchestration. Financial capital is often treated as an input rather than a strategically managed resource, overlooking the complexity involved in combining different financing instruments, timing capital acquisition, and signaling quality to external stakeholders. Integrating resource orchestration with capital structure theories offers a promising avenue for advancing our understanding of startup financing.

Specifically, it enables the conceptualization of financing decisions as intentional, dynamic processes rather than passive responses to constraints. This perspective highlights the role of managerial capability in navigating financing options, aligning funding strategies with lifecycle needs, and shaping capital structure outcomes over time.

2.4 Toward a Dynamic Financial Orchestration Perspective

The preceding discussion reveals a critical gap in the literature. Capital structure theories provide valuable but largely static and partial explanations, while lifecycle and entrepreneurship research highlight the temporal and contextual nature of startup financing without offering a unifying theoretical framework. Resource orchestration theory, in turn, introduces a dynamic and managerial perspective but has not been fully extended to financial decision-making.

This fragmentation underscores the need for an integrative approach that captures:

- the influence of information asymmetry and financing hierarchy (pecking order theory),
- the role of optimization and risk considerations (trade-off theory),
- the importance of timing and market conditions (market timing theory), and
- the dynamic, capability-driven nature of resource management (resource orchestration).

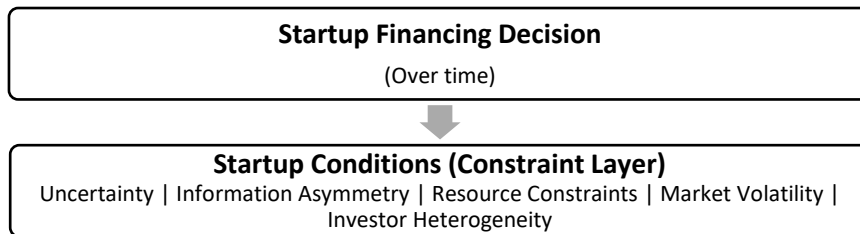
This study builds on these theoretical foundations to propose a dynamic financial orchestration framework, wherein startup financing is conceptualized as an evolving process shaped by both structural constraints and managerial capabilities. Central to this framework is the notion that startups do not merely select financing options

but actively orchestrate financial resources across stages, thereby transforming capital structure from a static outcome into a dynamic strategic process.

3. Conceptual Framework: A Dynamic Financial Orchestration Model for Startups

3.1 Framing the Problem

Traditional capital structure theories conceptualize financing decisions as relatively stable outcomes reflecting firm preferences or equilibrium conditions. The irrelevance proposition developed by Franco Modigliani and Merton Miller, and subsequent developments in the trade-off and pecking order frameworks, largely assume that firms move toward a target capital structure or follow a predictable financing hierarchy (Modigliani & Miller, 1958; Myers, 1984; Myers & Majluf, 1984). However, this perspective does not adequately capture the reality of startup financing, which unfolds over multiple stages and involves repeated interactions with diverse funding sources. Prior research on small firm finance shows that firms follow a financial growth cycle, where different sources of capital become available at different stages of development (Berger & Udell, 1998). Empirical evidence further indicates that new ventures rely on a sequence of financing decisions rather than a single optimal choice, with funding evolving as firms grow and reduce uncertainty (Cassar, 2004; Robb & Robinson, 2014). These financing decisions are shaped by changing conditions, including uncertainty, resource requirements, and investor expectations. As a result, capital structure in startups is better understood as an evolving process rather than a fixed target. Consistent with this view, this paper adopts a process-oriented perspective and argues that startup financing should be examined through a dynamic lens that accounts for how financing decisions are made and adjusted over time.



(Fig. no.1)

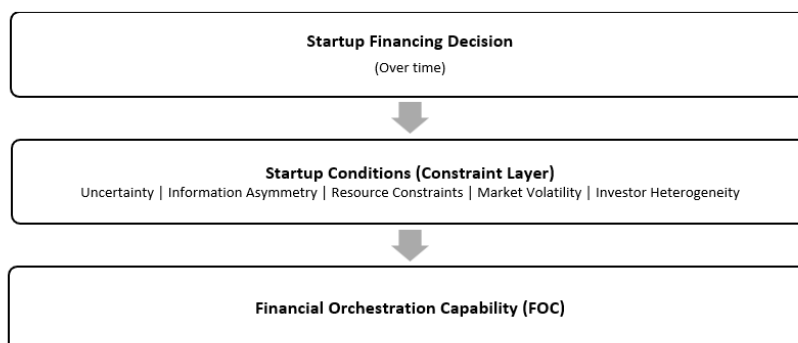
3.2 Financial Orchestration Capability

To explain how startups manage their financing processes, this study introduces the concept of Financial Orchestration Capability (FOC), defined as the ability of a startup to manage and adapt its financing decisions over time in alignment with its developmental needs. This perspective builds on the broader notion of resource orchestration, which emphasizes how firms structure, bundle, and leverage resources to create value rather than merely possessing them (Sirmon, Hitt, & Ireland, 2007; Sirmon et al., 2011). It is also consistent with the dynamic capabilities view, which highlights the role of managerial actions in integrating and reconfiguring resources in changing environments (Teece, Pisano, & Shuen, 1997; Teece, 2007).

Unlike traditional approaches that focus primarily on access to capital, research in entrepreneurial finance suggests that founders play an active role in shaping financing outcomes through their decisions, networks, and strategic interactions with investors (Gompers & Lerner, 2001; Cumming, 2012). In this context, financial decision-making is not purely

constrained by market conditions but is influenced by how entrepreneurs engage with financing opportunities. Financial orchestration is reflected in the ability to sequence funding sources appropriately, structure financing arrangements effectively, and time entry into capital markets. These aspects are consistent with prior work showing that financing decisions involve not only selection among alternatives but also strategic timing and signaling to external investors (Baker & Wurgler, 2002; Welch, 2004). In particular, the choice and timing of funding sources can convey information about firm quality, thereby influencing future access to capital (Spence, 1973).

These arguments suggest that startups are not passive recipients of finance but active participants in shaping their financing trajectories. Financial Orchestration Capability captures this managerial role by explaining how startups respond to constraints and opportunities over time. It therefore provides a mechanism through which differences in financing behavior and outcomes across startups can be understood.



(Fig. no. 2)

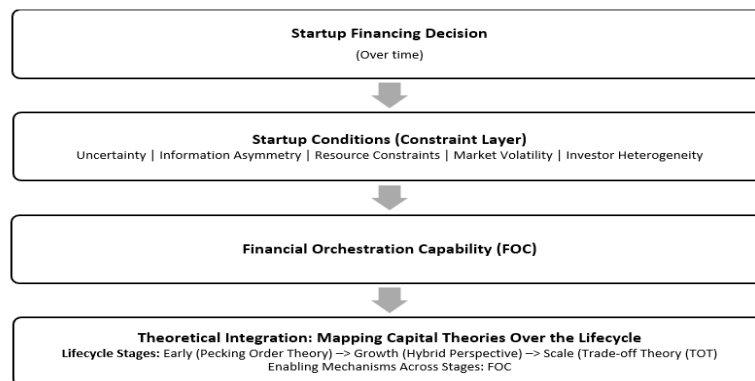
3.3 Role of Startup Conditions

Startup financing decisions are shaped by a set of well-documented structural conditions that influence both the availability and cost of capital. A central constraint is information asymmetry between entrepreneurs and investors, which limits access to external finance, particularly in the early stages when firms lack track records and verifiable information (Stiglitz & Weiss, 1981; Kaplan & Strömberg, 2004). In addition, high levels of uncertainty regarding market acceptance, technological feasibility, and future cash flows increase perceived risk, making external financing particularly debt more difficult to obtain (Hall, 2002)

The predominance of intangible assets further constrains access to credit, as such assets are

difficult to collateralize, thereby limiting the use of traditional debt instruments (Bronwyn Hall, 2002). As a result, startups rely more heavily on equity financing and informal sources of capital in their early stages. At the same time, the institutional environment plays an important role in shaping financing opportunities. The presence of venture capital firms, incubators, and supportive policy frameworks can ease financing constraints by providing not only capital but also certification, monitoring, and access to networks (Gompers & Lerner, 2001)

While these structural conditions influence financing choices, they do not fully determine them. Startups facing similar constraints often pursue different financing paths, suggesting that managerial decisions and capabilities play an important role in shaping financing outcomes.



(Fig. no. 3)

3.4 Linking to Capital Structure Theories

The proposed framework integrates established capital structure theories by positioning them as stage-contingent explanations rather than mutually exclusive models. In early stages, startup financing behavior aligns closely with the logic of pecking order theory, as firms rely primarily on internal funds and informal external sources due to high information asymmetry and limited access to formal finance (Myers, 1984; Majluf, 1984). Empirical evidence from entrepreneurial finance further supports this pattern, showing that young firms depend heavily on insider finance and gradually

expand to external sources as information gaps decline (Chemmanur et al., 2014).

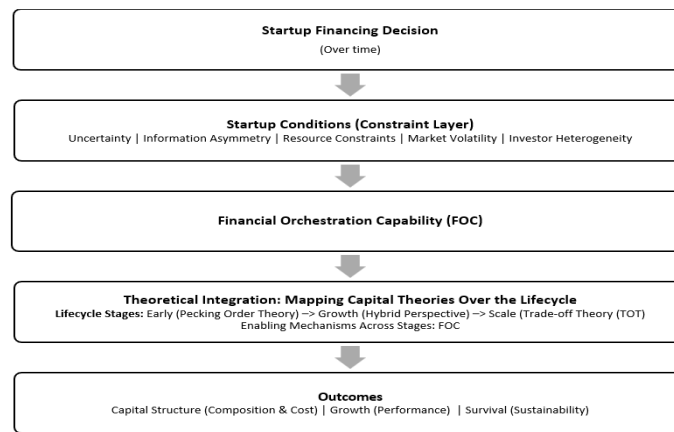
As startups progress and uncertainty is reduced, they gain access to more formal sources of finance, including venture capital, private equity, and hybrid instruments. This transition reflects not only improved firm quality but also the role of certification and monitoring by investors, which facilitates subsequent funding rounds (Gompers & Lerner, 2001; Cumming & Johan, 2017).

In later stages, when firms achieve greater stability, improved transparency, and more predictable cash flows, considerations consistent with trade-off theory become increasingly relevant. Firms begin to

balance the benefits of debt against the costs of financial distress and agency conflicts, moving toward more structured financing decisions (Kraus & Litzenberger, 1973)

This progression suggests that startup financing cannot be fully explained by any single theory.

Instead, startups move across different financing logics over time, with the relevance of each theory varying across lifecycle stages. Viewing these theories as complementary rather than competing provides a more complete explanation of how financing behavior evolves in entrepreneurial firms.

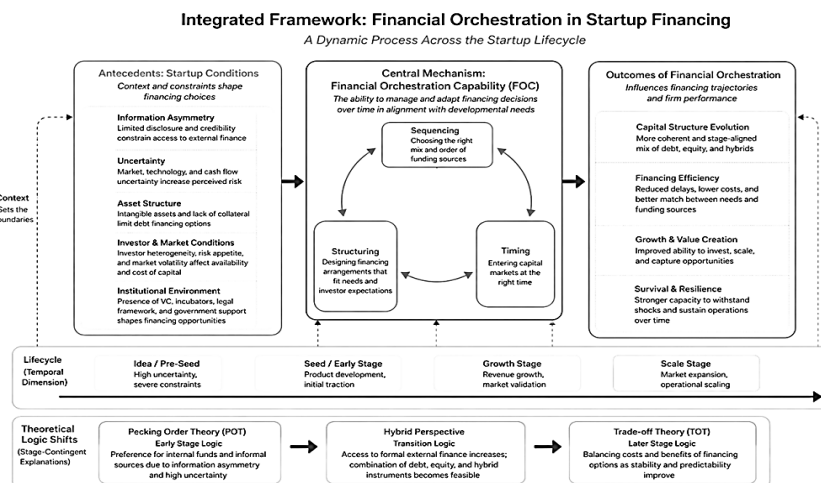


(Fig. no. 4)

3.5 Outcomes of Financial Orchestration

The manner in which startups manage their financing processes has important implications for their financial and strategic outcomes. Effective financial orchestration leads to a more coherent evolution of capital structure, where financing choices are aligned with the firm's stage of development and risk profile. It also improves financing efficiency by reducing delays in capital

acquisition and minimizing mismatches between funding needs and funding sources. Ultimately, startups that are more capable of managing their financing processes are better positioned to sustain operations, support growth, and navigate uncertainty. This suggests that variation in startup performance may be partly explained by differences in how financing decisions are managed over time, rather than solely by external conditions.



(Fig. no. 5)

3.6 Conceptual Model

The conceptual framework is represented as a simple process model linking startup conditions, financial orchestration capability, and financing outcomes. Startup conditions, including information asymmetry, uncertainty, asset structure, and institutional environment, form the context within which financing decisions are made. Financial Orchestration Capability acts as the central mechanism through which startups interpret and respond to these conditions. The outcomes of this process are reflected in the evolution of capital structure, financing efficiency, and firm performance. This entire process unfolds across a lifecycle dimension, moving from idea and seed stages to growth and scaling stages. This temporal element is critical, as it shapes both the availability of financing options and the relevance of different theoretical explanations.

3.7 Key Insight of the Framework

The central insight of the proposed framework is that startup financing should not be viewed as a one-time choice between alternative sources of capital, but as an ongoing process of adjustment and alignment. While structural conditions define the constraints within which startups operate, managerial capability plays a critical role in determining how these constraints are navigated. By emphasizing the dynamic and process-oriented nature of financing decisions, the framework provides a more realistic and integrative understanding of startup capital structure. It also highlights the importance of moving beyond static models toward approaches that account for temporal variation and strategic decision-making in entrepreneurial

4. Propositions Development

This section develops propositions based on the conceptual framework. The aim is to explain how startup conditions and Financial Orchestration Capability (FOC) shape financing decisions and outcomes over time.

4.1 Startup Conditions and Early Financing Choices

Startups typically begin under conditions of high uncertainty and information asymmetry. Because external investors have limited information, access to formal finance is restricted. As a result, founders rely more on internal funds and informal sources such as family, friends, and angel investors in the early stages.

Proposition 1: Startups facing higher uncertainty and information asymmetry are more likely to rely on internal and informal sources of finance in their early stages.

4.2 Changes in Financing Behavior Across Stages

As startups grow, they gradually reduce uncertainty and build credibility. This improves their access to external funding sources such as venture capital and, later, debt. Consequently, financing behavior changes over time rather than remaining constant.

Proposition 2: As startups progress across lifecycle stages, they shift from reliance on internal and informal finance to more formal and structured sources of funding.

4.3 Role of Financial Orchestration Capability

Even under similar conditions, startups differ in how they manage financing decisions. Some founders are better at choosing appropriate funding sources, structuring deals, and raising capital at the right time. This ability helps align financing decisions with the needs of the business at different stages.

Proposition 3: Startups with stronger Financial Orchestration Capability are more likely to align their financing choices with their stage of development.

4.4 Financial Orchestration and Efficient Funding

Poorly managed financing can lead to delays, inappropriate funding choices, or excessive costs. In contrast, startups that manage financing more effectively are able to secure the right type of funding when needed, reducing inefficiencies.

Proposition 4: Higher Financial Orchestration Capability is associated with more efficient financing, reflected in timely access to appropriate funding sources.

4.5 Use of Multiple Funding Sources

During the transition from early to growth stages, startups often combine different types of funding, such as venture capital, grants, and strategic investments. This combination helps them manage risk while continuing to grow.

Proposition 5: As startups move from early to growth stages, they are more likely to use a combination of funding sources rather than relying on a single type of finance.

4.6 Influence of the Institutional Environment

The availability of investors, incubators, and policy support affects how startups access and manage funding. A supportive environment provides not only capital but also guidance and networks, which help founders make better financing decisions.

Proposition 6: Startups operating in more supportive institutional environments are likely to develop stronger Financial Orchestration Capability.

4.7 Financial Orchestration and Startup Outcomes

The way startups manage their financing process affects their ability to survive and grow. Startups that secure appropriate funding at the right time are better positioned to scale and handle uncertainty.

Proposition 7: Startups with higher Financial Orchestration Capability are more likely to achieve better growth and survival outcomes.

These propositions suggest that startup financing is shaped by both external conditions and internal capability. While constraints influence available options, the ability to manage financing decisions plays a key role in determining how startups evolve and perform.

5. Discussion, Contributions, and Implications

5.1 Discussion

This study set out to revisit how startup financing is understood by moving away from a static view of capital structure toward a more process-oriented perspective. The framework developed in this paper suggests that financing in startups unfolds over time

through a series of decisions rather than a single optimal choice. In doing so, it highlights that startups do not simply select between debt and equity; instead, they continuously adjust their financing strategies in response to changing conditions. An important insight of the paper is the role of Financial Orchestration Capability (FOC) in shaping these decisions. While prior research has largely emphasized structural constraints such as information asymmetry, uncertainty, and lack of collateral, this study shows that these factors do not fully determine financing outcomes. Startups facing similar constraints often follow different financing paths, suggesting that managerial capability plays an important role. By introducing FOC, the paper shifts attention toward how founders actively manage financing decisions over time.

The framework also clarifies how existing capital structure theories apply to startups. Rather than treating theories such as pecking order and trade-off as competing explanations, the paper shows that their relevance changes across stages. Early-stage behavior aligns more closely with hierarchical financing preferences, while later-stage decisions reflect more structured considerations. This stage-based interpretation provides a more realistic understanding of startup financing and helps reconcile inconsistencies in prior research.

5.2 Theoretical Contributions

This study makes three main contributions to the literature. First, it extends capital structure research by introducing a dynamic perspective. Traditional models often assume that firms move toward a target capital structure or follow a stable financing pattern. In contrast, this study conceptualizes capital structure as something that evolves over time, shaped by a sequence of decisions. This shift helps better explain financing behavior in startups, where conditions and opportunities change rapidly. Second, the study introduces Financial Orchestration Capability as a new construct. Existing research has focused primarily on access to finance and external constraints, with less attention to how financing decisions are managed internally. By emphasizing the role of managerial capability, this study adds a behavioral and strategic dimension

to the understanding of startup finance. Third, the framework provides an integrated view of capital structure theories. By showing how different theories apply at different stages, the paper moves beyond the usual debate of which theory is more valid. Instead, it positions these theories as complementary, each explaining part of a broader financing process. This integration helps bridge the gap between corporate finance and entrepreneurship research.

5.3 Managerial Implications

The findings of this study have practical implications for founders and startup managers. One key takeaway is that financing should not be treated as a one-time activity or a reactive process. Instead, founders need to think of financing as something that requires planning and continuous adjustment. The concept of Financial Orchestration Capability suggests that founders should focus on developing skills related to:

- choosing appropriate funding sources at different stages
- structuring deals in a way that supports long-term goals
- timing funding decisions based on both internal readiness and market conditions

Another important implication is the role of signaling. The choice of investors can influence how a startup is perceived by others, which in turn affects future funding opportunities. This means that who provides funding can be as important as how much funding is raised. Startups that approach financing in a structured and strategic manner are more likely to avoid common problems such as funding gaps, excessive dilution, or misalignment between capital and growth needs.

5.4 Policy Implications

The framework also has implications for policymakers and institutions that support entrepreneurship. Many policy initiatives focus on increasing the availability of funding, such as through grants, subsidies, or credit schemes. While access to finance is important, this study suggests that how startups manage funding is equally critical.

This implies that policy support should go beyond funding provision to include:

- mentorship and advisory support on financing decisions
- strengthening incubators and accelerators that guide startups
- creating networks that connect startups with appropriate investors

By supporting the development of Financial Orchestration Capability, policymakers can improve not only access to finance but also the effectiveness with which it is used.

5.5 Limitations and Future Research

As a conceptual study, this paper does not provide empirical testing of the proposed framework. Future research can build on this work by examining the propositions using longitudinal data on startup financing. In particular, panel data capturing funding rounds, investor types, and firm outcomes would be useful in testing how financing strategies evolve over time. Further one can also explore differences across industries and institutional contexts. For example, startups in technology-intensive sectors may face different financing dynamics compared to those in traditional industries. Similarly, variations in financial ecosystems across countries may influence how Financial Orchestration Capability develops and operates. Further the research can empirically test the proposed propositions by operationalizing Financial Orchestration Capability as a composite measure capturing the sequencing, diversity, and timing of funding decisions. Longitudinal data on startup funding rounds from databases such as Crunchbase, Tracxn, and Venture Intelligence can be used to construct panel datasets. Variables such as funding type, lifecycle stage, time between funding rounds, and firm performance indicators (growth, survival, exits) can serve as key measures. In addition, ecosystem-level data from sources such as the World Bank can be incorporated to examine institutional effects. Such empirical designs would enable testing of both direct and moderating relationships proposed in this study. Future studies can refine the measurement of Financial

Orchestration Capability by identifying observable indicators, such as funding sequence patterns, diversity of financing sources, and timing of funding events.

5.6 Conclusion

This research contributes to the understanding of startup financing by offering a simple but important shift in perspective. Instead of viewing capital structure as a fixed outcome, it presents financing as an evolving process shaped by both constraints and managerial capability. By introducing the concept of Financial Orchestration Capability and integrating insights from multiple theories, the study provides a more complete and realistic view of how startups manage capital over time.

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