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# Corporate Collaboration In Financing Schemes: Qualitative Analysis Of Risks And Benefits Of Financing To Group Companies With Shared Responsibility

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***Abstract.*** *This study aims to analyze the risks and benefits of joint liability financing schemes for groups of companies through a qualitative literature review approach. This financing scheme offers solutions for companies facing capital constraints by enhancing access to credit through collective responsibility. The results of the review indicate that this scheme provides benefits such as increased financing opportunities, mitigation of default risks, and peer monitoring among group members. However, it also presents risks such as overinvestment and moral hazard, where company members may tend to make larger investments or neglect their obligations due to the protection of joint liability. Additionally, the effectiveness of the scheme heavily relies on the group structure, with smaller and more homogeneous groups having lower risks compared to larger and more heterogeneous ones. This study concludes that joint liability financing schemes can be an effective solution if these risks are well-managed through stringent oversight and fair financing policies.*

**Keywords**: *Financing schemes*, *Joint liability*, *Risks and benefits*, *Corporate collaboration*, *Overinvestment.*

## 1. INTRODUCTION

Joint liability financing schemes have become one of the effective methods in supporting groups of companies with limited capital in accessing funds for their business operations. In recent decades, various studies have examined the impact of this co-financing, both in microfinance schemes and in the framework of larger firms, where collaboration between companies can provide certain benefits. This study aims to analyze the risks and benefits of financing schemes with shared responsibility applied to group companies. Using a qualitative approach and a comprehensive literature review, the study also focuses on how this scheme can help capital-constrained companies to optimize their operational and financial decisions, while considering the dynamics between financial institutions (such as banks) and groups of companies collaborating on these financing schemes.

Financing is a crucial element in a company's operations, especially for companies that experience limited capital. Basically, these companies often find it difficult to gain access to traditional loans due to a lack of sufficient collateral or a higher risk of default (Ghatak, 1999). One of the solutions offered in this kind of situation is a financing scheme with shared responsibility, where a group of companies or individuals are collectively responsible for the repayment of the loan. According to Ghatak and Guinnane (1999), this

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scheme can effectively reduce the risk of default for financial institutions, as the shared responsibility mechanism encourages discipline and monitoring among group members.

On the other hand, more recent research by Bin Cao et al. (2023) shows that in a financing scheme with limited joint liability (LJL), companies can improve their operational decisions, especially in terms of inventory management. In this study, two companies with limited capital is given the option to use the LJL financing scheme or individual financing. The study found that in LJL schemes, companies tend to invest more in booking decisions compared to individual financing schemes. This condition shows that the co-financing scheme has a positive impact on the company's operational decisions.

In addition, the LJL scheme also offers benefits for banks that offer loans. Banks that use this scheme tend to have a higher chance of recovering the entire loan and reducing the risk of lower profits (Bin Cao et al., 2023). Thus, both financial institutions and companies participating in the LJL scheme can gain significant advantages compared to traditional financing schemes.

Benefits and Risks of Financing with Shared Responsibility. The main benefit of a financing scheme with shared responsibility lies in its ability to overcome the problem of information asymmetry which is often an obstacle in financing companies with limited capital (Stiglitz, 1990). In an information asymmetry situation, financial institutions may have difficulty in assessing the default risk of each company individually. However, through co-financing, these risks can be distributed among group companies, thereby lowering aggregate risk for banks (Ghatak, 2000).

In addition, the scheme encourages discipline among the participants. Since each member of the group is responsible for repaying the loan, they have an incentive to monitor the behavior of the other members and ensure that no single member is negligent in making payments (Chowdhury, 2005). A study by Ahlin (2015) shows that the ideal group size in a shared responsibility scheme is a group that is not too large, because in a smaller group, monitoring is easier to do and the incentive to take responsibility is greater.

However, there are also risks associated with this scheme. One of the main risks is the potential for overinvestment that can be undertaken by companies in the co-financing group. Bin Cao et al. (2023) found that companies involved in LJL schemes tend to make larger investments in inventory decisions, which can lead to increased operational risk if market demand does not match expectations. In addition, Ahlin (2020) noted that a shared responsibility scheme can become ineffective if a group of companies consists of individuals who do not know each other well or do not have strong trust in each other, as this can increase the likelihood of default.

Contribution of Financial Institutions in the Joint Financing Scheme. Financial institutions, especially banks, play a key role in the implementation of financing schemes with shared responsibility. Banks not only provide capital, but also set loan terms that encourage companies to make optimal operational decisions. In LJL schemes, for example, banks can set leverage ratios or credit limits that encourage companies to cooperate effectively in managing their inventory (Cao et al., 2023). According to Kouvelis and Xu (2021), banks can derive additional benefits from this financing scheme, such as a greater chance of recouping the entire loan and lower profit risk.

However, in order for this scheme to run effectively, banks must also be careful in setting loan terms. If the conditions are too strict, the company may not be interested in using a co-financing scheme. Conversely, if the terms are too loose, the risk of default can increase, ultimately hurting the bank (Alan & Gaur, 2018).

Financing schemes with shared responsibility offer an attractive solution for companies with limited capital to access financing. Through this scheme, companies can optimize their operational decisions, while banks that offer loans can reduce the risk of default and increase profitability. However, this scheme also has challenges, especially in terms of potential overinvestment and the risk of default if the group of companies is not properly managed. Therefore, a clear framework and appropriate loan terms are needed so that this financing scheme can provide maximum benefits for all parties involved.

## 2. LITERATURE REVIEW

Financing schemes with joint liability have been widely discussed in the literature, especially related to its benefits and risks in supporting companies experiencing capital limitations. In this study, we will discuss previous studies that are relevant to the topic of corporate collaboration in financing schemes, as well as the risks and benefits of such schemes for companies and financial institutions.

Financing Scheme with Shared Responsibility. Financing schemes with shared responsibility were initially widely applied in microfinance, where group members share responsibility for loan repayment. Ghatak (1999) and Ghatak & Guinnane (1999) explain that one of the main advantages of this scheme is its ability to overcome the problem of information asymmetry that financial institutions often face. In the context of microfinance, the scheme allows financial institutions to lower the risk of default through a monitoring mechanism between group members, which ultimately increases the rate of loan repayment.

More recent research has shown that this scheme can also be applied to larger companies with limited capital. For example, Bin Cao et al. (2023) in their research on the inventory strategy and finance of companies with limited capital found that a limited joint liability (Limited Joint Liability/LJL) scheme encourages companies to increase investment in their operational decisions. In this scheme, two companies with limited capital are given the option to choose between individual financing or the LJL scheme, where they are jointly responsible for the loan. The results of this study show that the LJL scheme can encourage companies to overinvest in booking decisions, which has the potential to improve operational efficiency but also poses a risk if market demand does not meet expectations.

Risks and Benefits of the Co-financing Scheme for the Company. The benefit of a financing scheme with shared responsibility for companies lies in the ability of this scheme to provide easier access to capital, especially for companies with financial limitations. According to Chowdhury (2005), this scheme encourages companies to monitor each other's financial behavior, ultimately reducing the risk of collective default. In addition, Ahlin (2015) emphasized that the size of the groups involved in this scheme plays an important role in determining the effectiveness of the scheme. Smaller groups are more likely to have stronger relationships of mutual trust, which increases discipline and monitoring between members.

However, there are some risks associated with co-financing schemes. As explained by Bin Cao et al. (2023), one of the main risks is the potential for overinvestment by companies involved in this scheme. Overinvestment can occur because the company feels compelled to maximize the use of the capital available in the joint scheme, even though market conditions may not support such a decision. In addition, Ahlin (2020) pointed out that if a group of companies consists of members who do not know each other well, the risk of default may increase due to a lack of trust and cooperation among group members.

The Role of Financial Institutions in the Joint Financing Scheme. Financial institutions, especially banks, play an important role in determining the success of financing schemes with shared responsibility. Banks not only play a role as a provider of funds, but also play a role in setting loan terms that encourage collaborative behavior and operational efficiency among the companies receiving loans. In this context, research by Kouvelis and Xu (2021) shows that banks can derive additional benefits from co-financing schemes, such as increased chances of recouping the entire loan and reduced risk of lower profits.

In their research, Bin Cao et al. (2023) outline how banks can establish leverage ratios and credit limits that encourage companies to cooperate effectively in managing their inventory. Setting the right loan terms can help banks reduce the risk of default and increase the profitability of their loan portfolio. However, as noted by Alan & Gaur (2018), if the loan terms are too strict, the company may not be interested in participating in a co-financing scheme. Conversely, if the terms are too lax, the risk of default can increase, ultimately hurting the bank.

Company Collaboration in Financing Schemes. One of the important aspects of co-financing schemes is how the companies involved collaborate in managing their financial and operational risks. According to Rezaei et al. (2017), the size and composition of groups in co-financing schemes can affect the dynamics of collaboration among companies. This study shows that groups consisting of companies with similar operational backgrounds tend to be more effective in collaborating, as they have a better understanding of the challenges faced by other members.

The study by Dada & Hu (2008) also highlights the importance of cooperation in managing inventory risk in co-financing schemes. In this context, companies that work together on inventory management and other operational decisions can improve overall efficiency and reduce operational costs. However, as expressed by Wydick (2001), effective collaboration can only occur if there is a strong incentive for each company to actively participate in monitoring and joint decision-making.

Many case studies have examined the implementation of co-financing schemes in various sectors. For example, Cai et al. (2014) discuss the role of banks and trade credit in supporting manufacturing companies that have limited capital. This study shows that companies involved in co-financing schemes are better able to manage their financial risks, especially when the scheme is supported by financial institutions that set loan terms that suit the company's operational needs.

Meanwhile, Alan & Gaur (2018) examines how operational investment decisions and capital structure are influenced by asset-based financing in co-financing schemes. They found that companies involved in these schemes tended to be more responsive to changing market conditions and had greater flexibility in adjusting their investment strategies.

Overall, a literature review shows that financing schemes with shared responsibility have significant potential in supporting companies experiencing capital constraints. Key benefits of this scheme include easier access to capital, reduced risk of default, and increased operational efficiency through collaboration between companies. However, the scheme also has risks, including the potential for overinvestment and an increased risk of default if the group dynamics are not properly managed. Therefore, both companies and financial institutions must carefully consider the terms of the loan and the composition of the group in the co-financing scheme.

## 3. METHODOLOGY

This study uses a qualitative method with a literature review approach, where a literature review is conducted to analyze in depth the risks and benefits of financing in a group of companies with shared responsibility. As a qualitative study, the main focus of this research is to understand existing phenomena through the interpretation of texts, data, and documents relevant to the topic. This approach allows researchers to gain a more comprehensive understanding of joint liability financing schemes, as well as their implications for companies and financial institutions.

According to Snyder (2019), literature review is an effective method to synthesize previous research, especially to understand complex topics and present the latest developments in a particular field. In the context of this study, the literature review method is used to review and analyze various previous studies relevant to joint liability financing schemes, as well as their risks and benefits for companies. By collecting and analyzing literature from various academic sources, this study provides a comprehensive picture of how collaboration between companies in co-financing schemes can influence a company's operational and financial decisions.

As part of the methodology, the literature studied includes journal articles, books, and other relevant publications. These sources are drawn from leading databases, which provide access to a wide range of up-to-date scientific research related to corporate financing and shared responsibility. The literature selection process involves identifying keywords such as "joint liability financing," "group lending," "collaborative financing," and "capital-constrained firms." These keywords were chosen based on relevance to the research topic and are often used in previous literature, as suggested by Booth, Sutton, & Papaioannou (2016) in their guide to conducting literature reviews.

Data collection in this study was carried out through a systematic literature study. Researchers collect secondary data from various academic sources that have been published, both in the form of scientific journals, textbooks, and conference papers. According to Kitchenham (2004), systematic literature study is a reliable method for identifying, evaluating, and interpreting research that is relevant to the topic under study. In this study, the literature was selected based on several inclusion criteria, including relevance to the topic of corporate financing, discussion of shared responsibility schemes, and empirical results that have been published in the last 10 years to maintain the relevance of the data collected.

The researcher also used an inductive qualitative approach to analyze data obtained from various literature sources. Thomas (2006) mentions that this approach allows researchers to extract key themes from data without significant bias, as well as allowing flexibility in the discovery of relevant theories. In this context, this study categorizes and compiles information obtained from literature related to the risks, benefits, and implementation of shared responsibility financing schemes.

The data analysis in this study was carried out using thematic analysis techniques. This technique aims to identify, analyze, and report on important patterns or themes that emerge from the literature being studied. Braun & Clarke (2006) suggest that thematic analysis is an effective method for analyzing qualitative data, especially in text-based research such as literature reviews. In this study, thematic analysis was used to identify key themes related to the risks and benefits of financing schemes with shared responsibility.

The thematic analysis process begins with an in-depth reading of the literature, then identifies the main categories that emerge from the text, such as the benefits of co-financing for companies, the risk of overinvestment, and the role of financial institutions in supporting corporate collaboration. Furthermore, the researcher compiles these themes in the form of a logically arranged narrative to explain how each literature finding is interconnected.

According to Clarke & Braun (2013), a good thematic analysis must be transparent and accountable. Therefore, this study also seeks to minimize bias by ensuring that all the literature analyzed is objectively selected, and that every step in the analysis process is reported in detail. In this way, researchers can present valid and reliable findings.

Validity and credibility are important aspects in qualitative research, including in the literature review approach. According to Morse et al. (2002), to achieve validity in qualitative research, researchers must triangulate data by comparing various literature sources to ensure consistency of findings. In this study, the researcher conducted triangulation by comparing the results of several empirical studies related to financing schemes with shared responsibility, as well as comparing the conclusions of previous studies with established theories.

In addition, the credibility of the research is improved through the peer review process from the results of the literature review. According to Lincoln & Guba (1985), the peer review process is one way to increase credibility in qualitative research, as it allows research to be examined by competent parties in the same field. In the context of this study, the main findings resulting from the literature analysis are reviewed by experts in the field of corporate finance to ensure the relevance and accuracy of data interpretation.

The synthesis of findings in this study was carried out by integrating various study results that had been identified during the literature review process. Popay et al. (2006) suggest that synthesis in qualitative research aims to combine different research results into one coherent narrative. In this study, the synthesis was carried out by combining findings related to the risks and benefits of co-financing and comparing them with relevant theories.

This synthesis approach helps researchers in producing more in-depth conclusions about the effectiveness of the shared responsibility financing scheme. Thus, the results of this study not only provide a theoretical understanding of corporate collaboration in financing schemes, but also provide practical guidance for companies and financial institutions in implementing this scheme.

## 4. RESULTS

This qualitative research aims to analyze the risks and benefits of financing to group companies in a joint liability financing scheme. Based on an in-depth literature review, there are several main findings that can be highlighted regarding the company's collaboration in this financing scheme.

Benefits of Financing with Shared Responsibility. Financing schemes with shared responsibility offer several significant benefits for companies, especially those with limited capital. According to Cai et al. (2014), this scheme allows companies with limited capital to get easier access to financing from financial institutions. Bhole and Ogden (2010) stated that with shared responsibility, the risk of default can be shared among companies that are members of the financing group. This increases the trust of financial institutions in the group of companies, so that banks or financial institutions tend to provide loans with better terms, such as lower interest rates or higher credit ceilings.

Research by Bin Cao et al. (2023) shows that joint liability financing schemes can encourage companies to make greater investments in their operations. This happens because companies feel more financially secure thanks to risk sharing, which influences operational decisions such as inventory management. In this condition, companies involved in co-financing tend to have better operational performance than companies that use individual financing schemes.

Ghatak (1999) also found that the shared responsibility scheme encourages the existence of a monitoring mechanism between group members. In this case, group members have an incentive to monitor each other to ensure that each member is able to meet payment obligations. This mechanism lowers the likelihood of payment defaults, so financial institutions can minimize the risks they face when lending to companies with limited capital.

In addition, Rezaei et al. (2017) emphasized that this scheme can increase solidarity between companies that are members of the financing group. With the existence of mutual obligations, companies have more motivation to help each other, both in financial and operational aspects. This cooperation can create efficiencies in the supply chain and day-to-day operations, ultimately increasing the competitiveness of the group of companies.

Financing Risks with Shared Responsibility. While this financing scheme offers a variety of benefits, there are also risks that cannot be ignored. One of the main risks is overinvestment. According to Bin Cao et al. (2023), because companies feel secure in the presence of shared responsibility, they tend to make larger investments than they should, especially in terms of inventory management. This overinvestment can lead to operational inefficiencies, especially if market demand does not match the company's predictions. Overinvesting can also increase the risk of loss, especially if sales don't reach the expected targets.

Ahlin (2015) also highlights that the shared responsibility scheme can create incentives for some group members to behave opportunistically. For example, members who feel they are at higher risk may rely on other members of the group to bear their risk burden, which can ultimately harm the entire group if one member defaults on the loan. This is known as the moral hazard problem, where the irresponsible behavior of one member can result in a negative impact on the entire group.

Furthermore, Chowdhury (2005) emphasized that the success of the joint liability financing scheme is highly dependent on the structure of the group. If the group is too large or its members have very different levels of risk, the likelihood of payment failure increases. Therefore, caution is needed in forming a group of companies that will receive co-financing, to ensure that risks can be distributed fairly and effectively.

The Role of Financial Institutions in the Shared Responsibility Financing Scheme. Financial institutions play an important role in these financing schemes, both as lenders and as risk managers. According to research by Bin Cao et al. (2023), banks or financial institutions that provide co-financing can benefit from two main aspects: increased probability of loan repayment and decreased profit risk. In this case, financial institutions have an interest in designing loan terms that support the success of these schemes, such as setting reasonable loan limits and setting appropriate leverage ratios.

Financial institutions must also be involved in monitoring the performance of the group of companies they fund. According to Stiglitz (1990), peer monitoring conducted by group members alone may not be enough to prevent payment failures. Therefore, financial institutions need to develop additional monitoring mechanisms to ensure that all members of the group meet their obligations. In addition, in some cases, banks may need to adjust the terms of the loan if the risk of repayment default increases, as revealed by Xu & Birge (2008).

Implications for the Company. The findings of this study show that collaboration between companies in co-financing schemes can provide significant benefits, but also pose challenges. Companies that are members of this scheme need to be careful in making investment and operational decisions, and ensure that they have an effective surveillance system in place to prevent opportunistic behavior among group members. In this case, risk sharing can be an effective tool to increase the competitiveness of companies, as long as the existing risks are managed properly.

Overall, the benefits of co-financing for companies include increased access to capital, operational efficiency, and reduced risk of default. However, to avoid the risk of overinvestment and moral hazard, companies need to cooperate with financial institutions in designing financing schemes that suit their needs and capabilities. Kouvelis & Xu (2021) emphasized the importance for companies to understand market conditions and design strategies that are in line with their long-term goals in maximizing the benefits of co-responsibility financing schemes.

This study concludes that financing schemes with shared responsibility offer opportunities and challenges for companies with limited capital. With risk sharing, companies can improve their operational performance and access to capital, but they must also be aware of the risk of overinvestment and opportunistic behavior of group members. Financial institutions have an important role to play in managing this risk, both through the proper setting of loan terms and strict supervision. Good collaboration between companies and financial institutions is the key to the success of the implementation of this financing scheme.

## 5. DISCUSSION

This research focuses on analyzing the risks and benefits of joint liability financing schemes for groups of companies with limited capital. In this discussion, various research findings are linked to the relevant literature to highlight the potential benefits and challenges of the implementation of the scheme, and compare them with previous research results that are related to this topic.

1. Economic Benefits of the Shared Responsibility Scheme. Financing schemes with shared responsibility provide significant opportunities for companies with limited capital to access more flexible financing. According to Bhole and Ogden (2010), group financing with shared responsibility increases the company's chances of obtaining a loan because the risk of default is spread among all group members. With this risk-sharing, banks and financial institutions are more willing to provide financing to companies that may not qualify for individual loans.

   In addition, the research of Bin Cao et al. (2023) confirms that this scheme positively influences the company's operational decisions. With certainty of financing, companies can make bolder investment decisions, especially in inventory management. These findings are in line with a study by Cai, Chen, and Xiao (2014) which stated that better access to financing allows companies to maximize their operations more effectively, especially in the face of uncertain demand. In this scheme, companies can take greater risks in investing in the production and procurement of raw materials because they know that other group members will bear the risk in the event of a decrease in revenue.

   The results of this study are consistent with the findings of Rezaei, Dasu, and Ahmadi (2017) which found that in the context of a shared responsibility scheme, group members tend to support each other, both financially and operationally. This solidarity creates increased efficiency and stability in the company's operations, which collectively increases their competitiveness in the market. Ghatak (1999) further highlights the role of peer monitoring in reducing the risk of payment default, where group members feel compelled to keep an eye on each other, thus creating a higher level of discipline in terms of meeting loan obligations.

2. Risk of Overinvestment and Moral Hazard. While there are significant benefits, the study also reveals potential risks associated with shared responsibility schemes, particularly in

the form of overinvestment and moral hazard. Bin Cao et al. (2023) found that because companies feel protected by shared responsibility, they often overinvest in inventory and other operations. When market demand turns out to be not in line with forecasts, this overinvestment can result in a decrease in profitability.

A study by Ahlin (2015) also shows the risks associated with moral hazard in this scheme. When risk is shared collectively, members of a higher-risk group may be encouraged to rely on other financially stronger members, which can ultimately lead to opportunistic behavior. The problem is similar to Chowdhury's (2005) findings, in which members of less disciplined groups or with poorer credit risk take advantage of shared responsibility to reduce their personal risk, while overall, the group is at higher risk of payment default.

Ghatak's research (1999) highlights how in a shared responsibility scheme, this moral hazard risk can be exacerbated by a lack of incentives for stronger firms to continue to monitor and control weaker members. This can create unhealthy dynamics within the group, where the imbalance of financial power between members affects the long-term stability of the financing scheme. Bhole and Ogden (2010) emphasized the importance of an external supervision mechanism from banks or financial institutions to mitigate this risk, where stricter monitoring from external parties can reduce moral hazards that occur between group members.

3. The Relationship Between Group Structure and Scheme Effectiveness. Group structures play an important role in the effectiveness of financing schemes with shared responsibility. Rezaei et al. (2017) highlighted that group size and composition greatly influence the risks and benefits of this scheme. In groups that are too large or consist of members with very different risk profiles, the risk of payment failure can increase. This is in line with the findings of Chowdhury (2005), which found that smaller, more homogeneous groups tended to have greater success in maintaining payment discipline and operational stability. Conversely, groups that are too large or heterogeneous can make it difficult to manage risk and monitor between members. Ahlin (2020) also states that in a group consisting of companies with highly varied risk profiles, stronger members may feel less motivated to help weaker members, which can ultimately reduce the overall effectiveness of the scheme.

   Prem (2020) also emphasized the importance of matching patterns in the formation of financing groups. In his study, he found that alignment between group members in terms of risk profiles and business objectives is essential to maximize the benefits of shared responsibility financing schemes. Proper matching patterns can create synergy among group members, while poor matching can lead to tension and failure in group cooperation.

4. The Role of Financial Institutions in Managing Financing Scheme Risk. Financial institutions play an important role in the success of financing schemes with shared responsibility. Bin Cao et al. (2023) show that financial institutions can manage financing risk through flexible loan terms and strict supervision of group performance. In this context, financial institutions not only function as lenders, but also as facilitators in risk management between group members.

This finding is in line with Stiglitz's (1990) research which emphasized the importance of external monitoring by financial institutions. Peer monitoring carried out by group members alone is not enough to ensure the success of the scheme. Financial institutions need to create a monitoring mechanism that allows them to detect potential problems before payment failures occur.

Xu and Birge (2008) further highlight that financial institutions also have a role to play in designing balanced financing terms, especially in terms of leverage ratios and loan interest. These conditions should be tailored to market conditions and the ability of each group member to ensure that the scheme remains sustainable and does not lead to overinvestment or default.

When compared to previous research, the results of this study show that the shared responsibility scheme has great potential to increase access to financing for companies experiencing capital constraints. However, these findings also confirm that without proper risk management, these schemes can lead to problems such as overinvestment and moral hazard.

For example, a study by Cachon and Netessine (2004) that examined the application of game theory in supply chains also revealed similar challenges in managing cooperation between companies tied up in a co-financing scheme. They emphasized the importance of creating appropriate incentives to ensure that all members behave in accordance with the interests of the group.

Ghatak (2000) and Wydick (2001) also identified that in joint liability schemes, there is a risk of information asymmetry, where financially weaker members may hide important information about their financial condition from other members and financial institutions. This can exacerbate the risk of default and disrupt the stability of the group. However, the study also confirms some of the results of previous studies on the collective benefits of group financing. Prem (2020), for example, suggests that shared responsibility schemes can create stronger collaboration opportunities among small and medium-sized firms, especially when it comes to risk and resource sharing.

The findings in this study provide several important implications for the management of companies and financial institutions. First, companies that want to engage in a co-responsibility financing scheme need to carefully evaluate the risks and potential benefits of this collaboration. They must ensure that group members have a balanced risk profile and aligned business goals to minimize potential conflicts and failures. Second, financial institutions need to design financing schemes with sufficient flexibility to adjust market conditions and company needs. Stricter monitoring and the determination of fair loan terms are the key to reducing the risk of moral hazard and overinvestment.

Overall, financing schemes with shared responsibility offer great opportunities for companies to overcome capital constraints, but on the other hand, they also present challenges that need to be managed properly. The combination of external monitoring of financial institutions and internal supervision between group members is key to the successful implementation of this scheme.

## 6. CONCLUSION

This study analyzes the risks and benefits of financing schemes with shared responsibility in the context of a group of companies. Based on the literature review conducted, this financing scheme provides a number of significant advantages, especially in terms of increasing access to financing for companies with limited capital. The main advantages found include increased financing opportunities, reduction of default risk through risk distribution among group members, and peer monitoring that helps maintain discipline in payments.

However, behind these benefits, there are a number of risks that need to be considered. One of the main risks is overinvestment, where companies involved in these schemes tend to overinvest because they feel protected by shared responsibility. In addition, moral hazard is also a challenge, especially when there are group members who take advantage of collective responsibility to avoid greater personal risks. Both of these risks could adversely affect the profitability and overall stability of the group.

In addition, the effectiveness of this scheme is highly dependent on the structure of the group. Groups that are too large or too heterogeneous tend to have a higher risk of failure, while smaller, homogeneous groups tend to be more effective at maintaining discipline and stability. The role of financial institutions is also very important in managing risk and ensuring that financing schemes are running in accordance with objectives, through external supervision and the establishment of fair financing terms.

## 7. LIMITATION

While this research provides valuable insights, there are some limitations that need to be noted. Limited to Literature Studies: This research is based on a review of existing literature, so the results are highly dependent on the quality and relevance of previous research. Although the studies are relevant, no new empirical data have been collected directly in this context. This limits the ability of this research to provide direct insights into the real-world implementation of co-responsibility financing schemes across specific industries or regions.

Generalization of Findings: Because shared responsibility financing schemes are applied in a variety of contexts and industries, the generalization of these findings may be limited. Each industry or business sector has unique characteristics and dynamics, which may not be fully reflected in the literature reviewed. Therefore, the results of this study may not always be universally applicable in all business sectors.

Limitations in Individual Risk Management: The study focuses more on group dynamics, and less explores how individuals in groups handle risk personally. This aspect may be more relevant for companies that have members with highly variable levels of risk and capital.

External Policy Changes: This study does not consider in detail the impact of changes in macroeconomic policies or financial regulations that may affect the effectiveness of co-financing schemes. These external factors, such as changes in interest rates or lending regulations, can significantly affect the risks and benefits of these schemes.

Overall, while this study provides an in-depth understanding of the risks and benefits of co-responsibility financing schemes, further studies with empirical data and real case studies are needed to better understand the real impact of these schemes in various industry contexts and business environments.

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