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Letter from the Editor-in-Chief

As we begin our 7th year of editorship of *The Journal of Entrepreneurial Finance & Business Ventures*, we are mindful of the many changes which have taken place in this field. As issues have extended to the international area, technology has begun to play an increasingly greater role in entrepreneurial ventures and the financial cornerstone of these activities have become evermore apparent, scholarship in these facets of entrepreneurship has become an increasing concern. Indeed, this journal has reflected these changes as its contents have increasingly been amenable with them.

Nevertheless, one unvarying constant has been the continued support of the Academy of Entrepreneurial Finance: its executive director, Jacky So; its founding member, President & CEO Rassoul Yazdipour; and Bill Petty, the chairman of its board of directors. Also, not to be omitted, should be the commitment of our dean at the Whitman School of Management, Syracuse University, Melvin Stith, who has provided encouragement throughout and, not insignificantly, financial support.

In the current issue, our lead article by Booth, Dalgic, Kallunki and Sahlstrom, begins with a review of switching costs in the stock brokerage industry on the Helsinki stock exchange. The vast preponderance of these firms are modest by both US and international standards and so their undertakings fall well within the purview of this journal. Their findings are that new brokerage houses that are less active in a particular stock are more likely to attract investors from old brokerage houses and that knowledgeable investors are more likely to stay with their original broker.

Our next offering by Colombatto and Melnik uses a simple model to analyze the founding stage of new firms with the intent of characterizing the directional causality between the expected rewards from entrepreneurship and the length of prior labor market experience that entrepreneurs possess. They find that the timing of the foundation is determined primarily by the expectation of higher income as opposed to risk perception, that earlier experience of entrepreneurs in full time employment has a positive impact on the size of newly founded firms and that founders, who work with family partners, tend to establish and control larger firms.

He & Baker then investigate the financial sources of small firms through a survey of sample firms from West Texas. They find for their sample that commercial banks tend to remain the most popular source of financing for both present and future needs. This is followed by leasing companies and credit unions. Also, informal sources of financing (credit cards and trade credit) are used in addition to lines of credit for transaction and working capital purposes.

Next, Brau, Fawcett and Morgan look at the burgeoning area of supply chain management by examining survey results from a large group of US managers. Their findings are that larger firms make significantly greater use of these techniques than do smaller firms. In addition, they find that asset utilization, revenue generation, and competitive performance are improved by these techniques, regardless of firm size.

Finally, Kedar-Levy studies an equity market where the value of a new technology is infrequently observable, while the equity claim on assets is continuously traded. They find, among other things, that bubbles are created and grow exponentially if speculation dominates the market, while a fundamentally oriented strategy tends to produce a market, in which both the growth rate and volatility decline.

We hope you find this current issue as rewarding as you have our previous ones and continue to solicit your suggestions for change and improvement.

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