Letter from the Editor-in-Chief

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Letter from the Editor-in-Chief

Welcome to the latest issue of The Journal of Entrepreneurial Finance & Business Ventures. We’d like to once again thank Dean Melvin Stith for his continued financial support, encouragement and guidance, and the authors and reviewers, whose varied and timely input allows us to provide you with fresh topics.

The current issue focuses on several aspects of relationships involving small businesses. We lead with an article by Farrell and Winters, in which they use a broad based sample of small businesses to analyze the relation between accounting-based firm performance measures and executive compensation for S-corporations, and C-corporations. They find a positive relation between executive pay and total asset turnover but the relation is stronger for S-corporations, and a positive relation between executive pay and ROA in S-corporations and C-corporations.

In our second article, Polly Hardee tests for evidence of standardized versus relationship lending methods in both total bank credit as well as credit emanating from the firm’s most important source of financial services, its primary bank. Next, Park examines how banking market concentration affects small business credit, and finds that such bank concentration is found to lower limits of lines of credit, where there was no statistically significant difference in L/C balances.

Fuller and Parker examine the relationship between the problems faced by small business owners and the funding sources used to solve those problems. Three problem types are identified: organizational systems, external, and sales and marketing problems. Based on these three problem types and the funding sources used by owners, the market is segmented into three groups using cluster analysis.

Finally, Conrick studies the relationship between the required rates of return coupled with empirical observation of small business returns, in order to provide entrepreneurs with a guideline of what they should expect to earn in the marketplace given the risk they take coupled with an analysis of what actually has happened.

I hope that this issue provides insight, encourages discussion, and promotes further research.

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