

Small business research is becoming more sophisticated as an increasing number of scholars study more complex analytical issues. In many cases research pertaining to the small firm is part of the incomplete and inefficient markets controversy in the finance literature. Because of their size and traditional organizational form, small firms often find it extremely difficult to attract significant resources in sophisticated financial markets. These markets appear to be segmented and incomplete; whether or not the markets are efficient is subject to much debate. Advances in Small Business Finance presents a variety of research studies that indicate the unique roles of debt and equity and the sources of funds for small firms. This book contributes important insight into major questions that face small firms' financiers, managers, and owners on a daily basis. Many of the studies in this volume deal with aspects of valuation of the small firm. In some instances, the focus is on the firm's ability to attract debt or equity and in others the emphasis is on valuation of the small firm's capital. Constand, Osteryoung, and Nast focus on the determinants of capital structure for small firms that are privately owned and are highly dependent on commercial loans as their supply of debt. Timothy Bates examines firm viability and finds that surviving firms are those that began with greater initial capital, create new jobs, and are led by entrepreneurs who are better educated