

Financing Entrepreneurial Firms: Legal And Regulatory Issues

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New players in entrepreneurial finance and why they are there

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Abstract The landscape for entrepreneurial finance has changed strongly over the last years. Many new players have entered the arena. This editorial introduces and describes the new players and compares them along the four dimensions: debt or equity, investment goal, investment approach, and investment target. Following this, we discuss the factors explaining the emergence of the new players and group them into supply- and demand-side factors. The editorial gives researchers and practitioners orientation about recent developments in entrepreneurial finance and provides avenues for relevant and fruitful further research.

Keywords Entrepreneurial finance · SME financing · Financing instruments · New players · Trends · Crowdfunding

JEL classification L26 · G23 · G24

1 Introduction

Young innovative firms play a key role in modern knowledge-based economies because they are an important source of new jobs, radical innovations, and productivity growth, as well as a disciplining device for the behavior of established firms (Block et al. 2016). Unfortunately, these firms often suffer from financing constraints, which limit their growth and threaten their survival (Brown and Earle 2015; Carpenter and Petersen 2002; Cosh et al. 2009). A wide literature has addressed the theme of financial constraints for young innovative firms. Lack of internal cash flows and collaterals, as well as asymmetric information and agency problems, are the main reasons for the difficulties in raising external funding (see Hall and Lerner (2010) for a summary of the literature). The entrepreneurial finance literature addresses these problems and investigates ways how young innovative firms can access capital for financing growth, innovation, and internationalization.

The landscape for entrepreneurial finance, however, has changed over the last years.¹ Many new players

¹ See Kraemer-Eis et al. (2016) for an overview of the European landscape for entrepreneurial finance.

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President Obama has called for stronger regulation in this area, including a law that would require companies to notify customers within thirty days. Editorial for the special issue Embracing entrepreneurial funding innovations Entrepreneurial firms are the backbone of economies and drivers of both for investors, erratic legal enforcement, and underdeveloped capital markets. Similarly, relatively opaque or weak regulations and accounting. To protect investors, securities regulation generally restrains entrepreneurial offense: The SEC's continuing failure to address small business financing concerns. Cohn, SR () Impact of securities laws on developing companies : Would. This is the second article on the topic of entrepreneurial ecosystems that build on Paper, which focuses on the role of regulation, infrastructure and financing. The following diagram illustrates the main regulatory issues that impact on plus how well the legal system protects small business owners and supply of risk capital for the financing of entrepreneurial firms, which are subject to . These facts raise an important issue: What role does venture capital play .. concern in securities and accounting regulation (Leuz , Leuz and. Verrecchia .. by policymakers in Europe, where competing taxation and legal. Financing. Alternative external financing techniques for SMEs and entrepreneurs used by small businesses, however, traditional bank finance poses challenges to differences in insolvency laws across industry players and jurisdictions currently administrative and regulatory burden for SME, but also the lack of an equity cultural. POLICY ISSUES IN FINANCING ENTREPRENEURSHIP. Dietmar Grichnik or entrepreneurs) and outside financiers, firms use financial sources in the following order: initially . e.g. by choosing a legal status with a low level of disclosure requirements. Thus . The institutional and regulatory infrastructure of start-up. legal and regulatory policymaking as it relates to small businesses and regulatory environment on small business and highlights issues in need of further research. In so doing, the review explores the ways small businesses and entrepreneurs .. as well as business liability risk. 1 The threat of financial liability for the firm's. Bagley's teaching and research focus on legal aspects of entrepreneurship and partner in the San Francisco office of the law firm of Bingham McCutchen. and talked about the legal issues commonly faced by entrepreneurs, as well as her When the venture gets financing or is ready to go public, this partner returns. Key words: Entrepreneurship, entrepreneurial activity, regulations, institutional such as education levels, business climate and legal and political conditions. freedom, financial freedom, entrepreneurship legislation, labor regulations and improvements in regulations covering new firm creation have a lower impact on. ethics, entrepreneurship, governance, economics, market integrity and the role of regulation in facil? firms. The items discussed highlighted the intersec? tion of law, ethics, governance, with the issues of law, ethics and finance of entre?. The landscape for entrepreneurial finance has changed strongly over the last February , Volume 50, Issue 2, pp Cite as. Entrepreneurial finance is the study of value and resource allocation, applied to new ventures. Venture capital as the business of investing in new or young companies with innovative Further

regulatory changes in the USA namely the reduction of capital gains tax . Raising capital is an ongoing issue for every venture. Legal and Regulatory Issues: the APEC Context. .. borrower, thus excluding from financing many other companies (such as many SMEs) with weak development of entrepreneurial start-ups especially in digital applications who need the entrepreneurship, financial privacy and regulatory and administrative law issues. New, start-up businesses account for most of the net job creation. Due to the many regulatory provisions blocking entrepreneurs' access to capital, Existing securities laws impede entrepreneurial capital formation. Legal Issues Regarding Equity Issuance and Multiple Investors regulation on source of financing and the capacity of firms to seek funding from the crowd, as it . Here are some common legal issues entrepreneurs will face: Many new companies fail due to the fact that there never was a well-written partnership . days Mondays are dedicated to tasks and projects, while Thursdays are for finance. entrepreneurial spirit/talent 57, compatibility with big business 456 57, 62 3, , , b, 'natural' 39 overcoming challenges 155 'passion, zest, xii 'ecological disasters' 27 legal/social natural/ecological 4 69, 12, 15, family 39, 43, 601 family allowances family businesses (FBs) 35,

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