

## **RELATIONSHIP OF THE FINANCIAL AND HUMAN CAPITALS AS THE BASIS FOR THE FORMATION OF VENTURE CAPITAL**

In this article considered the basic essential characteristics of the category “venture capital”. Identified the main problems of the formation of scientific view on the content of investigated category. Presented the author’s vision of the nature of venture capital on the basis of symbiosis of financial and human capitals.

**Keywords:** venture capital, financial capital, human capital.

Venture capital is one of the main sources of financing the innovative activities of firms, that produce high technology product, but in Belarus, there has been little activity in the market of venture capital resources due to the complexity of the process, limited forms of public-private partnership, the lack of private venture capital.

Analyzing the theoretical basis of formation and development of the venture capital and the institute of venture financing it is possible to allocate two basic stages of formation the scientific view on its essence:

Venture capital or “risk” capital as a source of funding for a small, mostly new companies, operating in advanced sectors of the economy (a narrow approach with emphasis on the role of venture capital for small companies) (the American approach).

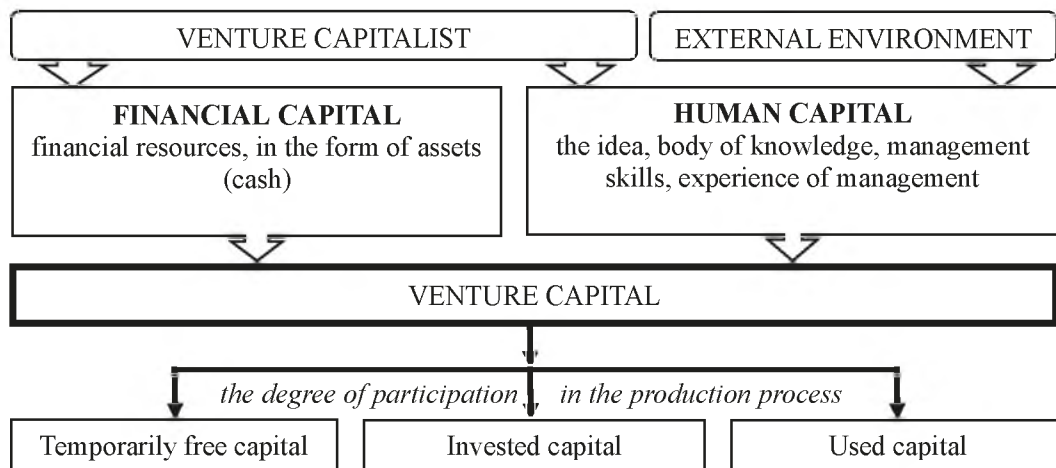
2. Venture capital as a source of growth for companies, engaged in innovation activities in high-tech industries, by investing financial resources in the form of exchange for a share in the charter capital or purchase of shares (participatory approach without reference to the scale of enterprises and organizations) (the European approach).

Thus, we can conclude that in domestic and European practice, the basis for determining the companies, that are being targeted and venture funding, is the separation of companies by the types of investments, while the American approach is the basis of business component activities.

The analysis of theoretical approaches to interpretation and formation of the category “venture capital” it was found, that their practical application in the domestic market is almost impossible due to the differences in socio-economic processes, regulatory framework and approaches to the farming system. Thus, the work of foreign and domestic scientists deal with individual components of the process of venture financing, a not fully visible the systematic study of questions of formation the venture capital, indicating the absence of an integrated approach to the study of the categories.

In this case, we need to offer, generalizing the terminology and approaches to the definition of venture capital by most experts, its interpretation of this category based on domestic practices of venture financing that would fix its main features. Thus, venture capital is a special form of long-term high-risk resource, formed on the platform of the symbiosis of financial and human capital, invested in new, emerging and fast-growing organizations and enterprises innovative activities, focusing on the creation of high-tech product, for the purpose of receiving the assets. On the basis of theoretical analysis of the economic nature of venture capital and the author’s proposed approach to the definition, imagine venture capital structurally (Fig. 1).

From the presented graphic material shows that the venture capital is a symbiosis of finance capital and human capital, derived from the capitalist and the external environment, accompanied by a formed idea about the possibilities of application the venture capital, managerial skills, experiences and abilities of conducting a competitive economic system.



*Fig. 1. The Nature and structure of venture capital*  
Source: own elaboration based on [Lerman, 2006; Mnean, 2002]

In general, it should be noted, that the analysis of the theoretical foundations allowed us to determine the economic role and importance of the institution of venture business, and to identify its specific features. To date, venture capital, as one of the sources of financing of innovation activities, is widespread in the U. S., Japan, China, Canada, countries of Western Europe. The peculiarity of the formation of venture capital these regions and countries is primarily the high share of domestic capital, which testifies to the market share of national venture capital investors.

To determine the features of the domestic practice of venture capital, it is necessary to consider the existing practice of venture design in the Republic of Belarus. In accordance with Methodical recommendations “on organization and implementation of innovative projects, organization and production, venture projects on a reimbursable basis, funded by innovation funds through the Belarusian innovation Fund” under venture capital project will be defined as “the complex of works on creation and implementation of innovations, the organization and (or) development of production of high-tech goods (works, services), including through the creation of innovative organizations” [Methodical recommendations, 2012].

Requirements for the venture project in accordance with the above guidelines [Methodical recommendations, 2012]:

- high-tech products, produced under the venture project, shall be demanded on the domestic and (or) foreign markets;
- the presence of protected intellectual property (high-tech products, production);
- the possibility of implementation (commercialization) and the start of production and sales (rendering services) in a relatively short time — not later than 3 years from start of funding;
- split the venture financing of the project into stages, with the definition of intervals in which decisions are made about future funding;
- the ability to exit the venture project at any stage subject to return in full in the budget allocation for financing and paying interest for their use;
- profitability of the venture project shall not be below 40% in the period of its implementation;
- the volume of investments in the venture project shall not exceed 5 billion roubles (the size of the investment may rise on an annual basis for inflation);
- the presence of organizational and manufacturing capabilities, experienced teams to implement venture projects.

As can be seen from the above data, the domestic approach is largely based on pan-European and Russian approaches to venture capital design, i. e. there is no bound to the size of the organization. However, there are a number of controversial issues, in particular the restrictions in funding, the timing of release of an innovative product on the market, the uncertainty in the forms of providing venture capital because of underdeveloped stock exchange relations, the lack of private venture capital, which greatly hinders the effective development of venture entrepreneurship in Belarus.

Thus, having considered and systematized views on economic nature of venture capital, developing a definition, presenting the main functions of venture capital, it is possible to identify the main features of venture capital and in domestic practice:

- appears in the form of symbiosis of financial and human capital;
- invested in innovative developments of new, emerging and fast-growing companies producing high-tech innovative product;
- is a high-risk long-term investment aimed at a high level of profitability;
- needs the full control of all subjects of venture businesses at all stages of its movement with the goal of making correct and effective administrative decisions;
- not focused on the return of investments in the form of obligations and dividends, and on long-term gains;
- contributes to scientific and technological process in the economy;
- maintains constant communication of scientific and technical activity with the innovation;
- stimulates the development of advanced innovative industries economic system.

### References

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## ВЗАИМОСВЯЗЬ ФИНАНСОВОГО И ЧЕЛОВЕЧЕСКОГО КАПИТАЛОВ КАК ОСНОВА ФОРМИРОВАНИЯ ВЕНЧУРНОГО КАПИТАЛА

В статье рассмотрены основные сущностные характеристики категории «венчурный капитал». Указаны основные проблемы формирования научного взгляда на содержание исследуемой категории. Представлено авторское видение природы венчурного капитала на основе симбиоза финансового и человеческого капиталов.

**Ключевые слова:** венчурный капитал, финансовый капитал, человеческий капитал.

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## ФАКТОРЫ НЕГАТИВНОГО ВЛИЯНИЯ МЕЖДУНАРОДНЫХ ТРУДОВЫХ МИГРАНТОВ В СИСТЕМЕ ФИНАНСОВЫХ ОТНОШЕНИЙ