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VENTURE CAPITAL AS A SOURCE OF FINANCING SMALL AND MEDIUM-SIZED ENTERPRISES IN POLAND: SELECTED ASPECTS

Entrepreneurship financing is a challenge for company managers in every industry. Competitive market requirements and advancing globalization trigger continuous changes in economic conditions that companies are constantly adjusting to. Capital flows enabling efficient financing and development of businesses should be mobile, with a direct bearing on decisions on capital allocation. Thus, the following questions arise: what sources, in addition to equity and loans, are used by small and medium-sized enterprises in Poland? Do they make use of all the possibilities available in the capital market and what are the reasons behind their choices regarding development strategies and funding sources for such strategies? This article builds on the authors' own research on companies' survival and preferences as to the choice of financing sources in the various stages of development, carried out on the basis of source data from various annual reports and publications that have been produced and made available by capital market institutions. It also addresses the diversification of financial portfolios of companies that seek financing sources for their own entrepreneurship that allows their development, efficiency and maximization of performance, and thus consolidation of their market position, including through the use of venture capital.

Keywords: SMEs; financing source; venture capital; company age

1. INTRODUCTION

Small and medium-sized enterprises play an important role in today's economy, which is reflected primarily by their numbers. In 2014, more than 22.3 million non-

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financial enterprises[1] operated in the European Union, of which 1.77 million conducted business in Poland, a decrease by 1.3% compared to 2013[2] [8, p. 22; 31]. Their key role as entities influencing macroeconomic indicators lies not only in their number but also in the creation of new jobs [8]. One of their major characteristics is their fast adaptation to market changes, legal regulations and transformations in the socio-economic environment. They flexibly respond to local, regional, national and even international needs [23]. They successfully operate in new sectors and industries, internationalizing their business and developing in an increasingly broad sense. Their access to sources of capital, especially investment capital, is, however, still limited and they continue to face credit discrimination as indicated by J.K. Galbraith (see: [1, 3, 23, 24]). At the same time, small and medium-sized enterprises prefer traditional sources of financing. They most commonly use money market rather than capital market instruments. The reason for this lies both in entrepreneurs' habits and their lack of confidence in external sources of financing, reflected by the so-called SME credit mentality, and in scarce knowledge about the main capital market instruments in Poland. They also face barriers in each phase of their life cycle. The rates of bankruptcies and liquidations and survival rates after 5 years of operation affect the opportunities for access to capital market instruments as well [8; 26, p. 39-54].

Development capital has been a subject of interest in the economic theory and business practice for many years [28, p. 305]. Despite a wide variety of opinions [22; 34, p. 161; 39, p. 427; 40], all of them are consistent as regards one fundamental issue, namely that development capital covers this part of resources that yield profit. When defining capital, F.J. Busse's view should be taken into account because he sees capital from the financial management perspective as a financial investment including the aspect of ownership ([5, p. 19], quoted in: [22, pp. 86-97]). Definitions by S.C. Myers, R. Elsas, E. Florysiak, F. Modigliani and M.H. Miller highlight that the way companies choose their capital structure is unclear [12, p. 39;15, p.3; 30; 32, pp. 575-592].

Concerning the determinants of SME capital structure, a correlation can be noticed between company size and the capital structure being built. That relationship is inversely proportional: the larger the enterprise, the lower the ownership share. One thing is sure: regardless of the controversies among researchers examining the issue in question, it is essential to have capital. Therefore, sources of financing are a major management concern.

This article presents research into survival rates and development stages of enterprises as factors determining the choice of financing sources, in view of their impact, and market track record of companies as an element translated directly to

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[1] The figures do not include sections A (agriculture, forestry, hunting and fishing), K (financial and insurance activities), O (public administration and defence activities) according to the Classification of Business Activities in Poland (PKD 2007).

[2] The figures concern Poland in 2013.

the confidence in SME owners and their negotiating position. The authors' research results show that small businesses have the highest capacities and survival rates.

Looking at the geographical distribution of fundraising in 2014, venture capital was most popular in France, Belgium and the Netherlands with a 46.1% share, whereas in the Scandinavian countries and Germany alike it reached 8.4% of all funds of this type worldwide. In the same period, the United Kingdom recorded a 10.2% share. Spain, Italy and Portugal have a 6.8% share, while Poland, together with other Eastern European countries, only 0.9% [13].

2. MATERIAL AND METHODS

The authors' research covered micro, small and medium-sized enterprises in Poland in order to analyse the influence of their age and conditions for their survival as well as the impact of those factors on the choices made by SME owners in designing and diversifying sources of financing. In order to calculate and present the findings in tables and charts, mathematical analysis tools were employed that allowed for determining: the number, dynamics and trends examined on the basis of linear regression methods [14], and for making a comparative analysis of obtained indicators.

3. COMPANY SURVIVAL AND AGE AS FACTORS DETERMINING SME CAPITAL STRUCTURE IN POLAND

In their operations, micro, small and medium-sized enterprises face numerous barriers connected, among others, with (1) the lack of adequate procedures and (2) in-company corporate governance, (3) access to outlet markets, (4) internationalization, (5) organizational and legal form and, finally, (6) raising funds for development. Their survival capacity determines their capital structure as emphasized in the relevant literature (see: [4; 7; 22]). The analysis of the Polish Central Statistical Office data also shows that most businesses, both micro and small and medium-sized enterprises, failed after 2 to 4 years of their operation in 2009-2013. One characteristic aspect is that in recent years the survival rate increased: by 32.5% in 2012 and 11.41% in 2013 for small companies, and by 4.56% in 2012 and 14.21% in 2013 for medium-sized enterprises. Micro-enterprise survival rate decreased in the period under examination. This trend would not have been detected if not for a thorough analysis of each subsector since SME general statistics reveal shorter survival in that period, the reason being a large number of micro-enterprises across the sector. Small companies were very stable within the group of enterprises surviving for 5 or more years. From 2010 onwards, they showed an upward YoY trend: 6.42%, 5.42%, 0.91% and 3.02% in consecutive years. The biggest fluctuation and the lack of clear trends occur among micro-enterprises, yet 2013 witnessed bankruptcy or liquidation of companies in each age range studied. Importantly, the overall survival rate of all SMEs operating for 5 or more years increased, though slightly, among medium-sized enterprises (by 0.95% in 2012 and 0.05% in 2013), with small businesses being most stable (Figures 1, 2, 3, 4).

The survival rate is a major factor determining SME capital structures because it is synonymous with credibility, first and foremost, and with an established market position and financial track record as creditworthiness determinants. It thus affects the rating of a company applying for a loan since it provides important information about its entrepreneurship and ability to survive in a competitive market. The 1991 research by D.W. Diamond demonstrated that the longer the history of cooperation with a bank, or the older the company, the lower the costs of a bank loan or credit offered [11]. Companies operating in the market longer are less likely to go bankrupt, meaning that their credit risk is lower, which improves their position to negotiate bank credits or bank fees ([6] quoted in: [22]).

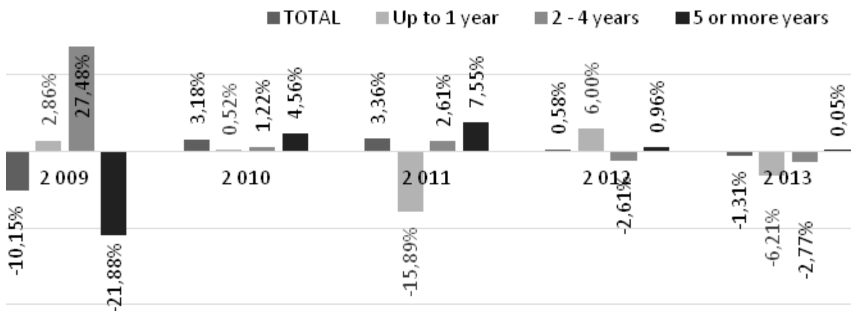

Fig. 1. All SMEs by years of conducting activity and by survival rate in 2009-2013 (own study based on the research results from [8])

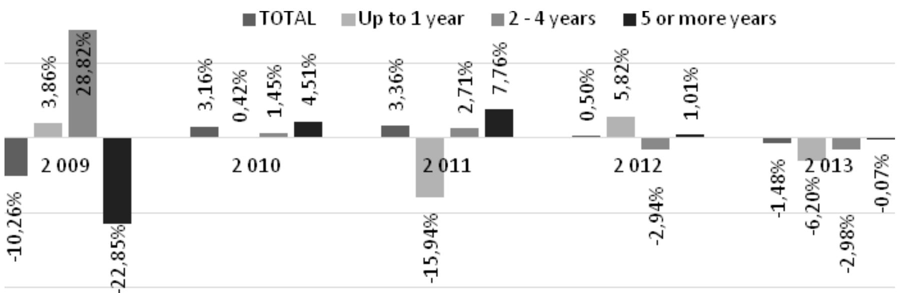

Fig. 2. Micro-enterprises by years of conducting activity and by survival rate in 2009-2013 (own study based on the research results from [8])

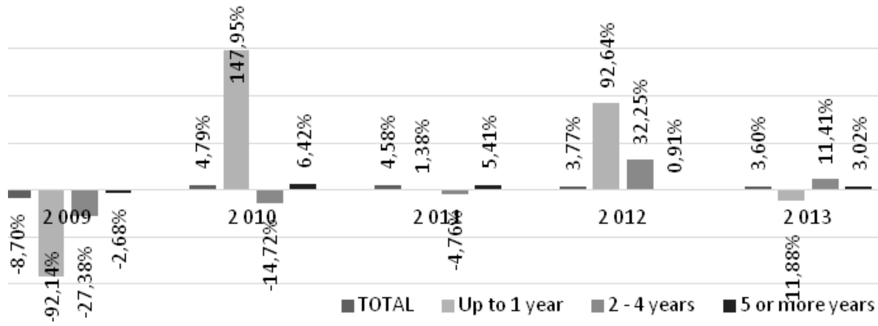

Fig. 3. Small enterprises by years of conducting activity and by survival rate in 2009-2013 (own study based on the research results from [8])

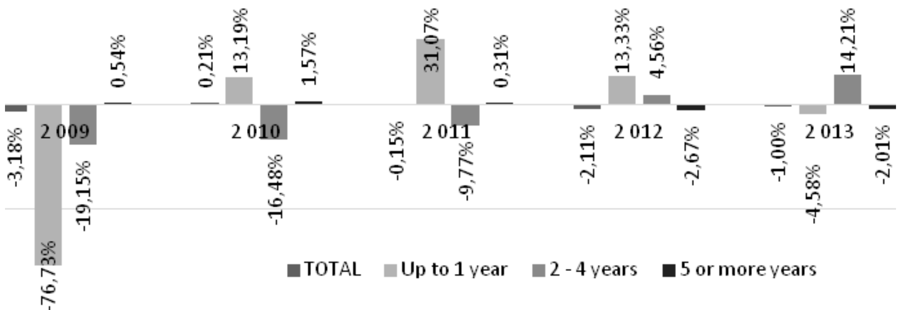

Fig. 4. Medium-sized enterprises by years of conducting activity and by survival rate in 2009-2013 (own study based on the research results from [8])

Owing to its basic functions as a public capital market, the stock exchange is crucial to capital flows and the development of economies, both nationally and globally (see: [16; 37]). Statistics clearly show how important the company survival rate is. For companies to be able to make full use of the capital market, in particular Initial Public Offering (IPO), the survival rate must be credible as it is one of the requirements to meet in order to aspire for the status that allows for co-operating with the stock exchange and raising development capital in this way [25, pp. 496-507; 26, p. 39-54]. This also applies to the NewConnect market (see: [21]). So what can innovative entrepreneurs who are resolved and confident of their success do? One of many opportunities to raise long-term capital lies in venture capital including: seed capital, start-up capital, business angel schemes and corporate venturing, depending on the stage of company development or financing source (see: [27]; [42]). Yet, according to the research results, micro-entrepreneurs almost exclusively use equity [23]. Only slightly over 4% of the companies studied take into account commercial credit in their management. The figures demonstrate that the correlation between size and equity invested is degressive. The larger the company, the wider the range of financing sources (Table 1). Equity is used to the smallest extent by medium-sized enterprises (58.5%), yet the figures on other financing options chosen, including commercial credit (17.5%), should be mentioned.

Table 1. SME size and capital structure [23, p. 170]

Number of employees	Capital structure					Number of SMEs
	equity	long-term credit	short-term credit	leasing	commercial credit	
Self-employment	91.1	1.5	2.2	0.8	4.3	72
1–9	78.7	5.3	3.9	3.3	8.9	176
10–49	71.6	6.3	5.2	5.8	11.2	74
50–249	58.5	10.3	7.6	6.3	17.5	37
TOTAL:						359

Further results of the authors' research reveal that the equity share is reduced slightly as an SME grows older: the share of 84.9% in the first year of a company's operation falls to 74.5% in the early stage of development between 3 and 5 years of its existence. This group also accounts for the highest proportion of commercial credit in diversified financial portfolios of the enterprises studied. This confirms the thesis about preparing the company for succession or resale. Simultaneously, there was an increase in long-term credits in the capital structures. Other instruments examined do not reveal a steady trend (Table 2).

Table 2. SME age and capital structure [22, p. 94]

Company age (in years)	Capital structure					Number of SMEs
	equity	long-term credit	short-term credit	leasing	commercial credit	
up to 1 year	84.9	4.6	1.1	3.6	5.7	18
1–2	80.0	4.2	3.8	3.0	8.9	33
3–5	73.5	5.8	4.2	4.2	12.3	70
6–9	79.5	6.1	3.4	3.7	7.5	80
10–19	77.7	4.4	4.7	3.8	9.4	126
over 20	78.8	6.1	4.2	1.2	9.6	34
TOTAL:						361

According to the authors' results, the most interesting group includes small and medium-sized entrepreneurs who have been active in the economic market for over 3 years, hence they fall within the CSO statistics in ranges: 2–4 and 5 or more years of operation. This is because they exhibit a stable trend and take mature financial decisions that are assessed if they are ready to use financial market instruments.

The age and survival rates of enterprises have long been examined in the relevant literature. According to F.S. Mira's research conducted on Spanish SMEs within 5 years, there is a positive relationship between company size and the structure of its fixed assets on the one hand and long-term debt on the other and a negative relationship in the case of short-term debt [29, pp. 1-23]. A reference should also be made to the 2010 research by H. Schneider clearly indicating a preference for short-term credits among small and medium-sized enterprises [38, p. 220]. Each company develops in many stages that occur cyclically. Thus, the literature specifies two primary phases: maturation and ageing (see: [18]; [19]; [23]). N. Berger and G.F. Udell distinguish four financing cycles while a company grows, pointing to four phases: childhood, adolescence, maturity and decline. The research that they conducted in 1998 covered every phase, highlighting the financing source preferred by entrepreneurs in each of them [2]. The equity share was 49.6% and third-party capital constituted 50.4%. The sources of equity included 31.3% of the owner's funds and only 5.5% of funds raised from business angels or venture capital, with the latter rarely being a financing source in the first phase of the company growth cycle and only becoming more important in the adolescent stage, i.e. after 3 to 4 years of existence. Third-party capital, although dominated by bank credit[3], included the commercial credit share of 15.8%. Therefore, the age and market survival rate of enterprises and the distribution of financing sources are significant for the conducted analysis.

4. VENTURE CAPITAL AS A SOURCE OF FINANCING SMALL AND MEDIUM-SIZED ENTERPRISES

As mentioned above, each business develops in multiple cyclical stages, with the most important one being its start. Hardly anyone thinks about the start of companies such as Hewlett Packard, Euronet and Google having world-famous logos, especially considering their financing sources that enabled them to develop in this manner [41]. Looking at such enterprises, venture capital becomes more meaningful as one of the most interesting capital market instruments that sometimes offer a more attractive form and solutions than banks. Venture capital is frequently called pro-developmental because it emphasizes the role of man and his inventiveness and is a major driver of an innovation-based economy (Figure 5). It is mainly

[3] Bank credit accounted for 18.8% and, together with commercial credit, constituted a total of one third of third-party capital.

invested in the markets for new technologies that develop more dynamically than the rest of the industry [17]. What should also be highlighted is the opportunity to finance initial market operations through to the opportunities to provide funds for acquisitions and buyouts. Research by L. Da Gbadji, B. Gailly and A. Schwienbacher published in 2014 demonstrated that companies, whether based in the USA or Western Europe, are more likely to benefit from funding programmes such as Venture Capital if they carry out their business in countries considered as developed and having advanced investment market tools [9].

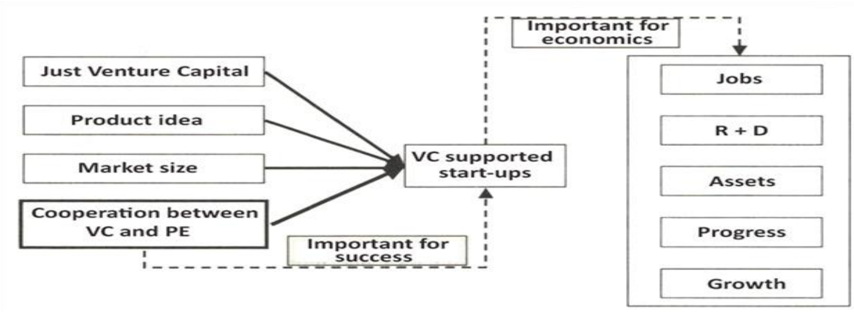

Fig. 5. The importance of venture capital in micro- and macroscale [43]

The early development stages of enterprises, depending on their size, may be supported by financing sourced directly from the capital market, such as start-up or seed capital. Such solutions are chiefly addressed to the smallest businesses. Both seed and start-up capital is used to finance enterprises at the very beginning of their activity, hence, indeed, it helps them design new business concepts, build prototypes, conduct preliminary market research, prepare business plans, register and enter the market. Such offered solutions may be as diverse as the scale of the related business, ranging from amounts of several thousand to several million in funds, and as diverse as experience and know-how of the people involved. Company age and portfolio then become major indicators as they are directly connected with the level of investment risk, i.e. profits expected by potential investors. The correlation and development stages for assessment purposes were illustrated by many studies, including the authors' own research, in the first chapter. It is, therefore, obvious that financing a company's start-up phase, market entry and competitive position development is the riskiest and least profitable venture capital investment since preparation costs reduce future profitability. That is why such projects are expected to yield high returns and investment activities are mainly undertaken in highly innovative segments, e.g. high-tech. In Poland, the approach to using venture capital funds also depends on the industry and skills of entrepreneurs who are increasingly being supported by the EU programmes offered through the Polish Agency for Enterprise Development (PARP) and the National Contact Point for the

Competitiveness and Innovation Framework Programme[4] (CIP). Thanks to the participation of representatives of the European Investment Fund, the National Capital Fund, PARP, the Polish Private Equity and Venture Capital Association, and entrepreneurs and potential investors, the legal framework and tax opportunities are clearer to the enterprises directly concerned[5]. It should also be emphasized that venture-capital-financed projects may involve both private investors and public funds [35]. PARP activity[6] and projects implemented by it should be studied separately.

The owners' attachment to their companies and their reluctance to admit third parties is an essential dilemma in SME management. The value of a company's fixed assets is also the value of the owner's property and collateral. The link between the value of fixed assets and the level of debt in small and medium-sized enterprises is weak and, if exists, it only concerns short-term debt, which confirms the theory about the preference for short-term financial commitments among company owners [38, p. 220].

The structure of venture capital raising involves a specific form of capital injection for an emerging or already existing company through issuing stocks or shares. This specificity consists in the fact that, instead of credit contracted, i.e. debt, new capital is introduced into enterprises as ownership interest, namely as equity capital, making the investor a co-owner of the financed company. Enterprises are financed in this way for a clearly defined period that can be short-term (e.g. a year, helping to prepare the company to launch a new technological line or cooperate with the stock exchange) or long-term (financing subsequent phases of its precise development path). After the contractual deadline expires, venture capital funds are always withdrawn by selling the stocks or shares held. Development funds are raised in this manner in the non-public capital market, often called private equity, because they may be used only by companies that have not been listed on a stock exchange.

The very form and structure of venture capital is much more attractive than traditional forms of fundraising, where it is necessary to provide pledges, liens or own contributions as collateral subject to additional percentage fees paid regularly as

[4] A seed financial offer is exemplified by the University Challenge Seed Funds, a British programme that created 19 seed funds focused on finding interesting investment projects in the academic community. In the 2002-2003 reporting period, it qualified approximately 100 projects for financing with 13 million GBP.

[5] The workshops organized by those institutions in October 2012 presented the Silicon Valley idea of US-Poland Innovation Hub to assist Polish companies trying to conquer international markets. The patronage was assumed by Silicon Valley venture capitalists affiliated with Stanford University and the US-Polish Trade Council (USPTC).

[6] PARP implements, inter alia, projects under 1.2.3. Sectoral Operational Programme "Improvement of the Competitiveness of Enterprises" (SPO WKP): Silesia Fund Sp. z o.o., BIB Seed Capital Sp. z o.o., SATUS Sp. z o.o., MCI.Bio Ventures Sp. z o.o., BAS Sp. z o.o., IIF Seed Fund Sp. z o.o.

interest irrespective of the company's financial condition (Table 3). This role is played by the shareholding and related corporate rights to vote at general meetings, the right to inspect and receive financial information about the company, without any additional costs or debt, since the investor, who is a co-owner, gains profits from capital venture when the company value increases. The value of the investor's collateral consisting of shares or stocks contributed as equity grows then too. The difference also lies in the degree of involvement in company management: venture capital shareholders are usually interested in all aspects connected with the company because they are directly concerned about raising the company value.

Table 3. Characteristics of selected forms of financing (own study)

Type of financing	Change of company structure	Credit-worthiness	Business track record	Collateral held	Development prospects
Bank credit	-	+	+	+	+
Commercial credit	-	+	+	+	+
Leasing	-	+	+	+	+
Seed and start up	+	-	-	-	++
Venture capital*	+	-	-	-	+
Private equity**	+	-	-	-	+
Corporate venturing***	+	-	-	-	+
Business angels****	+	-	-	-	+

* Venture capital includes seed and start-up capital used only in the early stages of development.
** Economically, it differs from venture capital only as regards its much larger scale of financing; it provides financing in the advanced stages of company development.
*** It falls within the definition of venture capital and is provided by large corporations for the development of industries of interest for financing corporations; it provides greater market and technological support than classical venture capital.
**** The same characteristics as venture capital, offered by individuals rather than legal persons; it means lower financing in practice.

Given tax and regulatory considerations, funds choose different legal forms and structures; they also may be registered in countries other than those where they invest. It is a responsibility of company owners to choose and verify potential sources of financing and their legal forms. However, most venture capital funds are established by pension funds, banks, insurance companies and large corporations, i.e. legal persons with a well established and known market position and large pools of capital guaranteed for their disposal[7]. Selection of investors making up

[7] Those may be, for example, retirement savings, premiums paid by policyholders, deposits that can yield attractive profit when managed as venture capital.

a fund is not so important for its operational mode but the funds themselves tend to cooperate with specific groups of partners (e.g. banks are mainly focused on cooperation with mature companies that usually require much shorter financing than new businesses). It is assumed that pension funds, banks, insurance companies and large corporations account for 65% of operators responsible for allocation of capital to funds in Europe, whereas foreign institutions, chiefly banks, dominate in this respect in Poland [41].

In Poland, there are several venture capital funds with different industrial[8] or financial specializations, and sometimes with different investment limits and market reputations. Although the latter may seem to be the least important, the reputation of a given fund should be checked thoroughly. Indeed, long-term cooperation is at stake so treatment of partners and business culture should not remain unknown [45].

Funds most frequently cooperate with businesses that meet four basic conditions ensuring that a project is successful and risks are minimized:

- professional, cooperating project team,
- competitive advantage manifested chiefly through project innovation in a particular field,
- offered rate of return proportionate to the duration and risk of investment,
- ensuring that the fund can exit the investment after the contractual period (in practice, 3–7 years) expires.

The first condition is definitely soft as the assessment covers not only education and experience of the team with managing projects and companies but also character traits of the team leader. Strong personality, managerial competences, focus on success and business integrity are also assessed. The most important elements ensuring the interest of funds include market uniqueness that will guarantee competitive advantage or create barriers to competition emergence, with a clearly defined target group and specified needs to respond to, and project embeddedness in a growth market of sufficiently large size, free from excessive regulatory interference by the State. It should be noted that the practice confirms that growth expectations of seed companies and start-ups are at 30%–100% per year and decrease in direct proportion to the maturity of financed enterprises, which is inevitably associated with their age. Therefore, M. Porter underlined that "Descriptions of business leadership still use old metaphors, quote ancient Chinese generals and apply their skills to business. However, defeating the enemy is a thing of the past. We have to fight to be unique, not the best".

[8] Given the risk of or liability for damages, venture capital is not invested in all market industries. In particular, all social and political links (e.g. production of and trade in: weapons, tobacco, alcohol, narcotics, products posing the risk of environmental pollution) are avoided.

The reception of venture capital in SMEs, described in this article, is also confirmed by the opinion of M. Zagórski[9] saying that the loss of control of the company and lack of in-company corporate governance in the majority of SMEs are barriers to such investment in the future of companies: "(...) A founding entrepreneur who created his/her company from scratch often approaches funds, seeking capital to develop his/her business because he/she wants to leave 'something' to his/her children and grandchildren. (...) It is impossible to do business with such a partner because he/she does not treat his/her company as a product or investment. Generally, he/she is a very capable and resourceful person committed to his/her work who does virtually everything in his/her company and thus knows everything about it. And besides him/her, nobody knows anything about his/her company. This is, unfortunately, a very bad situation. (...) If something happens to him/her, the company practically disappears and so does the money invested in it by the fund! (...) Given these personnel issues, it is worth noting that investment depends not only on a great idea but also on a complete management team at the medium level as well" (quoted in: [41, p. 18]). This is confirmed by the list of the most commonly used criteria, published by D. Klonowski in 2004, which begins with top ranked indicators of managerial staff potential, competence and experience. Only in subsequent steps are market competitiveness and attractiveness and the project content, i.e. a product or service, assessed (Table 4).

Table 4. The most common criteria used for investment project selection [20 quoted in 41 p. 19]

Selection criteria	**Ranking**		**Selection criteria**
Managerial potential of entrepreneur	1	15	Scale and possibility of further financing rounds
Previous experience	2	16	Ability to maintain market position
Market size and growth	3	17	Competitors for transaction
Completeness of project team	4	18	Ease of market entry
Expected rate of return	5	19	Nature and intensity of competition
Experience in the industry	6	20	Ability to disburse cash (e.g. dividend)
Company valuation	7	21	Availability of supply and distr. network
Value added of products/services	8	22	Possibility of influencing business
Market seasonality	9	23	Time to viability
Investor protection	10	24	Prospects for building a consortium
Possibility of investment exit	11	25	Company development stage
Level of market consolidation	12	26	Compliance with fund's internal conditions
Market share	13	27	Condition of Polish economy

[9] Marcin Zagórski was vice-president of the Polish Private Equity and Venture Capital Association in 2004–2005, president of HALS Venture Capital Fund in 1999–2004.

Availability of clear business plan	14		

It should also be noted that the list of necessary conditions does not contain what often seems to be most important, i.e. technical, technological and engineering aspects that financing seekers frequently regard as crucial and that are ranked even lower than in D. Klonowski's model. Emphasis is also put on knowledge about the industry and the level of competition. Assessment covers consolidation risks that may occur in the years of financing and the intensity of competition in a particular sector and its profitability: entry, threat of substitution, bargaining power of customers and suppliers, and rivalry among current competitors (see: [33]).

Correctly designed information memoranda addressed to investment funds and the standards and requirements that they should meet are a very important and broad topic that should, undoubtedly, be further explored. This also applies to the issue of employee and management stock options and the cycle of investment completion and fund withdrawal.

Venture capital provided through investment funds, i.e. corporate venturing, is also interesting. The scale of such investment is several times broader than that of classical venture capital, and the motivation is slightly different – usually it is to acquire minority stakes in fast-growing companies and resell them after a few years or integrate such companies into the investor's own group. In this case, in addition to financial benefits, the investor may monitor all innovations and technological advances frequently incubated in rapidly growing SMEs. The economic performance of the entire sector is positively influenced by the common practice of employing that method to stimulate internal entrepreneurship in large corporations by encouraging and increasing involvement of the most valuable and creative workers to start their own businesses through supporting their host corporation financially[10].

Business angels are the last possible form, where individuals invest their private savings in stocks/shares in early-stage innovative small businesses with high value growth potential. In Europe, that market operates best in the UK. It is not developed in Poland yet, but the end of 2003 saw the establishment of the Polish Business Angels Club, which offers matching services for projects and capital providers [44].

In Poland, it is the information industry dealing with computers, software and data processing that is most interested in funds (41%). It is followed by construction (12%) – site preparation, construction, installations, finishing, rental of construction equipment, and by other services and services of discharge of sewage and cultural and sports activities (12%). The section comprising health protection and social aid – including medical services in hospitals, primary health centres (also

[10] Corporate venturing originated in the United States and is also popular in France, Germany, the UK and the Scandinavian countries (e.g. Electricite de France, Bayer Innovation GmbH, SAP AG, Siemens, Telefonica, British Gas, Nokia). Corporate venturing in Poland is exemplified by Intel Capital, Prokom Investment, ComputerLand, Softbank.

veterinary) and education and care institutions, i.e. nurseries and social aid centres – also stands out (Figure 6).

Table 5 shows an overview of venture capital fund development and performance in Poland in 2007-2013, and the tendency is presented in Figure 7.

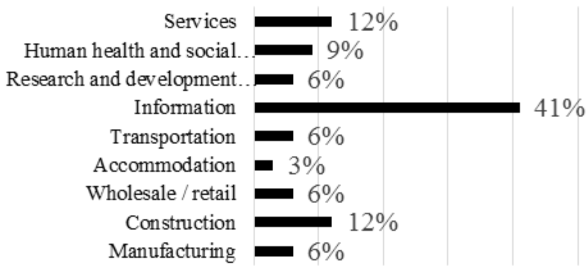

Fig. 6. Polish industries in which venture capital clients operated in 2011 [36]

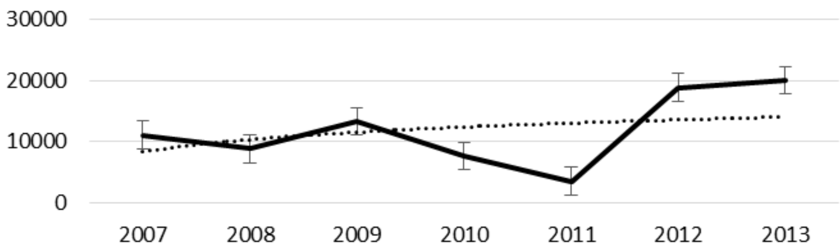

Fig. 7. New funds and their upward trend in Poland (own elaboration based on the data from [13])

Table 5. Venture funds in Poland in 2007-2013 [13]

Venture Funds (Amounts in € thousands)	2007		2008		2009		2010		2011		2012		2013	
Investor type	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Academic institutions	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Banks	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Capital markets	0	0.0	0	0.0	2 730	20.4	0	0.0	0	0.0	0	0.0	0	0.0
Corporate investors	0	0.0	0	0.0	0	0.0	3 830	50.0	1 230	34.6	0	0.0	0	0.0
Endowments and foundations	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Family offices	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Fund of funds	0	0.0	0	0.0	4 550	34.1	0	0.0	1 230	34.6	9 420	50.0	0	0.0
Government agencies	8 560	77.0	0	0.0	0	0.0	3 830	50.0	0	0.0	0	0.0	10 000	50.0
Insurance companies	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Other asset managers (including PE houses other than fund of funds)	2 560	23.0	0	0.0	1 820	13.6	0	0.0	0	0.0	0	0.0	0	0.0
Pension funds	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Private individuals	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	9 420	50.0	10 000	50.0
Sovereign wealth funds	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Unclassified	0	0.0	8 860	100.0	4 260	31.9	0	0.0	1 100	30.9	0	0.0	0	0.0
New funds raised	**11 120**	**100.0**	**8 860**	**100.0**	**13 360**	**100.0**	**7 660**	**100.0**	**3 560**	**100.0**	**18 840**	**100.0**	**20 000**	**100.0**

5. CONCLUSIONS

Financing entrepreneurship, especially SMEs, is an extensive and complex issue. There are many factors determining the owners' choice of the strategic financing source. Strong trends can, however, be noted when examining the age and survival rate of companies. In Poland, small entrepreneurs who have operated for 2–4 years represent the most stable trends, whereas decisions taken by entrepreneurs active in the market for 5 or more years clearly indicate diversified financial portfolios. Commercial credit is one of the most popular solutions but venture capital instruments are also attracting attention of mature businesses. Although the company size is a strong factor affecting capital structure, SMEs continue to regard access to finance as the main barrier to development. This was stressed by T. Beck et al. in 2006: 39% of micro-enterprises, 38% of small enterprises and 29% of medium-sized enterprises felt discrimination as confirmed by N. Daskalakis and E. Thanou in 2010, namely 21.9% of micro-enterprises, 21.7% of small businesses and 20.2% of medium-sized enterprises still thought that access to the financial market was limited. Acknowledging the authors' research results, another possible reason for this should be highlighted – Polish SMEs lack knowledge about the capital market and opportunities offered by solutions such as venture capital that may be used in each stage of company operations. To illustrate this, it is enough to indicate a few enterprises that may provide an inspiration because they travelled from the start-up phase to companies with recognizable logos and significant shares in the Polish market: Travelplanet.pl (a listed company selling trips on the internet), Diagnosis Sp. z o.o. (medical products, devices and equipment), CH Helios S.A. (a cinema network), Eratech S.A. (rendering industry), Nepis S.A. (author of Yanosik communicator).

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VENTURE CAPITAL JAKO ŹRÓDŁO FINANSOWANIA MAŁYCH I ŚREDNICH PRZEDSIĘBIORSTW W POLSCE – WYBRANE ASPEKTY

Streszczenie

Finansowanie przedsiębiorczości stanowi wyzwanie dla zarządzających przedsiębiorstwami w każdej branży. Konkurencyjne wymagania rynkowe i postępująca globalizacja powodują nieustanne zmiany warunków ekonomicznym, do których funkcjonujące przedsiębiorstwa nieustannie się dostosowują. Przepływy kapitałowe umożliwiające efektywne finansowanie przedsiębiorstw i ich rozwój, powinny odznaczać się mobilnością, co ma bezpośrednie przełożenie na decyzje dotyczące alokacji kapitału. Powstaje pytanie: z jakich źródeł - oprócz kapitału własnego i kredytów - korzystają małe i średnie przedsiębiorstwa w Polsce? Czy wykorzystują wszystkie możliwości dostępne na rynku kapitałowym oraz czym powodowane są ich wybory, które dotyczą strategii rozwoju i źródła jej finansowania? Artykuł powstał na podstawie badań własnych dotyczących przeżywalności firm i ich preferencji, co do wyboru źródeł finansowania w poszczególnych fazach rozwoju, wykonanych w oparciu o dane źródłowe z różnych raportów rocznych oraz publikacji, opracowanych i udostępnionych przez instytucje powiązane z rynkiem kapitałowym. Artykuł poświęcony jest też dywersyfikacji portfela finansowego przedsiębiorstw, poszukujących źródeł finansowania własnej przedsiębiorczości, umożliwiającej rozwój, efektywność i dynamizację wyników, ugruntowujących pozycję rynkową analizowanych przedsiębiorstw, w tym za pośrednictwem venture capital.

Słowa kluczowe: MSP, źródło finansowania, venture capital, wiek przedsiębiorstwa