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ORIGINAL SCIENTIFIC PAPER

Analysis of the Role of VCFs as Non-banking Financial Institutions in Financing Women's Entrepreneurship



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ABSTRACT

Investment funds are one of the main players in the capital market. In the current conditions, especially popular is their form alternative investment funds (AIFs) and the modality thereof venture capital funds (VCFs). VCFs are non-banking financial institutions that collect the capital of many investors and directly invest it in a portfolio of perspective businesses, often gaining ownership in them. The main goal of these funds is to increase profits realized by the sale of shares in the mentioned businesses in the later period, i.e. when the companies, thanks to their innovations and potentials, become recognized on the market, and when the value of their shares rises. As VCFs can contribute to the expansion of investment in young, innovative, high-risk businesses, especially those run by women, the research aims to analyze the role which these non-banking financial institutions have in financing women's entrepreneurship. It is expected that research will encourage women to get into the entrepreneurial market and business entities in whose managerial positions they are to turn to non-banking financial institutions of this type

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for capital support. Descriptive and comparative methods, analysis and synthesis, and a detailed analysis of available domestic and foreign literature were used for the preparation of this paper. The result of the research is the confirmed belief that in current market conditions VCFs, as non-banking financial institutions, play a prominent role in financing women's entrepreneurship.

KEY WORDS: *venture capital funds, financing, women's entrepreneurship*

Introduction

An enthusiastic entrepreneur by the very first "market step" he takes, becomes part of a complex and cruel "market machinery" that does not forgive failure. It is an environment that does not express an understanding for the weaknesses of market participants, and many young and innovative enterprises are often forced to, very quickly upon acquisition, give up the title of "entrepreneurs". Special vulnerability is noted in the field of women's entrepreneurship, and it is confirmed by the fact that decisions of women entrepreneurs to leave the market are less frequent, and decisions to withdraw from the same are more often than decisions of other business entities. Therefore, the "market walk" of women entrepreneurs is usually short and accompanied by numerous pressures, and survival in the entrepreneurial world is further complicated if their businesses are characterized by a lack of financial resources. VCFs are a form of investment funds that can financially assist vulnerable women entrepreneurs, i.e. enable the undisturbed development of their businesses.

The subject of the research is the role that VCFs play in the process of financing the women's entrepreneurial sector. The starting point of the study is the women's entrepreneurship sector and perceived challenges that characterize women-led businesses at a global and European level. The importance of the research is reflected in the examination of the financial support which, thanks to VCFs, may become available to young women-led entrepreneurial entities. The relevance of the research is supported by the fact that women's entrepreneurship sectors are one of the most dynamic and fast-growing in recent years. That growth is the result of numerous policies, subsidies, and incentives addressed at global and European level to women who want to get involved in "entrepreneurial waters".

The primary hypothesis of the research is defined as follows:

- H0: VCFs play a significant and multifunctional role in financing women's entrepreneurship.

Specific hypotheses are:

- H1: Financing women entrepreneurship through VCFs increases the chances of women entrepreneurs to survive in the market, and raises the probability that women entrepreneurs will develop their businesses and show the potential they possess;
- H2: By cooperating with VCFs, women entrepreneurs receive management support, i.e. persons who, with their experience and practical knowledge, direct the growth of women's enterprise and positively affect development and market success of the same.

VCFs

Investment funds are collective investment institutions within which money gets raised, and in accordance with the investment goals stated in the fund's prospectus becomes invested in different types of assets to generate income and reduce investment risk (Government of the Republic of Serbia, 2014). Investment funds are a type of non-bank financial institution that collects money from numerous investors and invests it in stocks, bonds, money market instruments, other securities, or even cash (U.S. Securities and Exchange Commission, 2010). Investment funds were created as a result of the very rapid development of the securities market in developed countries, but also as a result of the "inability" of the conventional banking sector to respond to the needs of investors and users (Đekić, Gavrilović, Roganović & Gojković, 2017).

AIFs are an especially interesting form of investment funds. Alternative financing models refer to the financing of business entities through equity, i.e. represent the process of raising capital through the sale of shares of a company to investors in order to secure positions for the further growth and development of a business, whereby investors acquire management interests and rights in that company (Serbian Venture Network, 2015). AIFs are characterized by the intersection of investor supply and the demand of business entities - investors have the capital they are willing to invest in order to gain profit, while entrepreneurs seek capital to finance their development projects and ideas (Ministry of Finance of the Republic of Serbia, 2019). This alternative form of financing is particularly important for early-stage companies whose business is usually characterized by a lack of revenue,

negative cash flow and lack of assets that could be collateral (Serbian Venture Network, 2015). One of the forms of AIFs are VCFs.

Venture capital is a type of financing that gives entrepreneurs or other small businesses the opportunity to collect money. VCFs are funds that manage investors' money, which is then directed towards buying a stake in a startup or high-growth company. These investments are generally characterized as high risk but also as highly profitable (Investopedia, 2019). Thus, VCFs are financial intermediaries that raise the capital of a large number of investors and invest it directly in the portfolio of a prospective company. Their main goal is to make a profit by selling shares or stakes in the mentioned company in a later period, more precisely when the company is recognized on the market based on its innovation and potential. VCFs hope to achieve profitability higher than the original initial investment to offset the risk they were exposed to while investing in young ventures and start-up businesses (Tomer & Bhatt, 2017). More specifically, VCFs are equity financiers who make their money available only to selected start-ups or fast-growing companies, which show the potential to provide extraordinary returns for investors within 5 to 7 years (Nelson, Maxfield & Kolb, 2009). Ramadani (mentioned in Hisrich, Petković, Ramadani & Dana, 2015) defines VCFs as monetary funds whose investment involves capital or know-how management in businesses, preceded by investments in the fund by individuals and institutions. These investments are further directed towards the unlisted small and medium-sized enterprises, which have high growth potential.

VCFs only invest in private companies taking an active role in overseeing and assisting managing portfolios of mentioned businesses. VCFs direct money towards the formation of the internal growth of the companies. Their main goal is to maximize financial return by exiting a given investment by selling or buying shares. Thus, the flow of VCF activity in an enterprise involves investing, monitoring, and exiting (Tomer & Bhatt, 2017). In other words, VCFs are defined as private equity funds whose assets are predominantly invested in start-ups or the initial stages of business, and in the view of AIF management companies, show the potential for business growth and expansion. Investments of VCFs in the listed entities must be in the form of equity securities or instruments similar to them (Ministry of Finance of the Republic of Serbia, 2019). VCFs strive to invest in businesses that have high-risk/high-income profiles. They make their financing decisions based on the size of the business, the assets and the stage of development of com-

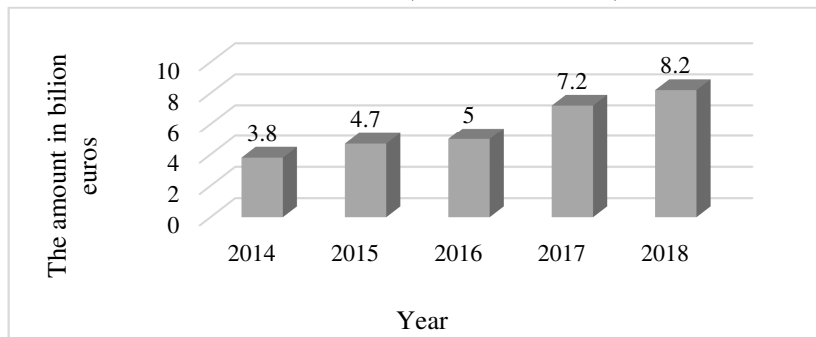
pany products (Investopedia, 2019). VCF investments are usually medium or long term (Hisrich, Petković, Ramadani & Dana, 2015).

VCFs support businesses that are in seed, startup or later-stage financing phase of development (Invest Europe, 2019). All companies which receive investment in this kind of capital are characterized by high growth potential, long investment horizon, and high-risk rate. After investing in them, VCF take an active role in their business, guide their operations and often take up positions in their boards of directors. VCFs often gamble by investing in a lot of young startups, believing that at least one of them will achieve high growth and ultimately reward the fund with a large payout. VCFs invest in all types of businesses, and today they are raising more money than ever before (Investopedia, 2019).

Functioning of VCFs at Global and European Level

Total annual venture investments, whose carriers are VCFs, globally reached a record of USD 254 billion in 2018. The importance and unusual nature of the growth of these investments are illustrated by the fact that during 2017 the number of investments of this kind globally was only USD 174 billion (KPMG International Cooperative, 2019). By looking at the European market statistics of the business of VCFs and the venture capital investments they place (Chart 1), it is noticeable that these investments in 2018 recorded their historical maximum of EUR 8.2 billion and surpassed the 2017 record by 13% (EUR 7.2 billion). Even 4,437 companies were supported by investments of 1,506 VCFs, which represents a 12% increase over 2017 (Invest Europe, 2019).

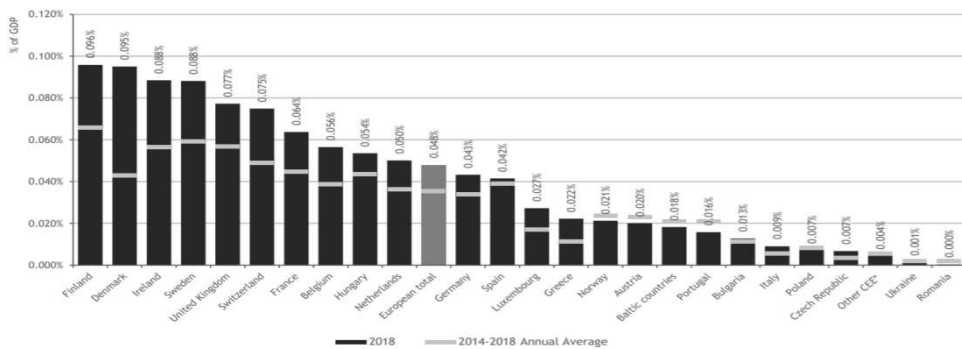
Chart 1: The amount of venture capital investments in Europe from 2014 to 2018 (in billion euros)



Source: Authors, according to Invest Europe, 2019.

The fact that VCF investments in the European market are mostly used by highly developed countries is proof of the actuality, potential, and importance that these funds have for their economies. This claim is supported by the data from 2018 in the following graph (Picture 1), which shows how much of the GDP of European countries is made by venture capital investments. It is noticeable that in this "competition", Finland and Denmark, whose venture capital investments account for 0.096% and 0.095% of GDP, are ahead, while Ukraine (0.001%) and Romania, where these investments are negligible, recorded the lowest values for this type of investment. The "Other CEE" column shows the average amount of venture capital investment as a percentage of GDP in the following countries: Republic of Serbia, Bosnia and Herzegovina, Croatia, Northern Macedonia, Montenegro, Slovakia, and Slovenia. This percentage is also negligible (0.004%), which means that the mentioned countries are not characterized by significant venture capital investments.

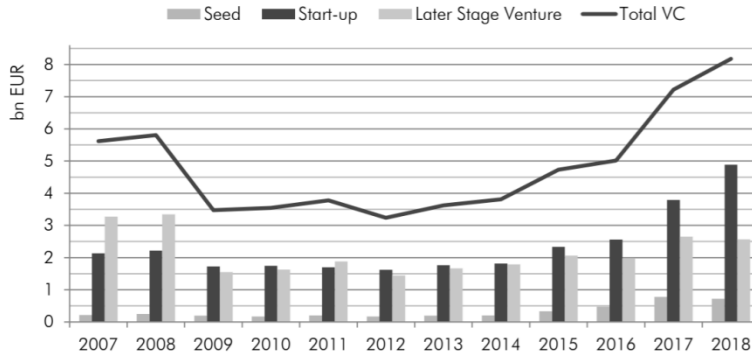
Picture 1: Venture capital investment as a % of GDP in Europe during 2018



Source: Invest Europe, 2019.

The following illustration (Picture 2) gives an insight into how much entrepreneurial, venture capital is being invested in European businesses at different stages of development. Startups, for example, in 2018 raised EUR 4.9 billion with these funds, while seed and later-stage ventures with this form of financing provided EUR 0.7 billion and EUR 2.6 billion respectively. It is essential to point out that before the global economic crisis, later-stage ventures were the most significant bearers of venture capital investments, but that since 2009, investments in start-ups have taken primacy, i.e. on average, they record more value than them (European Investment Fund, 2019).

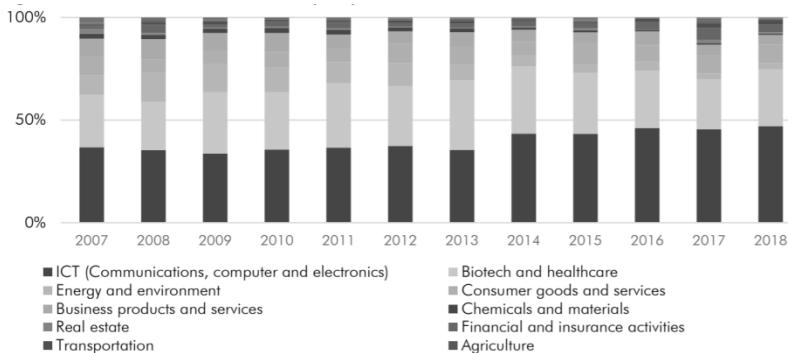
Picture 2: The amount of venture capital investments in Europe by stages of development of economic entities (in billion euros)



Source: European Investment Fund, 2019.

The following presentation (Picture 3) shows the areas, i.e. sectors where venture capital investments in Europe were mostly located in the period 2007-2018. The ICT (communications, computer, and electronics) and the Biotech and healthcare sector are from 2007 to the present the industries which are attracting the most venture capital investments in Europe. The share of ICT in total venture capital investment activity has noted an almost constant growth (from 34% in 2009 to 47% in 2018). In contrast, the share of investments directed to the Energy and Environment sector has decreased (from 14% in 2008 to an average of 3% in the last two years) (European Investment Fund, 2019).

Picture 3: Venture capital investments in Europe by sector from 2007 to 2018 (in %)



Source: European Investment Fund, 2019.

Bulgaria is one of the most prominent European countries that has achieved fantastic economic results thanks to the VCFs. Specifically, this country through the JEREMIE Initiative has made impressive results - providing 9,500 of its businesses with the financial support of EUR 875 million through VCFs, which resulted in hiring 25,500 new, highly skilled workers (WM Equity Partners, 2017).

Women's Entrepreneurship

The space for the advancement and further development of entrepreneurship in most modern economies lies in the inclusion of the female workforce in the "market game" of entrepreneurship. It is about stimulating economic growth through the development of women's entrepreneurship. Sarfaraz and co-workers claim that (mentioned in Todorović, Komazec, Jevtić & Obradović, 2016) women's entrepreneurship has a strong influence on achieving gender equality, democratization, and development of society, peacekeeping and poverty reduction. Additionally, Yunus claims that (mentioned in Minniti, 2010) various worldwide initiatives provide evidence about the great importance that women entrepreneurship has in poverty reduction. Entrepreneurship is an idea or vision that women need to explore and optimize in order to create new jobs and gain economic empowerment (Rathakrishnan & Padma, 2013). Women's entrepreneurship is today one of the major contributing factors to the prosperity of the country and the global market (Achakpa & Radović-Marković, 2018). The women's entrepreneurship sector is a potential generator of entrepreneurial ideas and innovations, and a significant driving force behind the economic development of every developed country. There are numerous ways in which women entrepreneurs create value for their society. Innovative women entrepreneurs bring new solutions and benefits that go beyond competing options to the market, and at the same time, introduce a modern workforce. Also, in situations where they make investments outside national borders, i.e. becoming entrepreneurs whose business is characterized by internationalization, they contribute to the global competitiveness of the national economy (Kelley, Baumer, Brush, Greene, Mahdavi, Cole, Dean, Heavlow, Babson College, Smith College & GERA, 2017). According to Minniti and Naude (mentioned in Vossenbergh, 2013) women entrepreneurs are the new drivers of growth and are characterized as "rising stars" in developing countries because they bring prosperity and prosperity to their economies. Numerous

interest groups see women entrepreneurs as a significant untapped source of economic growth and development. Iyiola and Azuh define (mentioned in Nhuta & Mukumba, 2012) women entrepreneur as a woman who plays a fascinating business role, through constant interaction and dynamic adaptation to the financial and socio-economic spheres. The term "women entrepreneur" refers to a woman who owns at least 1% of the capital of a business entity, a woman who performs at least one managerial function in the enterprise sector, or a woman who is employed in the same (Popović-Pantić, 2014). The term "women entrepreneur" refers to a woman or group of women who initiate, organize and run a business enterprise.

Fairlie and co-workers (mentioned in Hwang, Desai & Baird, 2019) have historically looked at the entrepreneurial sector by gender and have realized that women are far less daring to start an entrepreneurial business than men. For example, in 1996 the rate of new market entrants showed that there were 260 women entrepreneurs per 100,000 people, compared with 380 male entrepreneurs per 100,000 people. In 2017, the same indicator showed that there were 270 women entrepreneurs per 100,000 people, compared to 400 male entrepreneurs per 100,000 people. These data indicate that women's entrepreneurship despite social development, reduce of prejudices about women's ability to participate in business activities, and an increase of the number of educated women has not developed sufficiently and concludes that data constancy related to the number of women engaging in the entrepreneurial world should be seen as alarming.

The representatives of the National Women's Business Council (mentioned in Hwang, Desai & Baird, 2019) in their reports noted that women tend to start businesses with less capital than men, as well as that these initial differences do not decrease over the years, i.e. the disparities in the level of capital that women entrepreneurs have in relation to entrepreneurs do not diminish. Also, women entrepreneurs during the business more rely on personal and internal resources, as opposed to male entrepreneurs who seek financial support more often in an external environment (Hwang, Desai & Baird, 2019). Despite the limited resources available to them, the number of women entrepreneurs in the world steadily increases over the last few years, as a result of the enlarged attention that policymakers pay to women entrepreneurship and to solving the problems that women face. Thus, women around the world are taking a step forward to change their lives and positively influence their existence (Nhuta & Mukumba, 2012). According to data from the latest available Global Entrepreneurship Monitor Report on

Women Entrepreneurship for 2016/2017, the main characteristics of women entrepreneurs concerning the following parameters are (Kelley, Baumer, Brush, Greene, Mahdavi, Cole, Dean, Heavlow, Babson College, Smith College & GERA, 2017):

- Age - The highest participation of women in entrepreneurship was noted at women aged 25-34 and 35-44. Such an age framework characterizes, on average, women entrepreneurs in all world economies, regardless of the level of development of the state;
- Education - The involvement of women entrepreneurs with college and higher levels of education is steadily increasing. For example, Europe has an average of 22% more highly educated women than male entrepreneurs;
- Self-employment - According to the sample surveyed in the report mentioned above, 10% of women entrepreneurs in the world did business independently, with no intention of hiring workers for the next five years. In more than 3/4 of the country's economies surveyed, women were ahead of men in terms of self-employment. For example, Europe has shown the highest frequency of women's business activities, while North America, characterized by two advanced economies, has the lowest incidence of women's business;
- Expecting business growth - There is a wide gender gap in the expectations that women and men have regarding business growth. Namely, women entrepreneurs barely reach 60% of the level of expectations expressed by male entrepreneurs. This means that women are more pessimistic (and perhaps more realistic) about their business in the future and the possibility of hiring new workers and expanding their business;
- Innovation - Innovations of women entrepreneurs are growing along with economic development. In all observed economies, women entrepreneurs are 5% more likely to pursue innovation than men. The highest level of innovation occurs in North America, where 38% of women produce goods and provide innovative services. In Europe and the rest of the world there is a gender balance on this issue;
- Internationalization - In economies based on innovation, more than 1/5 of women entrepreneurs have stated that 25% or more of the

sales that their businesses have made have been directed towards customers outside the national economies in which they operate.

The aforementioned study also examined the attitudes of women entrepreneurs and their perceptions, and the following data were generated as a result of those activities (Kelley, Baumer, Brush, Greene, Mahdavi, Cole, Dean, Heavlow, Babson College, Smith College & GERA, 2017):

- Opportunity Perception - According to the report, 57% of women in low-income economies find good opportunities to develop ideas in their environment, while in innovation-oriented societies, only 39% see such opportunities. The gender difference in this indicator is relatively small. Specifically, women population perceptions of opportunity make up 90% of the perceptions of the male population; and
- Capability Perceptions - In the economies treated in the report, 67% of women believe they have opportunities to start a business based on existing technological knowledge, while this percentage falls below 35% when it comes to women's attitude towards opening an innovation-based enterprise.

In 2016 it is estimated that 163 million women initiated or began to manage new businesses in 74 economies around the world. It is estimated that of that number, 111 million of them ran a stable, well-established business. This not only demonstrates the impact that women entrepreneurs around the globe are making but also highlights their contribution to the growth and well-being of the societies in which they operate (Kelley, Baumer, Brush, Greene, Mahdavi, Cole, Dean, Heavlow, Babson College, Smith College & GERA, 2017).

The Role of VCFs in the Financing of Women's Entrepreneurship

Young, women-led business entities are often faced with the inability to secure the financial resources which are necessary for the further development of their businesses. In the initial stages of development, most women-led businesses rely only on their sources of funding. Women entrepreneurs are forced to finance all activities related to the establishment of a company, the development of new products and investments in facilities, equipment, and human resources from these sources. Over time, quite expectedly, the needs for capital outweigh internal capabilities of women entrepreneurs, so they must begin to consider the use of external financing in order to provide

the money for their market survival and business development. External financing is mainly related to the options offered by the banking sector. However, a brief history of the business and high risk often puts women entrepreneurs on the lists of rejected loan seekers. Banks, worrying about their own interests, often refrain from financing these entrepreneurial entities. Notwithstanding the shortcomings mentioned above, women entrepreneurs have the potential for growth, and the banking rejection many of them practically leads to disappearing from the market. Closure of women-led businesses results in rising rates of women's unemployment, declining economic activity, and at worst, discouraging young women entrepreneurs from (re)trying to find their place in the market. Further commenting on the consequences of such market trends would probably end with conclusions about gender inequality, discrimination, the social vulnerability of women, etc. However, it should be emphasized that the possible "threat" of this kind applies not only to women but also to all other members of the entrepreneurial sector, who as such can be considered as disenfranchised.

There are differing views on the ability of the banking sector to provide enough loans for the needs of business entities. The European Investment Bank estimates that the total supply of loans to companies (through EU-funded programs only) is approximately 7.4 billion euros. This indicates that there is no significant shortage of money, as a large supply of loans is available at banks. However, banks are not sufficiently "disposed" to lend these credit lines to their clients, entities in the entrepreneurial sector, thereby limiting credit utilization and causing an apparent shortage of funds in the market (EY, 2018). Financing from external sources is particularly problematic for start-ups, seed and later-stage ventures (Erić, Beraha, Đurićin, Kecman & Jakšić, 2012). Also, in terms of finding capital, enterprises in the field of technological innovation are in a particularly unfavorable position.

Based on all the above, it can be concluded that turning to alternative sources of financing is one of the inevitable moves that women entrepreneurs need to make. By working with VCFs, women entrepreneurs will be able to sell a minority stake in their company and thus raise the necessary capital. In this way, corporate capital, the private equity capital of individuals and others will be able to mobilize into VCFs, i.e. consequently into the women's entrepreneurship sector - small and medium-sized businesses, entrepreneurial startups and women-led innovations. Financing provided by the VCFs is particularly suitable for women entrepreneurs that have a strong potential to expand into the international market, which is most commonly

applicable to entities in the IT industry. In practice, VCFs have repeatedly shown that they are the primary drivers of the development of startups, youth and high growth businesses that often create value through innovation. For example, previous VCFs investments across Europe were predominantly oriented towards the ICT and the Biotechnology and Health sectors, which have maintained the epitome of industries with the highest venture capital investments since 2007. A similar situation is characteristic of the US market. Silicon Valley, as the center of the IT industry for decades, has been a central point of activity for VCFs, where is annually channeled 30% of total US venture capital (Tomer & Bhatt, 2017).

When it comes to the trends in venture capital financing, there are vast differences between women's and men's entrepreneurship. Specifically, Zarya's research (mentioned in Hwang, Desai & Baird, 2019), which included a historical analysis of the period from 1953 to 1998, found that less than 5% of total venture capital financing was directed at women-owned enterprises. While as much as 79% of investments of this kind were directed towards male-led business entities. The same survey also revealed that mixed "teams", made up of both women and men, accounted for about 12% of total venture capital investments. However, although there has been noted an expansion of women's entrepreneurship in the last two decades, raising investor awareness of women's ability to successfully run entrepreneurial businesses, and raising women entrepreneurs' awareness of these and other alternative financing opportunities, it is noticeable that male entrepreneurs continue to attract the most of VCFs funding. So, for example, in 2018, only 2.2% of venture capital investments went to women's entrepreneurial-oriented US businesses, while about 20% of this capital was passed to mixed teams (which include women and men). The remaining 77.8% of the funds went to male entrepreneurs (PitchBook & National Venture Capital Association, 2018).

According to the presented facts, it is indisputable that there are high chances for financing entrepreneurship worldwide, but that women entrepreneurs have not yet been able to use them. The reasons for this are reflected in the unequal evaluation of women's and men's entrepreneurial potential, negative attitudes of investors and members of the community about women as safe and quality executors of business activities. If the conditions for eliminating these prejudices are created and the conditions for raising the awareness of investors about the potential of women-led entrepreneurs, i.e. if the overall investment atmosphere gets improved, and a system of equal

evaluation of the results of women's and men's business gets established, women's entrepreneurs will be given the opportunity to compete not only for their survival in the market, but also for the penetration to the world market.

The market success of women entrepreneurs should not depend solely on financiers and other external factors. Women entrepreneurs need to take matters into their own hands when it comes to securing conditions for self-financing. They must show to VCFs that they are promising and quality entities that have the potential for market growth and high returns, and literally "win" their resources. Such a scenario can undoubtedly be a positive example that will help raise awareness among other women entrepreneurs of the benefits that VCFs offer as financiers, but also motivate them to turn to funds of this type for financial support. Such positive examples will, therefore, affect the change in the behavior and activities of women entrepreneurs, and as well result with the positive change in the perception of investors, who will invest more in business entities led by women.

Based on all the above, it is expected that the women entrepreneurship entities with whom VCFs collaborates will be able to count on:

- Verified financial support - By working with VCFs, young women entrepreneurs will receive the necessary funding from VCFs whose credibility they won't have to worry about thanks to publicly available business data. Also, women entrepreneurs will be quite sure about the origin of the received investments, informed how the VCFs will manage their shares which they acquire through investing, informed about possible conditioning by the representatives of the VCFs, protected from imposition of a management policy not stipulated in the contract, etc;
- Support for Market Survival - When business entities with women's management get into an investment-dependent relationship with VCFs, they will acquire enough resources to overcome challenges and problems of a financial nature at times when their survival in the business world is called into question. This type of support is especially important in the first years of business which are characterized by high risks, losses and the epitome of "the most difficult years to survive" in the business world. It is important to emphasize that in such situations, VCFs decide to invest in entities with pronounced financial problems only if they believe in the entrepreneurial idea or have confidence in the creator of the same;

- Development and management support - During the process of cooperation with VCFs, women entrepreneurs receive funding which is enough for direct research and development of the current or new product/service and the management support of the fund, i.e. the support of individuals who are often delegated to entities by VCFs through the acquisition of shares in their ownership. Most often, these are experts who have decades of experience and outstanding management skills. They experientially assist the entities by directing their practical knowledge towards growth, so the entities progress and develop faster.

Also, the availability of VCFs to representatives of the entrepreneurial sector affects:

- Increasing the number of women employees - Due to the available support from VCFs and the stimulating market environment, more female members will suppress the fear of failure, divest themselves, and venture into entrepreneurial waters. In most cases, such activity on the market will be treated as self-employment, and if these women entrepreneurs hire female workforce in process of developing their businesses, that will directly affect the employment and development of women's entrepreneurship. The previous statement assumes that women entrepreneurs are engaged in innovative activities and that they believe that the female workforce they hire can better understand customer needs and are more committed to the realization of a specific entrepreneurial idea;
- Increasing production - With greater availability of funds, women will have the opportunity to turn their innovative ideas into reality and launch production processes in different sectors of the economy. Thus, women entrepreneurship will enrich the market with its innovation and more diverse product offering, which will lead to increased production in the countries where these entities operate;
- Market Development - Financing through VCFs, as a form of business support aimed at women entrepreneurs, will empower a large number of them to become stronger and more significant market participants, which will cumulatively be reflected in the development of the markets they are part of;
- Technology innovation - Business activities based on modern knowledge and technologies will be mainly supported by this type of financing. Thanks to VCFs, women entrepreneurs who create

innovative technological solutions that often need substantial financial resources will receive the necessary financial support and turn their ideas into concrete products of a technological nature. Also, they will be empowered for further research in the field of technological innovations, and in the future, they will be able to expect proactive, for the economy important, technological solutions.

Conclusion

Globally, women's entrepreneurship businesses face enormous financial and development challenges. They usually do not have access to bank financial support because of the bank's rigorous requirements, and it is not an exaggeration to say that bank loans only receive "persistent fortunes". AIFs are the form of financing which these businesses can use to ensure market survival and meet development goals. VCFs, as one of the most appropriate and advantageous forms of AIFs, are investing in innovative businesses and startups, intending to secure profits based on the shares they originally acquired in the entrepreneurial business. From an entrepreneurial point of view, this source of funds is one of the few that, because of the unenviable situation they are in, allows them to reach the necessary capital. This path for women's entrepreneurial sector entities to obtain capital through VCFs is especially suitable. Namely, it is less demanding and much more comfortable than the one that must be traversed in order to obtain bank funding. Even when the demands placed on the women entrepreneur are strict, there is still an opportunity for successful agreement with managing companies of the funds. More specifically, the decision to invest at that point depends on the management's assessment of the particular VCF, which needs to be clarified whether or not it recognizes a prospective market member in a women's entrepreneurial business. However, the survey showed that women entrepreneurs globally do not sufficiently use the benefits that VCFs offer, partly because of their passivity and lack of information, and partly because of the prejudices investors have about their skills and business potential. These are problems that, in the future, the global sector of women's entrepreneurship should face.

By all the detailed data and relations in the paper, it is possible to, regarding the hypotheses set in the research, reach the following conclusions:

- Hypothesis H1 is fully accepted. This hypothesis relates to the problems faced by women entrepreneurs in the entrepreneurship sector regarding insufficient funding. The lack of resources often carries enormous pressures with it related to the survival in the market that women entrepreneurs endure. VCFs by addressing these financial-type pressures enable entrepreneurs to deal with it, not only for their survival but also for the better market position due to the development of their business;
- Hypothesis H2 is fully accepted. The reason for reaching such a conclusion is in the very nature of the business of VCFs acquiring a share in the ownership of a company based on previously invested own resources. Namely, after acquiring ownership rights, VCFs send their managers to the company with their competencies to support the emergence of market success, on which only women entrepreneurs have been working until that moment.
- The basic hypothesis H0, which states: "VCFs play a significant and multifunctional role in financing women's entrepreneurship", is fully accepted, thanks to the full validation of the previous two specific hypotheses that more closely define it.

The recommendations that can be made are related to improving the opportunities for connecting women entrepreneurs with providers of alternative financial sources; organizing public forums, round tables and conferences in order to raise awareness of women entrepreneurs and the public about alternative models of financing; empowering personality, leadership and management skills of women entrepreneurs through educational programs, workshops and practices to fully exploit the opportunities offered by alternative forms of financing. Only in this way, women entrepreneurs will be able to recognize the potential of alternative financing in a timely manner and harness it to encourage the growth and development of their businesses. If they do so, the cumulative effects on society and the economy will be reflected in increased employment and production of women, reduction of gender and social inequality, the development of markets, technological innovations, etc.

Based on all the facts, relationships and implications mentioned in the paper, it can be stated that the involvement of VCFs in financing women's entrepreneurship is highly desirable and significant. Funds of this type are expected to become holders of women's entrepreneurship over time, both in highly developed countries and in emerging economies that climb on the

development ladder as they approach the aforementioned dominant economies.

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