Preface

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Biographical notes: Jarunee Wonglimpiyarat, CPA, CIA, CFSA is Project Manager in venture capital financing at the National Innovation Agency, Ministry of Science and Technology and Faculty of School of Management, Asian Institute of Technology, Thailand. She holds a PhD in Technology Management from Manchester Business School, UK and Postdoctoral fellowships at Boston University and Harvard University, USA. She has working experiences at PricewaterhouseCoopers, Standard Chartered Bank, Citibank N.A., Sussex Innovation Centre, Boston Technology Commercialisation Institute and US Securities and Exchange Commission. She currently serves as Editor for the *International Journal of Financial Services Management*.

Achara Chandrachai is Professor of Business School at Chulalongkorn University, Thailand. She has experiences in industry and business research. One of her research was awarded one of the best research from Thailand Research Fund. She was also awarded the outstanding professor in the year 2000. She was Head of Commerce Department and Director of the Business Incubation Center, Chulalongkorn University. She is currently Deputy Director of Chula Unisearch and Technopreneurship and Innovation Management Program. She also serves as Editor of the *International Journal of Entrepreneurship* and *Innovation Management* and published the case studies in *Greener Management International*.

There have long been problems which mean that entrepreneurial companies are not able to raise all the capital they need and that good companies are not getting funded. Therefore, governments in many countries have tried to solve these problems by taking on the role of venture capital (VC) investor to support entrepreneurial development and early stage investments. The environment where there is a lack of private equity financing has highlighted the need for public VC financing.

Currently, there is a growing search for capital (other than the financing mechanisms offered by the typical banking system) among entrepreneurial ventures. It would be valuable to understand the role of the government acting as a major venture capitalist supporting entrepreneurial businesses, with the aim to engender economic advantages. This special issue of the *International Journal of Entrepreneurship and Innovation Management* examines 'The role of public VC financing towards creating new entrepreneurial businesses and innovations'. The six refereed papers included have many interesting dimensions on the entrepreneurial management of VC financing based in a variety of countries and continents.

The first paper in this special issue is 'Intangibles and business performance – a technical efficiency approach', by Olli-Pekka Hilmola, Marko Torkkeli and Ville-Veikko Savolainen. This work compares two groups of technological companies in the Finnish VC industry: those with a history of three to five years, and those with a history of longer than five years by using two different data envelopment analysis (DEA) models (one- and three-output DEA models). The results show that high performing companies have exercised their growth or investment options, leading to higher performance. Low performing companies do not make sudden improvements in their efficiency performance and capture the efficiency difference. The research concludes that very low performance regions could not attract enough private investments, and support was given only from governmental type budgets.

The second paper is 'Financing innovative businesses through venture capital', by Jarunee Wonglimpiyarat. The study reviews the case studies of Technologie-Beteiligungs-Gesellschaft (tbg) in Germany and OSEO Anvar in France for application to the case of Thailand (application in terms of improving the VC financing system). tbg and OSEO Anvar are major VC management organisations successfully implementing VC financing to leverage private sector financing and supporting the early stage technology development. The study also analyses the financial intermediaries/markets and the VC industry in Thailand and proposes the government role and policies that would address the financing gap occurred at the early growth stages and stimulate entrepreneurial investment in the economy.

The third paper in this special issue is 'The stimulation of entrepreneurship through venture capital and business incubation', by Fernando António da Costa Gaspar. This work studies the influence of two instruments (VC and business incubation) in entrepreneurship (the decision to create new enterprises). A questionnaire survey was conducted amongst the VC companies and incubations in Portugal. The study found that the VC and business incubation contribute positively to the decision of creating a new enterprise and for the survival of the young companies. The network of business incubation centres is an efficient strategy to support the growth of entrepreneurship and to improve the rate of survival of the young firms.

The fourth paper is 'Evolution of Japanese-style venture capital and its limitation: how to create innovative non-linear VC model in Japan', by Akio Nishizawa. This work discusses the Japanese style VC and its investment strategy. It is interesting to note that the Japanese VC does not follow the US-style of VC investment. The author argued that the Japanese-style VC needs a structural change of its organisation from linear (US-style VC which involves the stages from screening the business plans towards selective investment) to non-linear model. The non-linear model represents a focus of investments on start-ups and early stage firms. The Japanese VC companies require a wide information network as well as staff taking on the role of finding new businesses and evaluating their business potential to go public.

The fifth paper is this special issue is ‘Community development venture capital: concept and status quo in Germany’, by Ann-Kristin Achleitner, Reiner Braun, Marko Bender and Annabell Geidner. This work examines the regional gaps in the supply of VC in Germany and the use of community development venture capital (CDVC) as an effective mechanism to stimulate entrepreneurship and support the growth of companies. The study reanalyses CDVC-relevant types of VC companies using the data from a previous study and undertakes expert interviews. The results show that the country seems to suffer from a northeast/southwest-gap. The north-eastern part of the country (East Germany, former German Democratic Republic) is the most deprived and undersupplied with VC across stages of the investment process.

The last paper in this special issue is ‘Public venture capital: missing link or weakest link?’, by Thierry Rayna and Ludmila Striukova. The paper examines whether the venture capital trusts (VCTs) in the UK could fulfill the government’s plan to solve the problem of underinvestment in young companies. It also discusses other government initiatives including the enterprise capital funds and London Technology Fund. The study concludes that VCTs are not the missing link between bootstrapping and VC. In the best case (high-tech sector), VCTs is one element of a long chain that leads seed-stage firms to growth and development. In other cases, the effect of VCTs is expected to be rather weak and it is unclear, partially due to the lack of investment of VCTs outside high-tech companies whether they indeed solve the equity gap. However, VCTs are a great resource for the seed stage companies without a considerable track record.

This special issue covers a wide range of research studies that focus on public VC financing to support innovation and growth as well as mechanisms to improve the VC industry. We are grateful to Dr. M.A. Dorgham, Jim Corlett and to Inderscience Publishers for giving us the opportunity to organise this special issue in the *International Journal of Entrepreneurship and Innovation Management*. We would like to thank the authors and referees for their contributions to this special issue.