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VENTURE INVESTMENT AS A BASIS FOR INNOVATIVE DEVELOPMENT OF UKRAINIAN ENTERPRISES

Nowadays venture investment is one of the additional sources of extrabudgetary funding innovation. Activation of innovation activity and increasing the competitiveness of Ukrainian enterprises today can be ensured only through the development of venture capital and direct investing.

Today venture business is a segment of the industry of direct equity investments, but its value is difficult to overestimate because risk capital is practically the only source of financial support for small innovative companies at the earliest stages of existence – from the idea to the release and consolidation of their products on the market. That is why venture capital has become the center of crystallization for the formation in the US of a modern, powerful industry of direct investment.

Venture investment is an important mechanism that provides innovative processes with resources for their development, promotes increased competition, stimulates the growth of the level of professionalism of staff and increases the scientific and production-technical level.

The investment financing that has been used in world economic activity since the mid-1950s in the US and since the late 1970s in Europe has been characterized by a steady upward trend. Thus, in the United States for 2007-2015, annual average venture capital investments amounted to 72.3 billion dollars and ensured a dominant position among the countries in the development of high technologies and the digital economy. In Europe in 2011-2016, the average annual growth rate of venture capital investments through venture funds was more than 46%, and the cost of attracted

investments in 2016 amounted to 6.5 billion euros and increased by almost 1.5 times against 2011 [1].

Ukraine has the opportunity to improve the growth of innovation activity, relying not only on effective state policy, but also on venture capital investments in order to ensure the full disclosure of innovative potential and the achievement of innovative goals.

In Ukraine, the creation of venture companies is becoming more and more relevant, as these enterprises are different from other extremely high and purposeful activities, which is explained by the high level of personal interest of both employees of the company and investors themselves in obtaining the earliest success of the commercial realization of the idea. Signs of venture capital activity are high profitability, high risk and the use of new technologies. The main principles of venture investment include: the availability of financing stages, the division and distribution of risk, the implementation of the monetary contribution of partners and the definition of rules for the protection of their interests.

In Ukraine, in spite of the functioning of innovation centers, research institutes and many innovative business incubators, the innovative potential has not yet been fully exploited.

The mechanism of venture investment in Ukraine today is implemented by joint investment institutions. It is the venture investment institutions that occupy a prominent position among investment funds, since they are the most risky. The management of all investment institutions is carried out by asset management companies. The number of collective investment institutions as of 25.09.2018 is 1239 in Ukraine [3].

The effectiveness of innovation in the world is measured by innovative indices. Thus, the Global Innovation Index emphasizes the key role of innovation potential and innovation policy in the country, determines the rating regarding the creation of a favorable environment for innovation and the obtaining of results from it. Among 127 countries of the world Ukraine ranked 50th with a score of 37.62, this is twice lower than the first five.

In order to assess the predictability of effective venture capital direction, the Index of Country Attractiveness for the Development of Venture Capital and Private Equity is calculated annually [2]. So, by 2018, the most favorable conditions for the development of venture capital and direct investment remain the same as in previous years in the United States, Great Britain. Between 125 countries of the world Ukraine ranks 83rd, this is twice lower than the leading countries of the world. There is a tendency for Ukraine to maintain a lack of growth in the level of attractiveness for the development of venture capital and private capital. So, the index for 2018 is at the level of 2011.

Despite the fact that venture investment today is at an early stage in its development, it is one of the most urgent mechanisms for the effective development of Ukraine's innovative potential. For the development of venture funds, first of all, open access to sources of investment financing is required. Venture companies in Ukraine need strong support from the state, create a system that would actively support venture business and promote its development; improvement of risk insurance system investments in innovative processes; legislative support of venture business activity; providing more tax incentives for financing innovative projects.

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