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PRIVATE EQUITY AND VENTURE CAPITAL IN CENTRAL AND EASTERN EUROPE

Abstract:

Private Equity & Venture Capital in Central and Eastern Europe Ondrej Ptacek Faculty of Economics, University of Economics, Prague Abstract: Private equity and venture capital may contribute significantly to the growth of national economies through financing firms with high growth potential, which develop unique know how, intellectual property, etc. Venture capital and other alternative sources of capital for early stage development of enterprises have become more important over the last decade in Central and Eastern Europe (CEE). Though, venture capital is still rather underdeveloped in CEE. Venture capital market gap is present in certain countries and industries. This is caused at the supply side of venture capital by risk aversion or imperfect information on future development or market acceptance of innovative products. At the demand side, imperfect information occurs as young entrepreneurs have often limited knowledge in alternative sources of financing or low level of strategic management abilities, which again discourages potential investors. Keywords: venture capital, asset management, private equity, financial markets

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