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The Role of Venture Capital in Strengthening the Institutional Efficiency of the General Industrial Companies Listed in Amman Stock Exchange: A Case Study

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Summary

Meanwhile, we live in a permanent renewable knowledge-based economy. Venture capital funds are not like other traditional financing companies as they have a pioneering vision which is clear and focused with the desire and the courage to take risks to achieve success on the local and global level. However, its contribution to start-up or -early-stage- companies is not only confined to being a strategic partner in financing them (or their novice projects) but rather it mixes this with its vision, pioneering experience, network relations, professional assistance in management, planning, in order to reach the institutional efficiency at the local and global levels. The study concluded that there is clarity from the managers of the companies that venture capital can provide companies with expertise and modern methods of management and regulations that could enable these companies to develop rapidly and attain its objectives in achieving institutional efficiency at the local and global level. At the same time it can rescue and develop troubled companies as well as attracting new investment to the funded companies.

Introduction:

Funding, in all of its types and forms, is considered one of the most important pillars in investment for any economy at any time and in any place, especially as we live under pertinent renewable knowledge-based economy. Venture capital funds are not like other traditional financing companies as they have a pioneering vision which is clear and focused with the desire and the courage to take risks to achieve success on the local and global level. However, its contribution to start-up or -early-stage- companies is not only confined to being a strategic partner in financing them (or their novice projects) but rather it mixes this with its vision, pioneering experience, network relations, professional assistance in management, planning, in order to reach the institutional efficiency at the local and global levels

Statement of the Problem:

The problem of this study is manifested by the difficulties faced by managers of industrial companies in realizing the importance of the role of venture capital in achieving institutional efficiency in their companies on local and global level.

Hypothesis of the study:

The study is based on the following major premise assumption:
There is no clarity among corporate managers in realizing the importance of the role of venture capital in achieving institutional efficiency in their companies on local and global level.

Objectives of the study:

The objectives of the study could be determined as follows:

1. To clarify the concept of venture capital, its components and its importance for industrial companies listed in Amman stock exchange (ASE).
2. To Explain the role of venture capital in achieving institutional efficiency in industrial companies that use it.

Methodology

This study relies on the descriptive and analytical statistical approach: where the researchers have obtained data required for this research from the following sources:
1 – The primary sources.
2 – The secondary sources

The Primary sources.
This is the primary data necessary and required for this research. It was collected through a questionnaire which was prepared and distributed to a group of CFOs in industrial companies who are experts with a long history in the field of financial business, where afterwards data was collected and analyzed using the (SPSS) software which stands for "Statistical Package for Social Sciences", so as to examine the hypothesis of the study.

The Secondary sources.
Secondary data for this study was collected by returning to reference books, theses, scientific researches, reports and articles in newspapers and magazines, so as to build a theoretical framework for this study in order to achieve its goals.

The population of the study:
The population of this study consists of all the 75 Jordanian industrial companies which are listed in Amman stock exchange (ASE).

The study sample:
Since the target of this study is the Jordanian industrial companies listed on the ASE companies , then the researcher will select a sample of (75) financial directors of those working in the companies who have a long history in the financial field,

Previous studies and literature review:
The Study of (Alhlvan, and Aloulou, 2012)
The two researchers showed that getting venture capital involved in economic activities is very important to find innovative projects and to open new markets. The use of this source in the Middle East is still in its beginning, since small projects are still experiencing difficulties in obtaining adequate funding in terms of capital rate. Venture capital volume in the world reached up to $ 115 billions a year, where the share of the Arab countries reached only 2 per cent of that which is equal to 3.2 billions of that total sum. They concluded that this share is very modest which impose new challenges on the decision-makers in the region. One of these challenges is to prepare their economies to contain more of the private investments and to enable the private sector to occupy a leadership and active role in the development of economies that accept the risk so as to allow a new generation of businessmen. However, they must take into account the need for regulations and legislations pertinent to the developments experienced by the region, especially in terms of providing some five million jobs in a year in the next 20 years.
The Study of (Kunduz, 2012)
The researchers showed that the venture capital is considered as an alternate for traditional funding, i.e. It is an alternate of indirect funding which means financing through loans for example and the direct funding which finances through the financial markets (stocks and bonds, for example). This is true if we look at it from the standpoint that an important section of businesses such as small and medium sized enterprises and new innovative projects could not obtain financing from traditional sources due to several reasons. The most important reason is the conditions imposed by those same sources as the collaterals and securities required by the banks, which are rarely available for this kind of projects. In addition, we may consider it as a complementary source to other sources interested in funding important sectors in this economy. This is obvious if we look at it from the angle that the laws and regulations may not allow the expansion of directing more funds to these projects after a certain point because of the high risk that may accompany such funding. The researcher also concluded that funding through capital venture could be either at the stage of product or growth, or maturity.
The Study of (Memba & other, 2012)
Venture Capital has left a clear impact on small and medium sized enterprises (SME) in the developed countries. The small businesses were and remain the cornerstone of the growth of these countries. The venture capital in Kenya existed since the independence but its growth has been slow. The aim of this study was to find the effect of Venture capital on the growth of small and large companies. It has been found that the absence of effective financing is the major contributor to the failure of small and medium sized enterprises in Kenya. The venture capital is the best source for financing business in Kenya and it has been used for a long time even though slow. The method used in uncovering its significance was based on the collection of information before and after the use of Venture Capital. This study showed that venture capital funding had an impact on the growth of small and large projects. In addition, the use of Venture Capital in Kenya can be profitable even if its political and economic atmosphere is ominous. Finally the study concluded that small and medium-sized companies which use Venture capital pass through a new experience of growth . Consequently, many small and developed enterprises should be encouraged to use this form of financing if the state seeks to achieve its advanced perspective in the year 2030.

Study of (SCHMIDT, 2003)

This research provides a new explanation for the wide spread mechanism used nowadays in the convertible **bonds** in the capital venture of the financial companies. The convertible **bonds** in those companies can use the natural development of cash flow rights of investors which is depends on the role of the state to serve the community investors as well as the efforts of the owners of the companies. It is possible to use these to increase the rights of ownership of the owners of the companies who rely effectively on financing projects through Venture Capital. The researcher found that he could adopt an effective model to finance companies through Venture Capital, which rarely use Convertible **Securities** from non investors, this is one of the best ways to finance venture capital.

The Study of (W. Chesbrough, 2002)

This research showed that the giant companies have felt the big opportunity to invest very often in traditional projects, but in spite of this, they failed to achieve such investment. At this point the researcher showed that the giant movement of investment in conventional projects began in late 1990, but the investment operations draw back dramatically specially when businesses drifted towards new economics which in turn influenced approximately one third of the active investing companies, especially in September of the year 2000 where they stopped working after twelve months. According to one study conducted by economic projects companies, and during the same period, it was found that the value of the funds used in traditional investments has declined by 80%. This decline in investment was part of a historical pattern of progress and regression, but the volatility in recent years has been larger than ever where conventional joint ventures investment increased from $ 468 thousand at the end of 1998 to 6.2 billion in early 2000 where it decreased by then to $848 thousand in the third quarter where private capital venture went and took place as economy changes. Finally the researcher found that the changes in joint venture capital investment was prominently growing dramatically which means that it must be taken care of , to keep up with modern developments in the growing economies.

Introduction:

The activity of venture capital began in the United States in the fifties in response to the needs of the pioneering finance for small and medium-sized Contracting projects, and in response to the new revolution and progress of science and technology, especially in the computer industries where venture capital institutions have grown in an unusual and amazing manner. In fact, they achieved a quantum leap. However venture capital institution, in Western Europe has known risks earlier than the United States, but they found a great care of the European Society, which was established in Brussels in 1983 " the European Society of venture capital for the development of capital craft risks", in all Europe. (Mohammed, 2012, S4-8)

Venture Capital Definition:

In light of the evolving knowledge-based economy, financing, in all of its types is considered to be one of the most important pillars of the investment in any economy at any time and in any place. Therefore financial bankers, investors and shareholders are always highly concerned about the development of financing instruments. In fact, a new method of financing has emerged because of this development. This method differs from the conventional finance in its outlook and comprehensiveness of the levels of risk in investment and business that need financing. This new method has been termed as the venture capital which is adventurous and risky as it has a risk ratios higher than the average conventional financing where it has at the same time a high profit in the event of success. This is an assertion of the principle, that the profitability is linked to a large extent to the level of risk in the investment.

Therefore the European Society defines venture capital as the capital employed by a specialist broker specialized in high-risk private projects, with the possibility of strong growth with no guarantees to ensure certain income or recovering the capital on the date specified. This case is a risk source hoping to get a strong surplus in the distant future when stakes are sold which in turn considered to be as a compensation for the possible risks. The Venture capital combines between introducing the cash and assisting in the company's management to make the company achieve its goals . This represents a picture of financial favoritism through capital that owners wish to invest them with high-risk investment while expecting to achieve a high return that may reach as high as more than 35% in countries like the United States

(Mohammed, 2012, S5-7) and (macmillan & other, 2008, p5)

The Venture Capital could simply be seen as financing in exchange for an equity that is subject to profit and loss with no guarantees or already predetermined return. The need for such financing increases when the conventional financing sources decreases . In addition, the importance of such financing takes place when accumulation of capital declines. However the effective use of such tool, which is newly developed, aims to creating an efficient and productive economy growth and to meet the needs of companies and institutions in their various stages of financing. As a matter of fact, , many of the projects come with high risk and facing great difficulties, while they are highly profitable as it may double the value of its assets . Such finance needs everyone to participate in the profit and loss where interests and destination do not contradict. In fact, they also need to be financed in stages and not all at once and to be diversified in quality and quantity and to be subject to growth and development. Furthermore, the expansion of its ownership base pushes for innovation and extremely help in economic development. However this must be different from the traditional way of financing which refuses docking customers and pushes the investor to venture regardless of the loss expected in case the yield dropped down or the project went bankrupt because it is obliged to repay the loan including the interest in a specific date. Venture capital financing in the conceptualization of Islamic jurisprudence can be represented in the venture capital entrepreneur who gets involved in partnership and its concept in Islamic jurisprudence, which takes into account studying the economic feasibility of the product and its profitability and the efficiency of enterprise management, rather than the banking system method which depends on the collaterals and securities and business resume and the size of the financial statements. Anyway Venture capital reduces the conflict that exists between lenders and borrowers. The question now is why does venture capital achieve competitive differentiation for companies. The answer to this question is: because Venture Capital is specialized in the confrontation of financial challenges that can not be accomplished by bank financing institutions. In general it is the financing of high risk advanced technology. The difference or the distinguishing feature between the traditional bank financing is its reliance on financing ownerships rights (equity funds) instead of the secured loans. In addition, it is specialized in the treatment of the high-risk associated with such type of financing. So, the backbone of Venture Capital is its administrative structure and its contractual framework which address the risk of advanced technology, and then opens up broad prospects for profitability and access to long-term financial gains through matching or coordinating between venture capital investment and entrepreneurial talents.

The difference between the traditional and venture investor

There is a big difference between the traditional Investors and venture investors . This type of investment does not care about the risk and is ready for the adventure in order to achieve high profits (Masoudi 0.2009, S1-3)

There are several differences between traditional and venture investors, for example:

1. Typical investor usually provides money in order to obtain a stake in the company. He usually maintains the stake for a long time and benefit from their annual profits. The venture investor usually enters the deal to achieve a goal in 3 or 5 years, with no annual interest or return, where his profit comes from selling his stake quickly (either by entering the company in the stock market, or selling his stake to a larger company.
2. Typical investor prefers to invest in companies with guaranteed reputation and standing in the market. For example, most of the stock markets are traditional investors because they do not accept the investment in a company who has no a product yet. Venture investors prefer investment with novice firms and mostly companies with ideas that are not yet born. He takes advantage of his intuition and expectation for the success of the company, where he can convert a small amount of money to a larger sum due to his risk in buying percentage of the company at a very early stage.
3. Typical investors usually enter the market in a seasonal basis or whenever there is a good opportunity, where venture investors are always searching for investment opportunities on a permanent basis.

The importance of venture capital in achieving institutional efficiency: (Shamimri 2012, p. 3)

The significance of Venture Capital can be shown by the following:

1. Strengthening the growth of small and medium sized companies as they are the cornerstone of every growing economy
2. .strengthening the economic reform programs effectively.
3. Providing facilities and companies with experience and modern methods of management and organization and integrates its capital with the capital of financed companies which enables these companies to develop itself rabidly and to achieve its goals in its institutional efficiency at the local and global level.
4. Providing technical support, guidance and follow-up of the new institutions and companies.
5. Rescuing and developing facilities and troubled companies and attracting new investment.
6. It is considered an alternate financing method in case of weak financial market and lack of the company's ability to issue shares on the market.

But in spite of the importance of venture capital, there are some risks linked to venture capital financing including the following (Tajuddin, 2012, S6-9):

1. Strengths that qualified venture capital to support enterprises and small / medium sized businesses are the same weaknesses that made the banking system not qualified to provide this type of support.
2. Specialization in addressing the problem of informational asymmetry.
3. The moral risks in the principle agent/agency theory
4. The favorable Adverse selection risks
5. The risks of inability to transform scientific innovation to work that is commercially profitable.

Sources of financing for venture capital:

There are four basic sources for venture capital financing:

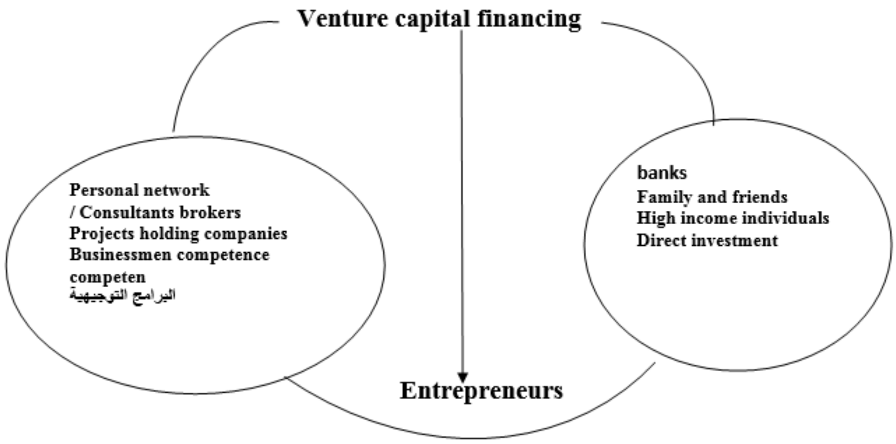
1. Business Angels a unique type of private equity that targets small / medium-sized companies with a

continuous record
2. Corporate venture capital: led by companies with cash surpluses
3. Venture Social Capital: target achieving social goals.
4. Venture capital funds: VCF among the diverse images of the sources of venture capital funds is venture capital fund VCF which is the most wide spreading (Microsoft, Apple Kmpiotrs, Intel)
5. Venture capital funds: limited partnership companies that comprise two types of partners: investors with limited liability (in proportion to their contributions to the VCF Fund) and the General Partner GP who bears all administrative , operational and accounting responsibilities of the Fund to investors.

Mechanism of the companies investing in venture capital:
The important question is how can companies investing through venture capital get their investment opportunities in any region of the world? The answer to this question is: These companies use all available methods to find promising candidates. This includes everything starting from regular communications and action plans and up to effective communication with business leaders in the region. In addition they use the main channel of communication; personal network which could include a network of investors, specialized service companies, and other companies that have been invested with before, beside other partners. (Investment Guide, 2012, p. 9) and (Sweeney, 2012, p3)

We see below a model that shows direct and indirect ways of communications to reach out companies using venture capital. This model shows also multiple alternative ways of financing that can be approved by the company for growth before searching for venture capital financing

Financing with a Venture Capital



Entrepreneurs
This means that we can set up or establish a mechanism for how venture capital works which includes : (Tajuddin 2012, S12-16)
1. Gathering investors Contributions and competent investment brokerage in the field of long-term investments.
2. Generating Deals by attracting offers of innovative , productive, talented and creative persons
3. The initial exploration of the feasibility of deals offered, in order to exclude what is futile at this stage which includes the Initial exploration standards of the following:
   1. Project Idea
   2. work plan
   3. The availability of entrepreneurial skills of the owner of the idea
   4. Leadership Organizational record for the entrepreneur
   5. Evaluating the market of the product expected
   6. The long term expected rate of returns
   7. Possibilities of exiting the deal

First: Investigating Due diligence after reducing the number of deals to an appropriate number where the owners of projects are contacted to explore more information about them through direct meeting to clarify:
1. The personality of the Organizer who is the owner of the idea of productivity and his experience
2. The features of the expected Product and the properties of the target market
3. The size of the expected cash flow
4. The management expertise to venture capital.

First: Determining the primary value of each project that had been approved: What is the price of rights of ownership to engage in this project ?

Second: Building financial and contractual frameworks : What are the financial instruments used (ordinary shares / preferential / convertible bonds etc. ...), covenants, specific stages of the investment process as required by the project ... Etc.
First: Syndication, inviting other parties or other funds to participate in funding projects at hand
First:Monitoring, activating proper means to follow-ups closely the performance of these projects, reports, field visits, representation on the boards of directors of companies with investment portfolios.
First:Choosing a specific exit strategy: a strategy to get out of these projects either by initial Offering in the stock market or by selling to another company.

Venture capital institutions:

This is represented by venture capital firms, and investment funds, which fund the most promising and high-risk projects, ie, the ones characterized by risk-high but expected to achieve surplus with an economic added values from the re-sale of shares in hands. This is in terms of dramatic and amazing growth and time. Therefore the main concern will be focused on these activities: (Mohammed , 2012, S13-14)

• very high-risk activities.

• troubled Activities that do not achieve the required return, either for the lack of funding or the lack of effective management or shortage of production technicalities or other reasons where the Venture Capital participates in these risk projects in providing financial aid necessary including :

a. Financing projects of companies or participate in their capital or support them technically and financially then turning them into joint stock companies or limited by shares when there is a high-risk and other consequences.
b. Finding the necessary funding for new promising investment opportunities .
c. Finding funding for existing stalled projects and correct their track.
d. Purchasing traditional institutions and companies that owe illegal rights and restructuring and get them Islamized.

In this case, if one desires to buy a civilian traditional institution to transform it into Islamic to comply with sharia (with a large number of assets and benefits in terms of debt and cash); it is good to avoid the purchase of illegal rights (interest and benefits) where seller remains in charged in such benefits , this is necessary in Islamic jurisprudence.

Some of the experiences of leading countries in venture capital to reach institutional efficiency :

The American experience: (Masdi, 2012, S12-15)

The origin of Venture Capital is attributed to the French Gen. Doriot who grew up in America in 1946. The first specialized institution in the world is "ARD" in e-finance companies. In the period ranging between 1990 and 1993 the long-term investment in the venture capital firms reached $ 54 billions, or 60% . Where the share of high-risk projects amounted to 64% of the total investments. Venture capital companies saved America from technological backwardness against Japan. Example: Macintosh and Microsoft.

American experience: a sample of 500 companies were financed with a Venture Capital (80% of the technology sector) and a sample of 500 company has been self-funded for a period of 4 years after construction.

Venture capital self-funded projects	Venture capital funded projects	Comparisons
+59	+59	Finding an efficient labor (%)
3-	+25	Annually Established labor
8000	16000	Research & Development expenses per person (US $)
9+	35+	Annual investment (%)
5+	12+	Annual Production (%)

The French experience: Report of the French association of investment

Venture capital self-funded projects	Venture capital funded projects	Comparisons
5.3+	34+	Sales development (%) for a period of 5 years
12+	67.8+	The development of the volume of exports (%)
4-	51.3+	The development of the volume of investment (%)
3.4-	19.9+	The development of the volume of employment (%)
3.5-	5.4+	The development of middle-income rate (%)
1*	12*	Research and development expenses

European experience: a study consists of a sample of 500 companies funded by venture capital and 500 self- funded companies.

Venture capital self-funded projects	Venture capital funded projects	Comparisons
14+	35+	Sales development (%) for a period of 5 years
17+	25+	The development of profit before tax
11+	27+	The development of the volume of investment (%)
13+	14+	The development of the debt (%)
2+	15+	The development of the volume of employment (%)
15+	36+	Market value

After realizing the nature of Venture capital and its importance along the experiences of the countries of the world, it could be time to address the various views of CFOs in the industrial companies about its role in achieving institutional efficiency at the local and global level which would be through the preparation of a questionnaire prepared specifically for this topic.

The practical side of the study:

Table (1) the results of the reliability of the areas of research using Cronbach's alpha for internal consistency of data collected

Alph chronbach coefficient	Number of statements	The statement
0.913	13	The importance of the role of venture capital in achieving institutional efficiency in Jordanian industrial companies on the local and global level

Table(1) shows the results of the reliability test for the areas of research using Cronbach's alpha method for internal consistency where Cronbach's alpha value = (0.913) . This is a high value and reflects the internal consistency of all the statements which means that the statements are reliable and proper to achieve the purposes of this study.

The features of the population of the study :

The population of the study

The study population consisted of all CFOs in the (75)Jordanian public shareholding companies listed in ASE .

The sample of the study:

A Comprehensive inventory method was followed in the distribution of the study tool where the researchers distributed (75) questionnaire to all CFOs of companies in the industrial Jordanian public shareholding listed on the Amman Stock Exchange. Table 2 shows the distribution of respondents according to personal variables.

Table (2) the Distribution of respondents according to personal variables (n = 75)

Percentage	Frequency	Level	Variables
10.7	8	2 year college diploma	Qualifications
36.0	27	Bachelor degree	
33.3	25	Master degree	
20.0	15	PhD	
-	-	Vocational certification	
100.0	75	Total	
29.3	22	Less than 5 years	Years of practical experience
14.7	11	From 5-10 years	
12.0	9	From 11 to 15 years	
44.0	33	More than 15 years	
100.0	75	Total	

This Table (2) Shows the following:

The highest percentage of the distribution of the sample depending on the qualification variable is (36.0%) for scientific qualification (BA), while the lowest percentage (10.7%) in the scientific qualification was for the (2 year college diploma). This supports the answer to the questionnaire questions which means that because they possess the appropriate qualifications .However the highest percentage of the distribution of the sample according to the years of practical experience was (44.0%) and that was for the period of experience of (more than 15), while the lowest percentage (12.0%) was for the period of experience (from 11-15). This means that the study sample are highly experienced which is reflected positively on the health of their answers to the questions of the questionnaire

Descriptive statistics for the study:

Table (3) the arithmetic mean and standard deviation for the data collected

Statements	Mean	Standard deviation	Percentage	Quartine
1. Venture Capital strengthen the growth of small and medium-sized companies and strengthen their efficiency	**4.05**	**0.86**	**81.13**	**4**
2. Venture capital strengthen the economic reform programs for being the cornerstone of any developing economy.	**4.05**	**0.86**	**81.13**	**4**
3. Venture capital provides companies with expertise and modern methods of management and regulation which enable such companies to develop rapidly and to achieve their goals in strengthening the institutional efficiency at the local and global level.	**4.08**	**0.70**	**81.70**	**1**
4. Venture capital provides technical support, guidance and proper follow-up for new companies to reach global institutional efficiency.	**4.02**	**0.70**	**80.56**	**8**
5. Venture capital rescue troubled companies and develop and attract investments to them.	**3.96**	**0.71**	**79.42**	**9**
6. Venture Capital is considered as a financing alternate in case of weak financial market and the inability of companies to issue shares and initial public offering	**4.06**	**0.80**	**81.14**	**2**
7. Venture capital gives the company the opportunity to enter into the networks of global companies towards global competitiveness	**3.96**	**0.71**	**79.42**	**9**
8. Venture Capital opens the way for industrial companies to develop its creative and intellectual projects.	**3.90**	**0.84**	**78.28**	**12**
9. Venture capital supports industrial companies institutionally through the pioneering and strategic planning.	**3.96**	**0.78**	**79.42**	**9**
10. Venture capital improves the level of financial and operational reports for industrial companies to gain access to transparent information about the company	**4.06**	**0.64**	**81.14**	**3**
11. Venture Capital helps attract employees and industrialists with Intellectual and creative efficiency to work with the industrial companies	**4.06**	**0.64**	**81.14**	**3**
12. Venture Capital works on efficient financial planning for the real growth of the industrial companies to access the global institutional efficiency	**4.06**	**0.64**	**81.14**	**3**
13. Venture Capital pushes industrial companies to keep up with global progress by changing patterns of their action to ensure being competitive to reach institutional efficiency at the local and global level.	**3.80**	**0.80**	**76.00**	**13**
Overall	**4.01**	**0.51**	**80.12**	

Table (3) presents the arithmetic mean and standard deviation of the all data collected i.e. the statements of the questionnaire. By reviewing the percentage, we find that the third statement, which states that "Venture capital provides companies with expertise and modern methods of management and regulation which enable such companies to develop rapidly and to achieve their goals in strengthening the institutional efficiency at the local and global level." Ranked first among other statements with a mean of 4.08 and a percentage of 81.70% . This means that venture capital enables companies to keep up with global progress by changing patterns of their action to ensure being competitive reach institutional efficiency at the local and global level.. In doing so, this means that they are undoubtedly very concerned in the technology sector in order to achieve creativity and innovation in their projects in order to reach the institutional efficiency at the local and global level. However statement number 13, which states that Venture Capital pushes industrial companies to keep up with global progress by changing patterns of their action to ensure being competitive reach institutional efficiency at the local and global level., ranked last with a mean of 3.80 and a relative importance of 76.0% where the arithmetic mean of the whole was 4.01 with a relative importance of 80.12%

The results of testing the hypothesis of the study:

H01: There is no clarity among corporate managers in realizing the importance of the role of venture capital in achieving institutional efficiency of their companies on the local and global level. To validate this hypothesis, the researcher used one sample T test where table (4) shows the results of testing this hypothesis. Table (4) shows the results of on sample T tests to examine the Ho hypothesis: (there is no clarity among corporate managers in realizing the importance of the role of venture capital in achieving institutional efficiency of their companies on the local and global level).

Table (4) the results of on sample T tests

There is no clarity among corporate managers in realizing the importance of the role of venture capital in achieving institutional efficiency of their companies on the local and global level	H0 hypothesis
4.01	Mean
0.51	Standard deviation
11.35	Calculated T
34	Degree of freedom
0.000	sig
3	Reference value
Refusal of H0	results

Table (4) shows the results of the test to examine the hypothesis (there is no clarity among corporate managers in realizing the importance of the role of venture capital in achieving institutional efficiency of their companies on the local and global level). The value of the arithmetic average is 4.01, the value of calculated "T" is 11.35 with a level of significance equals to 0.000 . This indicate that there is a significant statistical differences between the mean and the reference value amounting to 3.0, because the level of significance value was less than 0.05 where the significance was in favor of the presence of clarity (statement # 3). Therefor we reject the null hypothesis or H0 hypothesis which means that corporate manager realize and understand the importance of the role of venture capital in achieving institutional efficiency of their companies on the local and global level

Conclusions and recommendations:

Conclusions:

a. Venture Capital is one of the pillars of the investment in any economy at any time and in any place because it depends on a high risk financing and at the same time it has a high profit in the event of success
b. Venture capital financing is simply an exchange for equity and is subject to the profit and loss and does not have a definite predetermined return.
c. Venture capital companies provides industrial expertise and modern methods of management and regulation with a mechanism to merge their funds with the funding companies enabling these companies to develop rapidly to achieve their predetermined objectives .
d. it was found through the questionnaire analysis that there is clarity among corporate managers in realizing the importance of the role of venture capital in achieving institutional efficiency of their companies on the local and global level, where the mean was 4.01 with a standard deviation of 0.51
e. It was found through analysis that company executives believe that venture capital works to provide companies with expertise and modern methods of management and regulation which enable such companies to develop rapidly and to achieve their goals in strengthening the institutional efficiency at the local and global level.
f. Venture capital rescues troubled companies and pushes them to develop and attract investments to them.
g. Venture Capital funding is an alternative in case of the weakness of the financial market and the inability of companies to issue shares and initial public offering in the stock market.

Recommendations:

a. The need to provide industrial companies with the requirements of supporting venture capital when they need it through providing the necessary government and private sector support so as to support the establishment of projects depending on it while providing quality Hi-Tech to get the necessary information about it as well as providing education and adequate training requirements for this important source through necessary legislations
b. The need to find private teaching curriculums that is appropriate to modern perception and trends in the light of the new knowledge based economy .
c. The need to find a funding system offering this type of financing
d. The importance of businesses focusing on this important source of funding to push forward the wheel of development and competitiveness at the local and the global level .
e. The necessity to consider venture capital as an important source of financing for companies in the early stages, particularly those with the pioneering and creative thinking who are specialized in new high technology that is based on a high degree of risk, which will bring in turn high returns that enable the company to compete on the local and Global level

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