

DOI: [https://doi.org/10.30970/fp.4\(58\).2025.155164165](https://doi.org/10.30970/fp.4(58).2025.155164165)

JEL Classification G11, G24, G30, G32, Q01, Q51

VENTURE FINANCING OF INNOVATIVE ACTIVITIES OF ENTERPRISES CONSIDERING ESG FACTORS

YASINOVSKA Iryna

PhD in Economics, Associate Professor,

Associate Professor of the Department of Financial Management

Ivan Franko National University of Lviv

ORCID ID: <https://orcid.org/0000-0002-2766-8700>

HUTSMANIUK Mariia

Student of Bachelor's degree

Ivan Franko National University of Lviv

ORCID ID: <https://orcid.org/0009-0000-5017-1738>

Abstract. *The article is devoted to the study of the accumulated experience in applying venture financing mechanisms for enterprise innovation activities, as well as the specific features of considering ESG criteria as a strategic factor for enhancing their competitiveness. Venture capital is a crucial mechanism for supporting high-risk, breakthrough start-ups that often work on addressing global challenges in the energy, medicine, and climate sectors. The integration of ESG criteria into this process contributes to directing funding not merely toward quick profits, but also toward creating long-term value, mitigating non-financial risks (reputational, regulatory), and ensuring the social responsibility of new technologies.*

Keywords: *venture capital, venture financing, venture funds, innovation, investments, enterprise economics, project financing, sustainable development, crowdfunding, ESG criteria.*

The main approaches to defining the concept of "venture capital," its functions, as well as the advantages and disadvantages of venture financing, are examined. Among the functions of venture capital, the following are highlighted: accumulative, innovative, incubation of innovative entrepreneurship through the commercialization of scientific and technical results, investment, stabilization, transformational, motivational, and social functions.

Modern tools and mechanisms of venture financing are analyzed, specifically the role of venture funds, business angels, corporate venture investment, crowdfunding, accelerators, and business incubators. A typical venture fund strategy involves investing in rapidly growing industries and in companies capable of growing alongside the market, and subsequently exiting the investment before the market potential is exhausted. Business angels have a positive impact on the growth, performance, and survival of the companies they finance. Moreover, this positive influence on portfolio companies remains consistent across all countries, regardless of the level of venture market development or the favorability of the national environment for entrepreneurs. Crowdfunding provides innovative entrepreneurs with the opportunity to obtain initial funding for the development of innovative activities. Alongside this, prerequisites are formed for effective networking and feedback, market validation, marketing, and promotion.

Specific directions for the transition from traditional financing to a model of value-oriented investments are proposed. The integration of ESG criteria into venture financing transforms them into a tool for strategic risk management and value creation. An innovative start-up that ignores the social or environmental consequences of its activities faces a significantly higher risk of regulatory fines, consumer boycotts, or reputational damage. Accordingly, the inclusion of ESG in the due diligence process should ensure the financing of those innovations that are viable in the long term and capable of attracting larger capital at later stages, when ESG reporting becomes a mandatory requirement for entering public markets.

Reference

1. Wolf A. (2020) Khto taki «biznes-anhely» i yak vony mozhut dopomohty u zaluchenni koshtiv dlia vashoho proiektu? [Who are "business angels" and how can they help raise funds for your project?]. Retrieved from: <https://www.prostir.ua/?news=hto-taki-biznes-anhely-i-yak-vony-mozhut-dopomohty-u-zaluchenni-koshtiv-dlya-vashoho-proiektu> [in Ukrainian].
2. Dyba M. V. (2024) Instrumenty ta dzherela venchurnoho finansuvannia [Venture capital funding tools and sources]. Scientific notes: collection of scientific works of KNEU. Retrieved from: <https://ir.kneu.edu.ua/items/56c13722-2109-493c-900e-9c6e6c253a28> [in Ukrainian].
3. Entsyklopediia suchasnoi Ukrainy [Encyclopedia of Modern Ukraine]. Retrieved from: https://esu.com.ua/article-33454?utm_sourcecm [in Ukrainian].
4. Polishchuk O.T. (2017) Sutnisni kharakterystyky venchurnoho investuvannia ta yoho mistse u rozvytku natsionalnoi ekonomiky [Essential characteristics of venture investment and its place in the development of the national economy]. Finance, accounting, banks. No. 1(22). P. 125-145. Retrieved from: <https://jfub.donnu.edu.ua/article/view/5022> [in Ukrainian].
5. Maiorova T.V. (Ed). (2017). Proektne finansuvannia [Project financing]. Kyiv: KNEU. 434 p [in Ukrainian].
6. Skyba H.I., Mazur Yu.V., Neskhodovskyi I.S. (2025) Venchurne finansuvannia yak draiver rozvytku innovatsiinykh pidpriemstv u tsyfrovu epokhu: suchasni mekhanizmy ta perspektyvy [Venture financing as a driver of the development of innovative enterprises in the digital age: modern mechanisms and prospects]. Sustainable economic development. No. 4 (55). P. 262-268. Retrieved from: <https://doi.org/10.32782/2308-1988/2025-55-36> [in Ukrainian].
7. Shevchenko O.M, Shevchenko O.O. Rol ta funktsii venchurnoho kapitalu v umovakh formuvannia ekonomiky investytsiino-innovatsiinoho typu [The role and functions of venture capital in the conditions of the formation of an investment-innovation type economy]. Scientific Bulletin of the International Humanitarian University. Retrieved from: <http://www.vestnik-econom.mgu.od.ua/journal/2017/23-1-2017/8.pdf> [in Ukrainian].
8. British International Investment (BII). Responsible venture capital. Integrating environmental and social approaches in early-stage investing. Retrieved from: <https://assets.bii.co.uk/wp-content/uploads/2020/01/16092500/Responsible-Venture-Capital.pdf> [in English].
9. Josh Lerner, Antoinette Schoar, Stanislav Sokolinski & Karen E. Wilson. The Globalization of Angel Investments: Evidence across Countries (2016). Harvard Business School Entrepreneurial Management Working Paper. Harvard Business School Finance

Working Paper. No. 16-072. Retrieved from: <http://dx.doi.org/10.2139/ssrn.2706546> [in English].

10. Principles for Responsible Investment (PRI) – PRI Reporting Framework. Retrieved from: <https://www.unpri.org/reporting-and-pathways/reporting-2026> [in English].

11. Yasinovska I., Andreikiv T., Myshchyshyn I. (2025) The role of project financing in the reconstruction of Ukraine. Economics, finance, law. No. 6. P. 47-51 [in English].

12. World Economic Forum (WEF). ESG Pulse Check: Getting the Basics Right for Startups and Venture Capital Firms. Retrieved from: <https://www.weforum.org/publications/esg-pulse-check-getting-the-basics-right-for-startups-and-venture-capital-firms> [in English].

Дата надходження статті: 04.12.2025

Дата прийняття статті: 18.12.2025

Дата публікації статті: 25.12.2025