

The extent of social contribution of venture capital organisations to funded financed companies

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ABSTRACT

The major objective lying behind the conduction of the present work lies in investigating the social advantages likely to be brought about by the venture capitalist to the funded firm. More specially, it treats the venturer's financial contribution as based on a number of human resources management related practices. Overall, the reached results, relevant to a sample involving 150 companies proved to indicate that the financial participation of this mode of financial intermediation turns out to be partially associated with a social contribution. In effect, it has been discovered that a number of the advanced practices, suggested as social contribution relating measures, do not prove to stand as part of the changes targeted by the venture capitalist to take place in a bid to enhance the firm's social performance, nor were they intended to further improve the added values already achieved. Actually, such a strategy could well reflect some special features characterize the Tunisian venture capital mode of financing.

Contribution/ Originality

This paper conceived to examine the magnitude scope of the venture capital organization's social contribution within the financed Tunisian companies. Further, it highlights the newly devised social contribution distinctive character, as established in connection with such a financial intermediation investment mode. The key results indicate that the social contribution seems to be necessary to the achievement of added values to the company and for its survival.

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1. INTRODUCTION

This study focuses primarily on investigating the phase after financing the companies as undertaken using venture capital (postfinancing phase). The focus of interest is on treating the contributions and modifications likely to be generated in the company after undertaking this financing mode. In effect, an examination of works that figure in the relevant literature reveals a noticeable concentration perceived in the venture capitalist's contribution in terms of the firm's corporate financial performance accompanied by low interests in the changes it could generate in regard to the funded firm's governance system and related social parameters (Weber and Kratzer, 2013; Bocken *et al.*, 2014; Silvia *et al.*, 2018).

The notion noted in the relevant literature is still insufficient and needs deeper re-examination to concentrate more thoroughly on the cognitive and social dimensions, especially with regard to unlisted companies (Marlow and Patton, 1993; Silvia *et al.*, 2018). This fact also has an explanation in the criticisms of the conventional model of corporate governance that seems to exhibit numerous shortcomings and limitations (Mandal *et al.*, 1998; Jensen, 2004). The financial contribution of an investor could then be accompanied by involvement in the firm's managerial affairs, as a venture, and in setting up of the policy adopted for the final objective to be effectively achieved in a bid to achieve higher added value after the release of funding capital (Croce *et al.*, 2013; Alex *et al.*, 2017). The investor's role will then shift from that of a provider of financial resources to that of a contributor to cognitive and social resources and thereby participation enhancer of the company's social participation and performance. Indeed, the venture capitalist's financial participation can be coupled with active involvement in the managerial team owing to the expertise, skills, and professional relationships they enjoy (Alex *et al.*, 2017; Abu-Jarad *et al.*, 2010; Aziri, 2011) enabling then to effectively participate in various corporate management tasks and activities (David and Deborah, 2004; Jonathan *et al.*, 2016). As a result we can maintain that the post-financing association binding the venture capitalist and the entrepreneur may stand more as a means of mutual interaction as well as a background to success than more of an agency relationship (Silvia *et al.*, 2018). In this perspective, and with regard to the Tunisian context, we consider it useful to investigate the extent and scope of involvement of the venture capital investment companies in the governance system of the funded firms and their effect on the firms' social performance. By implementing the logistic regression methodology it has been discovered that such an undertaking has a positive influence on the working conditions of the funded companies. This mode of financial intermediation is also a source of job creation. As proposed in this study, no significant changes seem to be recorded for some human resources management practices.

This study is organized in the following way. Section one reviews the relevant literature and formulates relevant assumptions. Section two depicts the study sample and the data gathering methodology. The variable approach and the definition of the corresponding measurements are determined. This section determines the theoretical model subject to testing and expands the analytical method that exposes applied discussion and explanatory analysis. The next section contains the findings, discusses the major results, and introduces the perspective of future research.

1.1. Review of literature and formulation of hypotheses

1.1.1. Venture capitalist shareholding

It is worth highlighting that cognitive arguments often provide a platform for exchange of positively promotional ideas (Berry and Junkus, 2013). These innovations are conflicts that appear to be remarkably critical for maintaining corporate growth and necessary for enhancing group spirit and efficiency. On investigation, and with the positive participation and outcomes the capital provider may well contribute to funding the target company. Albert and Shai (2014) highlight the strategic influence and participation the investor provides by collaborating with other company leaders or executives to set up clear strategies and design the targeted policies of objectives. Such an influence can only be prompted through a clear formulation of critical practices associated with strategic

schemes and vision, as well as an effective conduction execution of the firm's targeted policies and funding strategies. In this respect the capital venture could also provide operational participation by exchanges with external experts and counsellors to acquire more expertise, competence, thus providing corporate managers with keener awareness and recognition opportunities of particular domains, e.g. human resources, marketing, company environment, market share, etc. (Lepak and Snell, 1999). Participation of corporate organizations is also ensured through the appointment of competent managers or additional funding sources and maintaining strong professional relations. The venture capitalist may intervene in the company's affairs informally by regularly participating and maintaining perspective within the firm. In this way s/he represents a valuable source or sign of corporate organizational and managerial quality, while maintaining assurance for the firm. This vision is likely to help maintain easy new raising strategies for the firm. This form of guarantee is reliable and profitable in relation to firms lacking in prevailing venture capitalists (Weinstein, 2012).

Hence the association binding the venture capitalist and the firm manager will seem to be instructional or that of apprenticeship, whereby every actor stands as an acquirer of awareness or competence. Thus resorting to venture capital as a funding mode may simultaneously represent an origin of cognitive contributions. Actually, a noticeable stake contribution by the venture capitalist should certainly denote financial investments accompanied by a temporal mode of investment intended to maintain an efficient backup or sustenance by the entrepreneur. Once financial profits turn out to be very low, the ventures should not by any means be enticed to be involved in any sharing form, nor would they be encouraged to engage in any mode of apprenticeship with the business owner (Alexandre and Josse, 2010; Rosenbusch *et al.*, 2013; Steers and Rhodes, 1978; Trovik and McGivern, 1997). It is the proportion of the venture capitalists' participation which affects their readiness to take part in a company's governance affairs and provides the funded business with extra novel resources of expertise other than the resources. Their involvement is likely to influence various features and respects peculiar to the financed company. As a recapitulation of the association binding the venture capitalists' involvement in the firm's affairs and the funded firms' performance, various empirically conducted works outline that the venture capitalists as medium- and long-term investors or partners help in providing certain surpluses and participation additionally to the financial contribution they provide to the firms they maintain (Bagozzi, 1980; Brown and Peterson, 1994). The following hypothesis can be formulated:

H: The venture capitalist's financial participation is associated with a social contribution within the funded company.

As a confirmation of this hypothesis, we propose to test the following assumptions.

1.1.2. The Remuneration policy

According to Venkatraman and Ramanujam (1986), Isabelle (2009) and Aziri (2011) remuneration constitutes, simultaneously, an integral part of the human resources associated policy, essential support for the company's strategy and a noticeable success mechanism. In its full form, the employee/employer relationship involves an exchange of both contributions and retribution. The employee is rewarded in terms of his/her subordination, position and output results, in as much as he/she also counts on some other incentive and financial participation systems (Felisa *et al.*, 2016; Bluedorn, 1982).

An effective compensation or remuneration policy is a key factor, among others, that enable investors to achieve high return rates, along with attracting the most highly qualified human resources. Face to the undertaken risk, and in the hope of maintaining higher financial returns, investors usually accord great importance to the employee compensation policy and their participation in the organization as well as in its business portfolio.

Under the same reflection, more particularly in the context of venture capital, the following hypothesis seems worth developing:

H1: The financial participation of the venture capitalist positively impacts the financed company's remuneration policy.

1.1.3. The training policy

Training and skills enhancement, as oriented to ensure the employees' professional and intellectual development, also stands as a profitable investment in the company's competitiveness. Indeed, the valuation of human capital helps to meet not also the expectations of employees but also the company's needs. More particularly, one is we will deal with the extent of this valuation as provided by the capital-investors specifically, the venture capitalists. In this regard, we propose that the venture capitalist, associated investment is not enough to meet the financial expectations of the entrepreneur or manager let alone the expectations of the staff company's in terms of improving their capacity and their competitiveness through an adequate training strategy. Hence, one could well assume that:

H2: The financial participation of the venture capitalist has a positive impact on the financed enterprise's training policy.

The intra-company labor relations' quality is closely linked to the company's long-term financial performance. Companies that have developed human resource Mgt policies and placed great importance on their human resources' participation in creating wealth and value may well be facing the risks of labor associated with conflicts and output turnover. For the purpose of acquiring a highly qualified human potential and ensuring its conservation and development, it is necessary to set up a favorable and motivating social climate. Analysis of the social climate's effects, employees' productivity has drawn the interest of several researchers, including notably, the Anglo-Saxon ones. In this regard, [Fletcher and Williams \(1996\)](#) argue that the social climate stands as a good indicator of the employees' morale state supposed to improve the intensity and the quality of work and there of social performance. The area of social climate associate's characteristics has been a subject of interest for several empirical studies. Worth citing among these studies are those conducted by [Emma \(2012\)](#), [Harter et al. \(2002\)](#) as well as [Jonathan et al. \(2016\)](#), highlighting that on providing employees greater opportunity to express themselves to the management, in the intense presence of unionism, could well affect in a number of ways namely, through promoting communication and cooperation within the company on the one hand, and through providing interlocutors with the management of companies to discuss and negotiate the workplace-related changes.

In effect, the social climate and working conditions should coincide and conform to the expectations of the working team. Indeed, their close association their relationship with the human capital welfare has become a major conception of a social policy adopted in the company, to further enhance and mobilize them. The high costs impact incurred by accidents, occupational diseases and workplace relating disturbances, on the company's financial earnings highlight well the critical need to account for the social factor. The company is not only concerned with satisfying the financial regulations but is also supposed to care for the human capital dimension. On studying the social climate to prevent or restrict deterioration of the relationship binding the different actors of the company, [Croce et al. \(2013\)](#) and [Bluedorn \(1982\)](#) have applied a number of indices such as absenteeism, work-related accidents and rotation of assets.

Moreover, the study is focused on investing venture capital financed companies in a bid to observe the extent to which they value the human factor in their investment strategy. Accordingly, the following hypothesis could be proposed:

H3: The financial participation of the venture capitalist positively affects the funded company's working conditions

1.1.4. Employment

Several studies carried out by private equity investment associations based in France, Europe and the United States appear to reveal that companies financed by this type of financing have been able to develop and grow through the creation of jobs. As regards venture capital, very few are the research works conducted to investigate its impact on employment and whether it constitutes a source of employment creation or destruction. This idea culminates in advancing the assumption below:

H4: Venture capital is a job creation source.

1.1.5. Sample description and data collection

Our sample consists of 220 Tunisian firms funded through venture-capital organizations, observed over the period 2010–2017. To these firms, a questionnaire has been addressed, with an introductory cover letter exposing the research theme and objective, while ensuring data confidentiality information. Among the sent questionnaires, only 150 responses have been received, thus reducing our sample to 150 firms. Given our particular study context, we have considered it useful to find our empirical study on a questionnaire survey, with the major objective being to test the advanced research hypotheses.

As for our case, the majority of the sample related companies (77.36%) appear to be characterized within an active presence of the venture capitalists in the management of the company affairs, as stated by the orientation of the entrepreneur’s strategic choices. This fact highlights well the fact that these ventures do not stand as just exclusive financial resources. They are rather liable to provide a certainly noticeable contribution to the management of other relevant resources.

Table 1: The distribution of companies by development stage as based on the venture capitalist’s intervention (N=150)

Development stage	Sample percentage
Seed stage	19
Setting up stage	36
Post-creation stage	64

Throughout the venture capitalist’s funding participation stage, 19% of the investigated companies experimenting with a seed-stage, 36% of the set companies have been interesting a founding stage, and 64% among these firms have already stepped over the creation phase.

Table 2: Identifying and measuring the variables

Variables	Identification	Measurements
Endogenous variables: Venture capitalist’s social contribution		
Ln REM	Remuneration policy	Neperian algorithm of remuneration.
TRA	Training policy	Percentage of spending reserved to training within the funded firm.
COND	Working conditions	The rate of accidents’ severity (RateAc), average frequent timing of work (AverageT) and total rate of absenteeism following the venture capitalist’s financial participation (Abst).
EMP	Employment rate	Number of jobs created in respect of the permanent staff within the company.
Exogenous variables		
Share_VC	The venture capitalist contributive participation	The variable is assessed via the venturer’s rate of shares held

Mgt	The venture capitalist’s contribution in running strategic choices.	A dichotomous variable bearing the value 1 should the venture capitalist appear takes to part in managing strategic choices and 0 if not.
Ln_size	Total of staff in the funded company.	Neperien algorithm of the funded firms total personnel.

2. RESEARCH METHODOLOGY

To preserve the adopted sample’s specific nature, a logistic regression (Hosmer *et al.*, 2000) is implemented. This choice has its justification in the fact that the applied dependent variable “social contribution” turns out to be dichotomous, bearing the figure 1 should the venture capitalist’s finding contribution prove to be closely linked to social participation for the funded firm, and 0 if not. Consequently, the below figuring logistic regression models appear are subject of further evaluation:

$$\text{Model 1: } Ln_{REM} = \beta_0 + \beta_1 Share_{VC} + \beta_2 Mgt + \beta_3 Ln_{size} + \varepsilon$$

$$\text{Model 2: } TRA = \beta_0 + \beta_1 Share_{VC} + \beta_2 Mgt + \beta_3 Ln_{size} + \varepsilon$$

$$\text{Model 3: } COND = \beta_0 + \beta_1 Share_{VC} + \beta_2 Mgt + \beta_3 Ln_{size} + \varepsilon$$

$$\text{Model 4: } EMP = \beta_0 + \beta_1 Share_{VC} + \beta_2 Mgt + \beta_3 Ln_{size} + \varepsilon$$

3. RESULTS AND DISCUSSION

3.1. Descriptive examination

It is worth noting that the average remuneration relevant to the venture funds’ financed firm appears to be the rate of 1073,571 Tunisian dinars (TND) (347,648 USD). As for the training-related expenditures, they are quite low (rate of 10.89%), reflecting well an overall idea displaying the training policy adopted by the venture capitalists as a result of their contribution to the firm’s stocks. Regarding the average severity rate of work-related accidents, measuring working conditions in the financed company, it proves to be a low rate in our case study (0.9%). Similarly, the company relating average dismissal rate is quite low following the venture capitalist’s approaching the rate of 1.85%.

Table 3: Descriptive statistics of variables

Variables (N = 150)	Mean	Stand deviation	Minimum	Maximum	
Endogenous Variables					
Remuneration policy Ln_REM	1073.571	324.56	600	2000	
Training policy TRA	10.89	10.92	0	20	
Working conditions	RateAc	0.9	1.86	0	12
	AverageT	5.5	0.5	4.43	11
Absent	1.91	2.04	0	11	
Employment EMP	1.85	1.9	0	8	
Exogenous Variable					
Share_VC	39.66	16.31	19	44	
Control Variable					
Ln_size	148.62	109.25	4	420	

As for as our case, the majority of the sample related companies (77.36%) appear to be characterized within an active presence of the venture capitalists in the management of the company affairs, as stated by the orientation of the entrepreneur’s strategic choices. This fact highlights well

the fact that these venturers do not stand as just exclusive financial resources. They are rather liable to provide a certain noticeable contribution in the management of other relevant resources.

Table 4: The binary variables associated descriptive statistics

N=150	Bears the modality « 0 » (%)	Bears the modality « 1 » (%)
Mgt	22.64	77.36

3.2. The multivariate analysis

3.2.1. The pearson and multicollinearity matrix

Table 6, depicts the Pearson related correlations, as prevailing within the set of the variables used in the logistic regression. The firms’ set includes 150 companies. Actually, the issue that is work considering a regression based study is that of multicollinearity, likely to persist between the independent variables. Based on Table 6, all the correlation coefficients related values are entirely set below 0.8, the limit rate starting a serious multicollinearity problem could take place. Additionally the variance inflation factors (VIFs) relevant test, that simultaneously serves to check the prevalence of any collinearity issue between the explanatory variables, is also administered concerning the entirety of cases. Actually the VIFs associated values appear to be located at a threshold inferior to two considering that the critical rate is set at the value10 (Tabachnick and Fidell, 1996). Accordingly, it could be clearly maintained that there is textual in existence multicollinearity problems, in so far as the present study case is concerned.

Table 5: The Pearson correlation matrix and VIF test related findings

N = 150	VIF	Share_VC	Mgt	Ln_size
Share_VC	1.036	1		
Mgt	1.041	-0.089** 0.016	1	
Ln_size	1.010	0.055** 0.007	0.183* 0.06	1

*Correlation significance at the 0.01 threshold (bilateral).

**Correlation significance at the threshold of 0.05 (bilateral).

***Significantly different from zero at the 0.01 level

3.2.2. Analysis

Table 6: The logistic regression model reached findings

Variables	Predicted sign	Model 1 (Remuneration policy)		Model 2 (Training policy)		Model 3 (working conditions)		Model 4 (Employment)	
		Coef.	Wald X2	Coef.	Wald X2	Coef.	Wald X2	Coef.	Wald X2
constant		1.01*	0.761	0.48**	0.32	1.32*	0.62	0.73**	0.26
Share_VC	+	0.063	0.33	-0.041*	3.74	0.178**	0.95	0.842**	3.74
Mgt	+	0.139*	0.29	0.042	0.69	0.458*	0.83	0.394	0.32
Ln_size	+	0.326	0.48	0.643	2.31	0.374	0.41	0.622	2.14
R2 of Nagelkerke (%)		23		36		43		31	
LR X2		13.21**		23.41**		11.45***		31.22***	
Prob > X2		0.018		0.017		0.000		0.000	

* Significantly different from zero at the 0.1 threshold

** Significantly different from zero at the 0.05 threshold

***Significantly different from zero at the 0.01 threshold

On examination the Model 1 related statistical tests, as figuring on Table 6, one could well notice that the variable "Share_VC", which serves to measure the fund provider's financial contribution to the funded firm's stock, appears to be insignificant. At this level of the venture capitalist's attribution of the remuneration policy turns out to be insignificant. Therefore, one could not measure or judge the impact of the venture capitalist's presence on the compensation strategy as adopted following his/her intervention. This denotes well that the remuneration policy is not enclosed in the changes generated in the company following the venturer's intervention. Accordingly, the hypothesis H1, stipulating that the fund provider's financial contribution proves to affect positively the firm's adopted remuneration policy turns out to be validated. Noteworthy, however, is that in dealing with another segment of private equity, [Berry and Junkus \(2013\)](#), undertake to analyze LBO target companies relating social plans. Their finding prove to reveal the persistence of a positive impact associated with such an undertaking on wage levels, highlighting proved to record an increase of more than 20% in respect of the comparable companies. The same finding has also been documented by [Desbrières and Schatt \(2002\)](#) as well as [Arthus and Busenitz \(2002\)](#) who affirm that the mass of payrolls accorded to employees proves to be higher in LBO companies than the comparable firms functioning in similar activity field. Hence, it appears that the capital investors should have a positive impact on the undertaken remuneration policy. Following the same vein of thought, we have developed our hypothesis predicting a potential improvement in the remuneration policy, as a motivational and optimization tool for both employees and executives, likely to be remarkably associated with the companies financed by venture capitalists. Inversely, however, the achieved results appear to contradictions postulation, contrary to the preset expectation.

Concerning the "Share_VC", variable attached coefficient, related model 2, it seems highly to be significant at the level of 10%, bearing a negative coefficient ($\beta = -0.041$). Such a finding denotes well that the venturer's funding involvement proves to have a negative impact on the training policy as adopted by the company. According, one can affirm that H2 is not validated. This finding may well have its justification in our sample constitution. In fact, training expenses have proved to display any favorable change with the for the various companies employees even following the venture capitalists. As a result, this attained finding is discovered to contradict Hypothesis H2 assuming that the venture capitalist's presence in the company appears to conform favorably to the training policy adopted.

In the human capital theory, as sustained by [Wright et al. \(2007\)](#), human resources are considered to be a determining factor in the firm's success can, therefore, impact the company's performance. In conforming to this vein of thought several studies mainly ([Arthus and Busenitz, 2002](#); [Appelbaum et al., 2013](#)) appear to prove that capital investors are well conscious about the cruciality of the potential relating effect. On the value creation side of organizational factor, and the latter may well apply the human resources management policy as a cognitive lever whereby company value could be further enhanced. In this respect, [Amess and Wright \(2012\)](#) stress the noticeable role attached to capital investors in human resource management, even though they did not specify concrete practices. Similarly, [Bygrave et al. \(1993\)](#) highlight the significant role of the private equity investors' play in promoting and providing the business with remarkable impetus, thanks mainly to the skills and experience they could contribute.

As regard the coefficient attributed to the variable "Share_VC" as related to model 3, it turns out to be positive and significant at 5% level ($\beta = 0.178$). Such a result highlights well the fact that the fund provider's proves to be accompanied with a noticeable improvement in the working conditions within the financed firm. Hence, one could ensure that hypothesis H3 proves to validates. Such a finding corroborates well the results published in some previously conducted work. Actually, the analysis of working conditions, impact employee productivity has attracted the interest of several researchers including the Anglo-Saxons specialists. Still, the latter has been mainly interested in treating and investigating the most' optimum and effective indicator of employee cohesion and

moral (Marwa and Anis, 2017; Marcus and Pankaj, 2018; Liouville and Bayad, 1995). In the present study however, it has been shown that working conditions, as persistent in private equity-supported companies, prove to have a positive impact on the individuals' behavior, as well as on their engagement and mobilization and on job satisfaction, productivity adaptability to change, ability to innovate, and even product quality (Leete and Wheeler, 2013). Companies desiring to take advantage of their competitive position or intending to improve their profitability usually target to search for flexibility in all possible and relevant areas, particularly in the area of human resources management. Indeed, they need to consider how to optimally benefit from an effective use of their workforce potential, mainly through promoting the working conditions (Arthus and Busenitz, 2002; Bocken *et al.*, 2014; Gerber and Hui, 2013). In this context, an attempt is made through the present study to outline the importance attributed by venture capitalists to the working conditions of the different corporate actors, as observed through a number of relevant variables proposed to serve as measurement indices working conditions (i.e the severity rate of employees, workplace accidents, hours of work, and total rates of absenteeism) (HolgerGörg *et al.*, 2017; Jengfang *et al.*, 2012). It has also been noted that the control variable "management" appears to be a positive coefficient ($\beta = 0.458$), and a noticeable significance at the 10% threshold. Based on these remarks, one could well believe that the controlling power associated with the venture capitalists, as maintained by their financial participation, is formally and jointly attached to their running power in the direction, highlighting a duality of functions.

An examination of Model 4 relating results highlights that the financial participation of the venture capitalist, as perceived through the endogenous variable "employment", is measured by means of the variable "EMP" which bears a positive coefficient ($\beta = 0.842$) and stands as highly significant at the threshold of 5%. Accordingly, one could ascertain that the presence of this mode of financial intermediary represents a source origin of newly create of positions. Thus, the positive' hypothesis H4 assuming that venture capital stands as a source of creation of employment positions creation ends up being validated.

There is ample empirical evidence as to the subject of job creation in the private equity market (Goergen *et al.*, 2011). According to a survey conducted by the European Venture-Capital Association relevant to the period comprised between 2000 and 2004, and dealing with the European context, an effective definition of the venture capital associated economic and social impact should involve and highlight a significant job creation dimension. Accordingly similar corroborating result has been outlined by the French Association of Capital Investors in a conducted study involving 2790 French companies supported by private equity observed over the year 2012. These companies have been noticed to experience, despite the socially and economically difficult environmental context, a growth in their workforce by more than 13%. Inversely, however, Amess and Wright (2012) along with Hellmann and Puri (2000), conclude that remarkable job cuts have been noted to prevail in companies that are under the control of private-equity investors. Concerning the Tunisian context in study conducted by the ATIC (the Tunisian Association of Capital Investors), dealing with the venture domain, including the Tunisian Venture Capital Investment organisms, it has been revealed that the latter prove to contribute significantly in creating employment and job persistence during the years 2012/2013. The greatest proportion of these created jobs is attributed to the banks' Venture-Capital Investment Companies, which account for 58.79% of the total number of jobs created by all SICARs.

Overall, investment in human resources may well stand as an effective solution where by staff productivity and the company's competitiveness could be improved. The practices investigated in the present research are assumed to stand as reward able means available to the "venture capitalist" investor useful for optimizing the human resources relating capacities. The venture capitalist is therefore committed to supporting the human resources' associated responsibilities and directing investment not only on the basis of financial criteria but also in terms of incorporating social concerns. In this respect, we are actually treating the subject of dimensions of investment that could well constitute a theme for a prospective research line. Indeed, the finality of the investor's venture

helps in handling the social dimensions within the financed enterprise. These responsibilities are embodied in different practices manifested in conformity with the approach taken by the investor. Based on the reached results, one may well note that some of the human resource management practices, as proposed in this work, do not appear to display noticeable changes following the venture capitalist's intervention in the studied companies' capital. What seems to be worth considering is that the Tunisian venture capitalists are targeting to maintain the social performance dimension by means of other human resource related managerial practices, which stand beyond the present study's scope. As a matter of fact, the majority of Tunisian venture-capital organizations appear seem closely linked and reliant on their parent financial institution, "the bank". Consequently, their strategy goes, most often hand in hand with the parent institution's set strategies, as determined by certain imposed practices.

4. CONCLUSION

This study investigates the social impact likely to be generated in a company following its venture capital funding. The advanced theoretical framework rests mainly on the corporate governance-related theory. To achieve a thorough examination of the venture shareholder associated contractual contribution, a thorough investigation of the shareholding proportion held by this financial intermediary is imposed. Based on the achieved findings the financial participation of the venture capitalist appears to be closely related to job creation and better working conditions in the funded firms. Some of the human resource management practices do not record any significant changes following venture capitalists' intervention in the capital of the companies under review. According to the Tunisian context venture capitalists tend to consider targeting social performance through undertaking other human resource management practices that may not be covered by this research. Noteworthy, however, is that most Tunisian venture capitalists prove to display some affiliation. As a result the relevant funding participation characters in the financed firms rest predominantly on preset strategies, as drawn by the parent company "the bank", which seems to be exclusively determined in the light of certain imposed practices. Despite the crucial points attached to the reached findings this research displays some limitations. Firstly, the number of variables associated with the venture's social contribution remains relatively low. Secondly, the investigated size is limited - 220 companies. Despite these limitations the findings turn out noticeably useful to both the promoter and the investor as they help to consolidate and enhance the ties binding the venture capital agencies and the managerial teams at both the pre- and post-funding stages. Value could be created, and Tunisian management and company efficiency and performance improved or promoted. This study's modest contribution to the literature on matters of the efficiency of corporate governance lies mainly in establishing clear links between venture capital ownership and relevant social contributions.

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