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THE CONCEPT OF ENTREPRENEURSHIP IN THE SMART ECONOMY

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Abstract. *The article analyzes entrepreneurship as a catalyst for the economy development in terms of the prospects for sustainable development. It is justified that development of entrepreneurship in the smart economy is achieved by a comprehensive modernization and innovative updating of business on the basis of a new generation of technologies; providing high value-added, energy efficiency; forming a secure environment and social stability. It is proposed to stimulate entrepreneurship in order to promote stable development of economy by understanding the mechanism of increasing social concerns about the working conditions, social welfare and the environment security and therefore providing the sustainable development strategy.*

Keywords: *entrepreneurship; SMART economy; shared value creation; innovations.*

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КОНЦЕПЦІЯ ПІДПРИЄМНИЦТВА У СМАРТ (РОЗУМНІЙ) ЕКОНОМІЦІ

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Анотація. *У статті проаналізовано підприємництво як каталізатор розвитку економіки з точки зору перспективи сталого розвитку. Обґрунтовано, що розвиток підприємництва в умовах розумної економіки досягається за рахунок комплексної модернізації та інноваційного оновлення бізнесу на основі нового покоління технологій, забезпечуючи високу додану вартість, ефективність використання енергії, формування безпечного середовища та соціальної стабільності. Пропонується стимулювати розвиток підприємництва, сприяючи стійкому розвитку економіки за рахунок розуміння механізму соціальних проблем, умов праці, соціального забезпечення та безпеки навколишнього середовища і, отже, забезпечуючи стратегію сталого розвитку.*

Ключові слова: *підприємництво; розумна економіка; створення загальної цінності; інновації.*

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**КОНЦЕПЦИЯ ПРЕДПРИНИМАТЕЛЬСТВА В СМАРТ
(ИНТЕЛЛЕКТУАЛЬНОЙ) ЭКОНОМИКЕ**

Зарицкая, И. А., Стрельник, С. А. Концепция предпринимательства в смарт (интеллектуальной) экономике // Вестник социально-экономических исследований: сб. науч. трудов; под ред. М. И. Зверякова (глав. ред.) и др. (ISSN 2313-4569). – Одесса: Одесский национальный экономический университет. – 2017. – № 1 (62). – С. 16–22.

***Аннотация.** В статье проанализировано предпринимательство как катализатор развития экономики с точки зрения перспективы устойчивого развития. Обосновано, что развитие предпринимательства в условиях интеллектуальной экономики достигается за счет комплексной модернизации и инновационного обновления бизнеса на основе нового поколения технологий, обеспечивая высокую добавленную стоимость, эффективность использования энергии, формирование безопасной среды и социальной стабильности. Предлагается стимулировать развитие предпринимательства, способствуя устойчивому развитию экономики за счет понимания механизма социальных проблем, условий труда, социального обеспечения и безопасности окружающей среды и, следовательно, обеспечивая стратегию устойчивого развития.*

***Ключевые слова:** предпринимательство; интеллектуальная экономика; создание общей ценности; инновации.*

***JEL classification:** O150*

1. Introduction

Post-industrial economy or knowledge economy is not the highest degree of economic science. New concept of smart economy is being reflected in the numerous works of researchers increasingly frequent as the next stage of evolutionary concepts of economic knowledge.

2. Latest research and publications analysis

Among authoritative authors who have studied the issue of smart economy and corporate social responsibility (CSR) are worth noting Doran, George (2008), Brito (2011), Porter (2011), Kramer (2011), and others. However, in literature insufficient attention is paid to the proximity between the concept of “smart economy” and entrepreneurship.

Considering this, research purposes of the article are: to generalize modern approaches to the definition of smart economy and smart entrepreneurship; to study winning partnership in shared value creation and define key success factors for smart business in the context of increasing social concerns about the corporate behavior regarding human rights, working conditions, social welfare and the environment security and therefore in terms of sustainable growth paradigm domination.

3. Key results reasoning

Smart economy is believed to be based on a comprehensive modernization and innovative development of all sectors on the basis of a new generation of technologies; providing high value-added, energy efficiency; forming a secure environment and social stability. The main components of the smart economy are:

- 1) educated workers;
- 2) effective entrepreneurial culture;
- 3) infrastructure to the widespread introduction of new technologies and networks;
- 4) low production costs;
- 5) implementation of the principles of “green economy”;

6) ensuring social protection.

Nowadays there is a strong society request for responsible business behavior that in consequences of increasing global competition and restrictions for production costs minimization bring to life new business concept – Shared Value Creation. This concept bases on the win-win principle, helps companies to win in non-price competition and provide unique goods/services to their clients creating shared value that closely correlates with the principles of Sustainable growth and Smart economy. A shared value approach reconnects company success with social progress. It opens managers' eyes to immense human needs that must be met, large new markets to be served and the internal costs of social deficits. It will require managers to develop new skills and knowledge, and governments to learn how to regulate in ways that enable shared value, rather than work against it. Enterprises can do this in three ways:

- reconceiving products and markets;
- redefining productivity in the value chain;
- building supportive industry clusters at the company's locations [1].

A number of companies (e.g. Wal-Mart, Nestle, Johnson & Johnson, Unilever) already have important initiatives in these areas.

An organization's evolution into a social business deals with the internal transformation of an organization and addresses key factors such as organizational models, culture, internal communications, trainings, global and technology expansion, employee involvement [2].

To do this effectively, enterprises have to get smarter. Smart way to do business acquires new technologies, intelligence, and talent. They have to change the way they do business – and that starts with the people of the organization, especially with the leaders who represent the brand. If the entire organization can be convinced that a smart business is a social business that builds processes, infrastructures, and programs with the customer in mind, it will begin to see positive change both internally and externally.

Smart enterprises are not only listening to their customers; they are innovating and changing their products and services as a result of their feedback.

Companies should build a culture of learning. Tools are changing, networks are merging and consumer behavior is constantly evolving. Companies need to stay ahead of the game, and, to do this, they must get smarter. This requires training and organizational development. This evolution to a smart business does not happen overnight. It is not a button that can just be turned on. It is a process that can take years and that requires training and intelligence.

Smart way to do business involves settings of the right goals and objectives. These should be measurable targets in achieving a particular task and closely aligned with the mission. This is so called SMART framework for goals [3]:

- specific (goals must be simple and specific);
- measurable (goals must be measurable so that the company can determine whether the goal was met);
- achievable (this aspect might require a look back at historical data, such as growth rates or previous sales revenue);
- relevant (goals must be tightly integrated with the mission);
- time-specific (goals must have a limit for achievement).

Nothing differentiates an enterprise from its competitors more than positive customer reviews. The competitive landscape is growing, and new products are coming to market every day. That is why companies need to create a groundswell of loyal customers. If they can spend more time valuing their customers, their customers will value them back. Tapping into the emotional equity of customers will result in a long-term relationship with them. Smart enterprises (e.g. Dell, Starbucks,

Lego) are doing this successfully and changing the customer experience for the millions of people. Thus, today's business environment is characterized by more powerful competitors, more sophisticated and selective customers. In this climate, companies that work "smarter" have a competitive advantage. Rather than react to crises and opportunities, these organizations anticipate them. They see opportunities before the competition; identify problems before they escalate into crises; and reengineer internal processes, products, and services to enhance customer satisfaction and loyalty.

In order to stimulate CSR activities and celebrate companies' achievements in the field of shared value creation governments and NGOs have established various Award Schemes. For example, the State Department (USA) has established Award for Corporate Excellence (ACE) [4] in 1999 in order to recognize the important role that U.S. businesses play abroad as good corporate citizens. The Award is aimed to send a strong signal of the Department's commitment to further CSR, innovation and exemplary practices. It highlights increasing outreach to the business community, public-private partnerships and recognizes the contributions that business makes to improving lives worldwide: 2014 winners – EcoPlanet Bamboo Group, Nicaragua; Wagner Asia Equipment, LLC, Mongolia; Coca-Cola Company, Philippines; 2013 winners – Taylor Guitars, Cameroon; Fruit of the Loom, Honduras; Plantronics, Mexico; 2012 winners – Sorwathe, Rwanda; Intel Corporation, Vietnam; 2011 winners – Sahlman Seafoods, Incorporated, Nicaragua; Procter & Gamble, Nigeria; Procter & Gamble, Pakistan [5].

Nevertheless EU can fairly be considered as a world leader in the field of shared value promotion as this concept has found its reflection in various European documents such as Horizon 2020, a renewed EU strategy 2011–2014 for Corporate Social Responsibility and many others. First European CSR Award Scheme (The first European CSR Award Scheme celebrates CSR partnerships from across 30 countries, with a focus on impactful and innovative collaboration) was launched in 2012, funded by the European Commission, led by CSR Europe and Business in the Community and supported by Alliance Boots. It rewards winning partnerships in two different categories, small and medium-sized enterprises and large companies in partnership with at least one non-business stakeholder. European CSR Award Scheme celebrates CSR excellence, innovation and sustainability.

The European CSR Award Scheme winners in 2013 represent the majority of industry sectors which demonstrates that all businesses, regardless of sector, are ready and able to play a proactive role in addressing current and future sustainability challenges. It shows that while 71.5% of winning entrepreneurship initiatives concentrates on community development as a key sustainability issue and 44.5% of the projects address the topic of the environment [6].

The selection of topics also shows that entrepreneurship partnerships tend to tackle multiple social issues (Tab. 1). There is also an increasing trend in EU to align partnership activities with companies' core business. Such strategies offer more opportunities to create high quality sustainable contributions to society, and in return bring value to the business.

Tab. 1. European entrepreneurship winning partnerships in shared value creation

Partnership example	Country / Category	Leading company/Non-business partner	Innovation and impact – Shared Value Creation
Construction company provides water infrastructure	Switzerland / With an international impact	Holcim Ltd/ International Committee of the Red Cross (ICRC)	<ul style="list-style-type: none"> – It is not a traditional PPP, but a platform for skill transfer between one of the world's most important humanitarian actors and one of its leading cement manufacturers. – Knowledge transfer and societal impact are at the core of the project. The relationship is not primarily one of financial contributions.

Continuation of Tab. 1

			<ul style="list-style-type: none"> – The partnership affects all levels of the two organizations – from the agreement between the Holcim Group CEO and the ICRC President to the Coordinators based at Headquarter level and the technical experts and delegations in the countries of operation.
Consultancy advises NGO on adoption of a business model	Switzerland / SME category	Abegglen Management Consultants AG / Swiss Cancer Foundation	<ul style="list-style-type: none"> – This unique platform enables companies to actively participate in a public task and assume corporate responsibility. – Its activities have generated a wider awareness of both the Swiss Cancer League and the Swiss Cancer Research Foundation. – The SCF raises donations and contributions of more than CHF 1 million per year that are dedicated to selected projects proposed by the Swiss Cancer League and the Swiss Cancer Research Foundation. – More than 30 Swiss companies actively participate in the Foundation. With the engagement of their company in this public cause, more than 11000 employees are in contact with cancer prevention and research and can decide to personally join the fight against cancer themselves.
Telecommunications company develops program on youth internet safety	Poland / Large company category	Orange Polska / Nobody's Children Foundation	<ul style="list-style-type: none"> – The project focused on bringing innovative technology to the issue of children's online safety. This involved setting up a new web browser for kids, "BEST", which limits content available online and allows program staff to verify children's activities on the internet. – All manner of methods were used to educate and raise awareness – with campaigns, publications, websites, e-learning courses and educational materials for schools all featuring prominently. – The project has benefited society as a whole in Poland – it received a safe product – as well as Orange Polska by building confidence in its services.
Dental care company provides dental services	Bulgaria / SME category	"EO DENT" Dental Clinic / Daily Care Centre for Children with Disabilities "Dobro surce", daily centre for adults with disabilities, Family Type Accommodation	<ul style="list-style-type: none"> – The project "Chance for Equal Quality of Life and Happiness for All" is innovative because it provides a new approach for treatment of disadvantaged people and an opportunity for parents to smile and eat freely. – It achieves great results through using mobile dental clinics, partners managed to offer modern treatment to more people in remote areas. – The project also helped to improve the health literacy of the population through free lectures on oral health, hygiene, implants etc.

Continuation of Tab. 1

<p>Dental care company provides dental services</p>	<p>Bulgaria / SME category</p>	<p>Centre – 1 and 2, home for children deprived of parental care “Radost”, social educational professional centre “Knyaz Boris I”, 4th Special School – Boarding house “Prof. D. Katsarov”</p>	<ul style="list-style-type: none"> – Thanks to the partnership of Bredent and Dentatehnika with the continuing willingness of EO Dent to further improve its service delivery, disadvantaged individuals receive free dental implants, improve their nutrition, communicative skills and social contacts. It has given them greater business security and confidence. – This project consolidated the positive image of EO Dent and its partners as socially responsible companies with clear social commitments. It increases both the staff motivation and the number of patients.
<p>Engineering company supports applied academic research</p>	<p>Croatia / SME category</p>	<p>KONČAR – Electrical Engineering Institute, Inc. / Faculty of Electrical Engineering and Computing, Mechanical Engineering and Naval Architecture, Faculty of Chemical Engineering and Technology (University of Zagreb)</p>	<ul style="list-style-type: none"> – By financing the employment of young researchers at the University of Zagreb, KONČAR creates long lasting partnerships that improve mutual understanding and respect between the company, researchers and young students/employees. This methodology of work results in the type of knowledge and skills creation that facilitates solving complex technical problems and delivers practical products and services which businesses can offer customers. – By financially supporting doctoral students, KONČAR can suggest topics of their theses and the field of scientific research they conduct. Public funding is also used to contribute to the budget of the research. It helps to reduce the costs of research and encourages the transfer of this existing and new knowledge. – The three faculties secure this financing of its scientific research by offering temporary employment positions to doctoral students. In addition to that, the academic community moves towards applied research which serves the needs of modern economy and is put into practice (e.g. in renewable sources, ICT, nano- and hydrogen-technologies).

Source: [7]

4. Conclusions

The above exciting and pioneering initiative focuses on successful partnerships between business and non-business organizations, with particular emphasis on collaborative programs that promote sustainability through innovation thus creating shared value. Thereby such smart way to do business lays the foundation for Smart economy promotion by increasing a number of educated workers, facilitating effective entrepreneurial culture, implementation of the principles of “green economy” and ensuring social protection.

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