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# Social Aspects of Innovative Entrepreneurship Development

**Summary:** Noosphere economy is characterized by intellectualization of the whole society and entrepreneurship as the initial bearer of innovations. The development of innovative entrepreneurship can be carried out by united efforts of three key subjects of innovative structure – government, entrepreneurship, education and science system. Entrepreneurship has a status of positive social-economic changes mover and instrument of economy innovative development assurance. **Key words:** innovations, entrepreneurship, institute.

#### Introduction

The philosophy of noosphere society puts knowledge and information as key resources. Unlike the industrial economy based on material assets and financial capital, the basis of knowledge economy is formed of intangible assets and intellectual capital. The intellectualization of all society and entrepreneurship as main conductor of innovations is ongoing. It should be noted the importance of search of effective models, mechanisms and instruments of innovative development intellectual ensuring.

The entrepreneurship in the knowledge economy increasingly focuses on maximization of market value of the companies where the main share of value is formed of intangible assets – technological marketing, client, etc. Intellectual and high-technology products are becoming the main product of the entrepreneurial activity. The entrepreneurs themselves are becoming intellectuals, proclaiming the development of new entrepreneurship type – intellectual entrepreneurship.

The main aim of the article is the research of innovative entrepreneurship genesis in post-industrial economy and revealing of such tendencies of development as intellectualization and socialization. On the basis of the problems exposed methods of entrepreneurship innovative development are suggested.

Major methods of research are logical-epistemological approach and structural analysis.

# 1. Interdisciplinary approach to entrepreneurship phenomenon research

The entrepreneurship is one of the most complex and versatile economic and sociocultural phenomena of the humankind history. The entrepreneurship as a socioeconomic phenomenon is in the field of view of economists, sociologists, historians, cultural specialists and other scientists. In order to overcome the complexity of studying the entrepreneurship as socioeconomic system there were the attempts of its decomposition. Nevertheless the unifying understanding of this phenomenon essence, its distinctive features and the generally accepted definition of the term "entrepreneur" are absent in the modern science. The main reasons of this circumstance are following:

- multidimensionality of this phenomenon is defined by pluralism of methodological approaches to its research. The category of entrepreneurship can't be considered only from the side of economic theory. The complexity of this phenomenon requires its research within sociology, psychology, philosophy, synergetics;
- this phenomenon is developing, with the change of the macroeconomic tasks the society faces, there are changes in the valuation of the entrepreneurship role and place in economy. Entrepreneurship is deeply specific in various historical, economic and sociocultural conditions;
- the entrepreneurship is a relatively new phenomenon on a scale of the society historical development;
- the word entrepreneurship is simultaneously a common term and a scientific concept.

In economic literature the connection between innovations and entrepreneurial activity has been traced ever since the beginning of the last century. The main achievement of Austrian and American economist, sociologist and historian of economic thought J. Schumpeter in categorization of entrepreneurship is in determination of the entrepreneur as innovator, idea generator [11]. The entrepreneur is an economic subject which semantic constant of activity lies in innovation implementation, initiation of changes in the economic environment of the society, new forms of factors of production realization.

The definition of the entrepreneur was approached by Schumpeter from psychological point of view. The entrepreneur is an originator and diffusor of innovations, first-mover or explerent. Schumpeter interpreted innovation as the dis-

covery of new economic knowledge used in reproduction. And it was interpreted loosely enough –not only as the implementation of new technologies into production but also development of sources and forms of supply, new forms of work organization, etc. As soon as new combination of factors enters the circulation process, it loses its novelty, and the individual who carried it out loses opportunity to be called an entrepreneur. Along with land, labor and capital stock Schumpeter considered an entrepreneurship as one of the economic development factors [11].

Theoretical constructions of P. Drucker have much in common with Schumpeter's conception. As well as the Austrian economist he sees the metasense of entrepreneurial culture primarily in innovation implementation. The entrepreneurship as behavior type is an antipode of the traditionalist way of life since it considers modifications in society as normal and favorable phenomena and not as threat to welfare. The scientist is convinced that the spirit of entrepreneurship is a behavioral stereotype not a treat of character [5].

There are several approaches in the study of entrepreneurship phenomenon: functional (A. Smith, J. Schumpeter, F. Hayek, P. Drucker), individualistic (M. Weber, W. Sombart, D. McClelland), "school of features of character" (Y. Gasse, R. Blais, J.M. Toulouze), typological (Smith, J. Lorrain, J. Laufer), "school of entrepreneurial activity" (W.B. Gartner). And only over the last decades there have been developing works making the attempts to examine entrepreneurship complexly (A. Shapero, H. Le Marois). In their works entrepreneurship represents not only the main element of a society economic life but also system creating factor of social and cultural relationships [10].

Interdisciplinary character of this branch of knowledge and existence of various approaches to its definition caused the fact that the category "entrepreneurship" represents a wide range of ambiguous and specific characteristics. The category of entrepreneurship can be examined within economic, institutional, social and psychological approaches.

However in terms of knowledge economy innovative orientation is one of the main attributive features of entrepreneurship, and innovative character of activity is one of the main constituting features of an entrepreneur as an element of economic system. Thus an entrepreneurship can be defined as initiative innovative activity directed on search of not stereotype approaches to task statements and their solution.

#### 2. Genesis of entrepreneurship

The basis of entrepreneurship development in Eastern Europe countries is an incomplete evolutional model. There are several reasons of that.

Historical order. The short historical period is the peculiarity of entrepreneurship formation in the countries of former socialist camp. Traditions of pre-Soviet period entrepreneurship became the things of the past, and it's almost impossible to ensure the continuity of its historical development.

Soviet epoch is characterized by rigorous ordering of social life, its determinacy that caused the stagnation of entrepreneurship as social phenomenon. During this period entrepreneurship was represented by utterly rare spontaneous formations without institutional support. According to L. Gumilev passionarity theory of ethnogenesis each ethnos is characterized by formation of unique behavior type depending on what phase of development it is: *development*, overheating, fracture, interia and memorial phase [2].

First two phases are characterized by increase of passionarity tension. "The first stage of development is a break of established relationships which is similar to explosion. It always occurs that way: within one or two generations appears certain quantity of persons that don't put up with restrictions which their grandfathers endured willingly. They demand the place in life corresponding to their talents, energy, deeds, successes, instead of the place predetermined, fixed only by an accident to be born in this or that family".

The entrepreneurship in European countries has already transformed from "class in itself" to "class for itself". However in East Europe's countries the entrepreneurship as a class doesn't have well-developed self-consciousness. Formation of entrepreneurship as "class for itself" is a complex and long-term process since it involves the sphere of social consciousness. There should be formed new noosphere culture of entrepreneurship corresponding to it social qualities.

Archetypical representations and genetic peculiarities. Entrepreneurship formation during post-Soviet period was influenced by traditional mental sociocultural values. According to firm stereotypes of Soviet economic culture an entrepreneur is a private owner having in disposition means of production and wage labor that involves social-property contradictions based on possibility of some people to appropriate work of the others. Thus the negative attitude to entrepreneurship has been formed at the level of archetypes, and the consequences of that are currently observed. On the territory of USSR-countries have been formed communitarian values in which social consciousness fixes the sense of following social system – centralization and unification of people's efforts in common production processes. Traditional collectivism was a barrier to development of private initiative and private success and intensified social antagonisms.

Russian sociologist S. Kirdina – author of institutional matrices theory – considers extant social structures as stable, historically formed systems of basic institutions regulating correlated functioning of basic social subsystems – economic, political, and ideological. The author divides all systems into X-matrices and Y-matrices. The first (eastern matrix) is characterized by institutions of redistributive economy, unitary centralized political system and communitarian ideology. Entrepreneurship by nature contradicts communitarian ideology [3].

Institutional environment. Institutional equilibrium in the structure of social-economic relationships and the means of its achievement have always been the subject of scientific controversies. Balance of interests of entrepreneurship and society is a correlation which presupposes effective functioning of entrepreneurship as social-economic subject according to current institutional restrictions. Institution of entrepreneurship is a regenerated economic stricter for the post-Soviet economy. Intellectual, human, structural and social capital can be classified as the components of entrepreneurship institution. Institutionalization of entrepreneurship is influenced by number of factors: governmental support, tax system, level of entrepreneurial structures consolidation, public opinion, etc.

Process of entrepreneurship social institution formation is incomplete at this time by force of inaccurate interaction with external environment and non-fulfillment of a number of functions actual for self-development.

### 3. Social importance of innovative entrepreneurship.

Entrepreneurship is becoming more and more socialized owing to its intellectualization. The new type of entrepreneurship – intellectual, which is carried out by people with higher education, developed intellect and high level of creativity, is successfully developing today. The main result of their entrepreneurial activity is socially-oriented complex innovative intellectual production. The representatives of intellectual entrepreneurship anticipate needs that haven't come into being on the market yet, form the demand.

Entrepreneurship is a special form of economic activity based on innovative independent approach to production and putting on the market of goods and services bringing income and realizing of his self-importance to the subject of entrepreneurial activity.

Like any other kind of system, the economic system aims at stability and is inertial to a certain extent. The specific role of entrepreneurs is in overcoming of economic system persistence and convergence of economic subjects to act according to customary practice. Any innovation in economic sphere entails high risk the traditional economic subjects try to avoid. The entrepreneur is constantly breaking the system stability finding new models of management, new behavior strategies. The entrepreneur estimates the suitability of idea (innovation) and leans on his intuition. Market is the sphere where crystal clarity and stability is absent. Therefore the key success factors of the entrepreneur are intuition, feeling and other not-rationalized factors. For the entrepreneur the research of new risky situations and the ability to solve them have self-sufficient value. Only on the early stages money and profit are adequate reward for risk. Further an increasing weight is acquired by individual "me". At the same time the entrepreneur can't be assimilated to imprudent player. Despite widespread opinion, iden-

tifying entrepreneurship and risk, successful entrepreneurs risk moderately, behind the courageous decisions they hide sober accounting of objective opportunities and their own forces.

According to J. Ronen, D. Kahneman, A. Tversky, P. Fishburn and some other scientists entrepreneurs have an electoral heuristic. They are able to solve common problems in a non-standard way and resist to external circumstances pressure more actively than other people. Furthermore they give up minor tasks and dwell on the main. Projects which are favorable to the success they conceive and carry out more quickly than those neutral and containing danger ([3], [4], [9]).

Thus the ability to find instantly action appropriate for present situation, determine its temp, realize flexible behavior model to achieve the aim, find out fruitful ideas, choose correct information. Actions of innovative entrepreneur resemble those of a scientist: he can find a hidden sense in information. Constant return from new positions to former aim and research of alternative ways of its achievement are significant aspects of entrepreneur's mentality. Value structure with constant renovation determination is peculiar to entrepreneur-innovator.

From social point of view the entrepreneur role in society innovative development is extremely important. The entrepreneur as a founder of a new business is more concerned about its perspectives than about quick profit. He is noted for combination of high level of achievement motivation and high level of social responsibility.

#### 4. Culture of innovative entrepreneurship.

Innovative potential can be considered as one of the components of cultural capital. Innovative potential as intellectual and business preparedness to take part in innovative processes has a tendency of concentration in narrow society segments.

Nor upper neither lower society layers have a sufficient innovative potential. Upper layers are inert as a result of their self-containment and don't have a motivation to innovative activity. They are not interested in change of current system.

Historical experience shows that the upper layers are usually characterized by rather conservative than innovative-reformative positions. The lower society layers have neither motivation nor cultural capital. The one who has a resolution to launch a challenge against current customs and regularities becomes the entrepreneur. It's instantly inherent to the society collision of innovative values and opposing traditionalistic and conservative life-meaning positions.

P. Drucker wrote: "What we need is an entrepreneurial society in which innovation and entrepreneurship are normal, steady, and continuous. Innovation and entrepreneurship have to become an integral life sustaining activity in our organizations, our economy and our society." Ideally in such kind of the society any person able to work should become an entrepreneur, be aimed on search and realization of innovations in his professional activity. One of economic development key factors is system of values and sense that motivate an entrepreneur [1].

When speaking about Eastern Europe countries this period of historic development is specified by certain lack of innovative entrepreneurship spirit. It is caused by absence of axiological-semantic motivations in post-Soviet culture along with certain economic causes.

# 5. Means of entrepreneurship innovativeness efficiency increase

Effective functioning in noosphere economy requires modifications of principles and models of successful entrepreneurial activity. Innovative development of entrepreneurship assumes entrepreneurial structures to integrate into their activity different kinds of innovations – technical, organizational, marketing, etc. in order to improve/develop self-competitiveness. Development of innovative entrepreneurship can be provided by mutual efforts of three key subjects of national innovative system – government, entrepreneurship and education system.

Principal conditions ensuring innovativeness management in entrepreneurship sphere:

- developed engineering and science base;
- research intensity of production and output;
- availability of innovative structures;
- developed industrial base by group of indicators;
- science and technology level of production;
- availability of high-qualified personnel.

One of the ways of optimizing entrepreneurial activity is creation of networks. In institutional theory networks are considered as alternative to markets and hierarchies forms of management structures. Networks enable to use of mutual resources more effectively, achieve maximal synergetic effect and considerably reduce risks peculiar to innovative entrepreneurship by way of their distribution among network participants. There are actual questions of industry and interindustry associations creation, aggregation of small and large business, where large business is the source of financing of innovations generated by small businesses. Effective network interaction of innovative development contributors is a factor of knowledge economy sustainable development.

Education system should become key integrator of economic subjects intellectual and innovation ensuring. One of the forms of innovative and entrepreneurial activity cooperation is cluster structures with involvement of institutions of higher education departments providing effective transfer of knowledge from education system to entrepreneurship for innovative development achievement.

Integration of education system and entrepreneurship promotes more effective knowledge exchange, introduction of more complete production methods, increase in entrepreneurship accomplishment and morality, i.e. sociologization of entrepreneurship.

In addition entrepreneurship intellectualization problem can be solved through introduction into education of humanitarian entrepreneurial orientation contributing to entrepreneurship general intellectual and cultural level increase.

System of motives, stimulating innovative activity, form innovative culture which is an essential part of innovative potential. Problem of innovations motivation has its specificity. It involves economic, psychological and ethic aspects of relations occurring during innovative activity, i.e. innovative activity in its development is impelled by innovative entrepreneurship integrated motives system. Formation and functioning promotion of motivation system should be provided by government.

#### **Conclusion**

Coincidence of governmental views on methods of economic problems solving and entrepreneurial interests provides quality and quantity increase in entrepreneurship innovative development. Innovative development is impossible without innovative mentality and innovative culture of a separate person along with society as a whole. Premises of innovative culture formation lie in creation of innovative activity motivation developed system.

Despite the number of problems one has to notice increasing entrepreneurship socialization. Entrepreneurship acquires status of driving force of positive social-economic transformations and instrument of economy innovative development.

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### Społeczne aspekty rozwoju innowacyjnej przedsiębiorczości

**Synopsis:** W noosferycznej ekonomii następuje intelektualizacja całej społeczności i przedsiębiorczości jako podstawowego stymulatora innowacji. Rozwój innowacyjnej przedsiębiorczości może być zapewniany wspólnym wysiłkiem trzech kluczowych podmiotów innowacyjnego układu – państwa, przedsiębiorczości, systemu edukacji i nauki. Przedsiębiorczość posiada status mocy pozytywnych społeczno-ekonomicznych przemian, jest instrumentem zapewnienia rozwoju innowacyjnej gospodarki.

Słowa kluczowe: innowacje, przedsiębiorczość, instytucja.