

# The Concept of Entrepreneurship in the Smart Economy

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## **Abstract:**

Proximity between the concept of "smart economy" and entrepreneurship is achieved by understanding the mechanism of the labor market that requires understanding the mechanisms of the market in general, if we consider the labor demand-work supply relationship, but also of some psycho-social connotations, when we relate to pricing work. By developing the concept of "smart economy" it is intended to identify measures to stimulate entrepreneurship in order to smartly, sustainable and inclusively develop economy by harnessing creative potential, innovative ICT skills specific for the human capital.

**Keywords:** Entrepreneurship, New Economy, Smart Economy.

## **Introduction**

The approach on the „smart economy” concept in terms of entrepreneurship is made in the context of the deep analysis of the economy as a whole, both nationally, regionally and at the level of a complex form of social-political or economic integration.

Through actions focused on human development, understanding and capitalizing of the content of smart economy concept and entrepreneurship, the company will provide a potential to generate rational economic behavior based on efficient use of resources, on the awareness of the danger of resource depletion and implicitly of the possibility of the extending the market. The economic process should be based on the reproduction of pre-existing economic factors, with limited utilization period, which involves taking into account a stock of human capital of smart economy type. Thus, through sustainable development (growth) we describe that ethical-economic rationality which ensures preservation of

existential conditions of the human society, on an undefined time horizon, for the entire natural and social economic space accessed in the future (Dinga, 2009).

The importance of the smart economy concept lies in the marginal benefit in terms of human development. In fact through human development we understand the extent to which the individual reaches a certain standardization of his life by identifying his current and future needs, resulting from the economic, social, political, cultural environment and awareness on the means to satisfy them by reference to existing and potential resources.

In the context of identifying ways to support the development of entrepreneurship, as an integrated part in manifestation of the economy through smart economy component, stimulating the formation of habits, skills, business practices, complementary to the process of technological innovation, of developing economy based on knowledge and innovation is considered as a necessity.

Currently, the need to develop business is complex, from the creation of jobs, to implementing a framework of conduct and action of entrepreneurs on markets in general, the labor market in particular. Romania is a country whose strategic vision must become complementary and compatible with the development trends of the global economy on the one hand, and with internal realities, on the other hand. Given the accelerated growth in unemployment, an insufficient allocation of budgetary resources compared to the development needs of the economy, in this case the business environment to correct economic disparities in relation to the European Union in terms of development of business infrastructure, access to funding sources, the attitude towards the economic environment risk, competition, and a substantial decrease in the tax base caused by the instability of the economic environment and in particular the political, creating new jobs is really a utopia. In this context, entrepreneurship opens new locally development possibilities, where the community builds its own development strategy based on own resources and on identifying needs of community members. A small-scale entrepreneurship development is an example of good practice for other communities without necessarily being implemented on a macroeconomic scale (Bentoiu, Athu, Predonu, 2014). Entrepreneurship policy involves identifying development needs, creating a conceptual framework to support entrepreneurial ideas and their implementation in order to create jobs and sustainable development of the community.

Through entrepreneurship the individual empowers its creative energies to obtain sources of income for him and for the community to which he belongs, becomes motivated to improve the quality of services provided to consumers, creating economic goods that meet the needs of the application being forced to efficiently use resources by the need to provide reliable economic goods by quality-price balance. The entrepreneur is interested by his image on the market through which he identifies with the image of his made and sold products. In fact, the entrepreneur identifies with the community to which he belongs, is part of the system of local governance, generates community welfare and advocates for a fair government system.

An important source for the development of smart economy concept is to locally, regionally promote entrepreneurship, by giving ways to support entrepreneurial activities: institutional and financial support (availability to attract financial capital), promotion of association forms for the development of entrepreneurship.

It is aimed to identify those motivations that find appropriate to encourage and to support entrepreneurship in order to develop the smart economy concept, so:

1. At any stage of economic development it can benefit from promoting entrepreneurship

both: mimetic, in the sense that technology must be brought from outside, mostly through foreign direct investors, and innovative through innovations tailored to the unique circumstances of local economies;

2. Taking all entrepreneurship capitalist principles - taking a set of incentives for people to become entrepreneurs and to use productive use means of tracking their goals through a combination of power, wealth and prestige; rules and institutions must reduce the obstacles which are in the way of such activities, must provide or at least not to interfere in providing financial rewards in case of success and to provide some assurance that these rewards will not be withdrawn.

From this perspective, sustainable development paradigm which encourages economic and social relations and guide wealth in society, in a not defined time horizon, but big enough to take into account the expectations of future generations, leads value systems and societies to find ways of solving current problems of mankind, which have become imminent.

Human development relates human elements with economic elements through which human needs are satisfied (Dogaru, Chira, 2013). Thus, development becomes the process through which society succeeds in satisfying fundamental needs and creates premises for personal development. Chance of wealth creation of a nation lies not only in increasing material wealth, but also in spiritual development, in cultural conservation and protection of perennial values (Dragne, 2013).

The fundamental elements of human development are to ensure (Canton, 2010):

- ✓ *Social progress*- by facilitating access to education for all social classes, by developing intercultural communication skills, individuals will realize that economic progress is generated by social progress. Progress, regardless of species, is based on innovation. Following extensive use of natural resources and their irrational exploitation in order to satisfy consumption, it is found necessary to adopt knowledge-based economic behavior with low energy consumption, using nanotechnology, biotechnology or hidrotechnology.
- ✓ *Economic efficiency* in order to generate economic growth- it is envisaged the result of the economic activity obtained in terms of using resources with a relative low cost of giving up. Distinct difference between economic growth and human development is that the former focuses exclusively on expanding one opportunity - to get the income, while the second involves the consolidation of all possible - be they economic, social, cultural or political. In terms of human development, the income is a mean for human development, but not the only one. Using multiple methods, benefits of the income must be used for different aspects of development. Therefore, economic growth is a necessary but not sufficient condition for human development.
- ✓ *Effectiveness*- institutional capacity to ensure favorable prerequisites of enhanced nucleation for human development through education by considering the influence factors that can lead to achieving within a period of time, desired standards of education, research and innovation. The effectiveness of the process of human development through education and research and innovation involve responsibility, on the one hand, and awareness of the usefulness of this process within generations and inter-generational.
- ✓ *Social equity and justice*- a society of welfare depends on ensuring that all of its members do not feel excluded from the mainstream of society. This covers all groups, but particularly the most vulnerable, with opportunities to improve or maintain their well-being.
- ✓ *Democratic participation of economic governance*- in public policies, the concept of

governance implies the existence of a participator and deliberative system of making public policy in which actors interact and influence each other.

- ✓ *Sustainable development and ensuring human security*- by education and innovation is being favored the accumulation and formation of wealth of a nation using the existing and potential resources to the proper management of public funds to meet societal needs, favorable for organic and inclusive growth.

In essence, the analysis of the human development concept must include:

- ✓ ensuring decent working conditions for the manifestation of creativity, innovation and entrepreneurial skills;
- ✓ promoting innovative forms of employment based on using ICT that would accelerate the process of meeting the needs in line with the principles of sustainability;
- ✓ fostering entrepreneurship and smart economy through a societal partnership allowing ascent of forms of knowledge-based economy.

Generating income in society is closely related to the allocation of economic resources and guidelines for economic policy measures, in particular monetary and fiscal policy. In this way, the degree of development of the individual is the sine qua non influenced by doctrinal orientations of the ruling parties that promote a certain sustainable growth strategy based on a macroeconomic policy mix (Boaja V., Boaja M., 2012). Depending on the size and intensity of monetary and fiscal policy instruments they operate (interest rate, the rate of direct taxation, the national currency rate depending on other important currencies, indebtedness) changes occur on the processes of distribution and redistribution of income which decisively influence the development of the individual and the community.

Through smart economy development policies, there must be taken measures of supporting entrepreneurship as an unique solution for supporting development. State can only support development through an system of economic and legal levers that guarantee the installation of conditions to support entrepreneurship. When we talk about the support we refer to the legal system that could encourage the development of entrepreneurship and to fiscal and monetary measures that actually support entrepreneurship through:

- ✓ Providing technical assistance and business expertise to young entrepreneurs;
- ✓ Encouraging the development of entrepreneurial sector through subsidies, reductions, exemptions or tax amnesty to maintain business on the market in an unfair competitiveness with large companies;
- ✓ orientation by fiscal and monetary levers of entrepreneurs towards those industries where there is a shortage of production but there are unused economic resources or whose degree of utilization is below the threshold of profitability;
- ✓ promoting public-private partnerships in areas where the rate of profitability is low but societal benefit is guaranteed;
- ✓ cooperation between labor market (employers)- schools- market- economic resources in order to correct gaps between the labor market, employment level and satisfying economic demand, maintaining the inter-generational balance and ensuring conditions for sustainable economic development;
- ✓ establishment of banks and banking and financial institutions that would soft loan entrepreneurs;

### Conclusion

The concept of smart economy seeks to provide a favorable perspective for sustainable and inclusive growth of European countries able to overcome the effects of the shortage of economic resources, to promote alternative technologies, to push for consideration of complementary education trades workforce of the future, to intensively exploit human capital and natural environment. Under current conditions, valences of smart economy etched new meanings, depending on the ascent of research, innovation and technology. Also, the effect on labor and human capital is significant, both in terms of information, economic utility and simplifying work processes.

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