

BUILDING OF THE KNOWLEDGE-BASED ENTREPRENEURIAL ECONOMY THROUGH COLLABORATION BETWEEN ENTERPRISES AND START-UPS

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Methods. In the course of study the following scientific methods were used: abstraction, which was employed to define the essence of the knowledge-based entrepreneurial economy; induction and deduction, which were used to identify the benefits, risks and challenges of collaboration between enterprises and start-ups; generalization and specification to distinguish between various approaches to facilitating growth of innovative start-ups.

Results. The study has enabled one to contend that in order to ramp up a knowledge-based entrepreneurial economy, there has to be better cooperation between enterprises and start-ups. Collaborating can help both well-established enterprises and start-ups maintain their competitive advantage and expand into markets that would be challenging for them to enter on their own. However, there are also a lot of potential risks and difficulties with this collaboration. It was also defined that the three main industries served by Ukrainian IT businesses are business productivity software, media, and fintech.

Novelty lies in identifying the salient features of collaboration between enterprises and start-ups for facilitating growth of innovative start-ups and building knowledge-based entrepreneurial economy under modern circumstances.

Practical value is enshrined in establishing benefits, risks, and challenges of collaboration between well-established corporates and start-ups as new market entrants. This may serve as a foundation for implementation of government policies aimed at ramping up economic growth through knowledge-based entrepreneurial economy.

Keywords: entrepreneurship, innovative start-ups; start-up ecosystem, knowledge-based economy, entrepreneurial attitude, collaboration between enterprises and start-ups.

Statement of problem. Innovations originate from bold entrepreneurs that defy societal conventions or exhibit abnormal conduct. The most unique aspect of the knowledge-based entrepreneurial economy is the formation of start-ups. Nations and institutions that foster experience-based knowledge and integrate it with science-based knowledge exhibit greater innovation than those that focus solely on codified knowledge [13]. This suggests that fostering entrepreneurship and small businesses is essential for achieving economic prosperity, as scientific production alone is insufficient to fully realize the potential for innovation. In the contemporary information-based economy, where knowledge production is moving from institutions to extremely flexible interdisciplinary teams, start-up development is

particularly crucial. Although it is still deemed that universities will be the primary sources of knowledge generation in the coming years, the reality is that their indirect contribution to the technology transfer process will no longer be deemed sufficient [2]. Connections between academia, government, and business will be essential to the growth of the knowledge-based economy. In this respect it is essential to analyze the manner in which corporates can collaborate with start-ups as the emerging challengers to build up the knowledge-based entrepreneurial economy.

Analyses of recent papers. High-tech start-ups are thought to be significant forces behind economic expansion and innovation. The primary step of producing value for a high-tech company is developing a new product or service and introducing it to the market.

Therefore, from a management standpoint, a high-tech start-up's ability to succeed depends heavily on how well the new product development process is designed. A high-tech start-up may be viewed as a project in its early phases of development [12]. The goal of the entrepreneur is to create a special good or service. Constraints must always be managed since time, and financial and human resources are in short supply. A new business may be transient in nature due to the high start-up dynamics. It is also deemed that a key factor in innovation, increased productivity, and the development of jobs is entrepreneurship. Innovative start-ups create high-wage jobs, bring new ideas to the market, and sometimes even leverage knowledge created but not yet commercialized by established businesses. They also exert competitive pressure on established businesses, pressuring them to either leave the market or keep up with changes in the industry. However, due to market and technology uncertainties, start-ups and new enterprises confront a number of challenges that can be particularly severe for creative entrants: lack of money, administrative overhead, regulatory impediments, and a lack of expertise [1]. When it comes to market entrance, intricacy of regulatory procedures, such as a convoluted system of permits and company licenses, can be a significant obstacle as well.

It should be noted that when a corporation is just getting started, knowledge asymmetries, a lack of collateral, and a poor track record usually prevent new owners from obtaining outside capital [7]. Lack of managerial abilities frequently stands in the way of aspiring business owners using their own accumulated, context-specific knowledge in conjunction with outside sources of inspiration and distribution channels. Additionally, entrepreneurs could not get the full rewards of their company creation due to the information spillovers inherent in entrepreneurship; that is, social returns may exceed private profits. Underinvestment in entrepreneurship might result from this. However, there are also some scholars who advise against governmental initiatives that promote entrepreneurship. The main contention is that public policies, such as tax incentives

targeted at entrepreneurs generally, primarily benefit those who are already planning to start their own businesses and create micro-enterprises with modest growth goals [8]. One such example is the reduction of the pre-tax rate of return, which is a prerequisite for starting a new business. Entrepreneurship policies will be inefficient public expenditure if they offer little additionality and little influence on growth. However, the literature on policy evaluations shows that a number of targeted business support interventions, such as technical and training support, credit availability, and innovation funding, have a positive impact on firm performance and the creation of jobs [9]. These interventions aimed at building knowledge-based entrepreneurial economy address actual institutional and market failures.

It is also crucial to mention that start-ups have the power to build whole new sectors and have a significant positive social and economic effect. Therefore relevant governmental efforts should be designed to encourage the founding, expansion, and influence of start-ups en route to knowledge-based entrepreneurial economy [8]. Creating such regulations is difficult because the majority of start-ups fail. Furthermore, only a tiny percentage of those start-ups will turn out to be innovative in the end, and even fewer of those will grow to be highly influential companies. Therefore, in order to implement successful policies, it is expedient to better comprehend the processes of creation of innovative start-ups and their collaboration with well-established enterprises. While innovation is present in just a tiny percentage of start-ups, it may have a significant influence on technical advancement, and economic growth. Every start-up has the risks that come with being new and tiny, which might make them more likely to fail than more established businesses. However, when they launch a new good, service, or method onto the market, start-ups also bear the risk of novelty, which might have a detrimental impact on their chances of survival. This is especially valid for newly established businesses with a high-risk profile [10]. In this regard it is essential to better understand how start-ups can increase its chances of survival and contribute to creation

of innovations through their cooperation with well-established enterprises.

Aim of the paper. In this article, key perspectives on start-up development and entrepreneurship will be discussed. The article's major goals are to clarify the fundamentals of knowledge-based entrepreneurial economy, outline benefits, risks, and challenges of collaboration between start-ups and well-established enterprises, and assist would-be entrepreneurs in establishing an entrepreneurial attitude, skills, and company ideas.

Materials and methods. It is suggested to consider a start-up as a recently established, usually small company looking to find a lucrative, scalable, long-term, and perhaps high-growth business strategy. A technology-based start-up can be defined as follows: a legally autonomous, knowledge-based business that is still in operation and has been functioning for no more than 5 years, working in one or more ICT sectors. Under today's circumstances, start-ups are a major source of new employment creation and building knowledge-based economy. They provide creative answers to many issues and difficulties, frequently upending established markets and sectors in the process, encouraging more individuals to follow their own dreams and endeavors. Because they offer chances for education, skill development, and career advancement, start-ups also aid in the development of human capital. When start-ups' creative concepts, cutting-edge technology, and profitable business plans mature into established enterprises, they can have a favorable effect on the GDP of a nation. This shift frequently results in increased consumer spending, productivity gains, the creation of jobs, and general economic expansion [11].

Finding. Based on consumer demand, start-ups offer more intelligent and user-friendly solutions. They address the pain points of their target market by employing innovation or building technology as a core product to provide tech solutions. Additionally, start-ups frequently use technology and digital solutions to accomplish their goals and satisfy consumer demands. What's more, start-ups encourage a culture of experimentation, creativity, invention, and teamwork that may serve as an example for other companies and individuals [2]. The way

start-ups function in society fosters an entrepreneurial attitude. They underpin an innovative and risk-taking culture that upholds the growth of the start-up sector. Start-ups also enable business owners to pursue their goals, find solutions to issues, add value, make money, and encourage others to start their own businesses. Additionally, businesses that tackle environmental or social problems help society advance. There are several ways in which start-ups may make a positive social effect, including employment creation, raising living standards, encouraging social inclusion, and supporting environmental sustainability. Reduced start-up failure rates may have significant effects on the economy [8]. Globalization, regulation, and disruption are currently plaguing the economy of all nations. Many of the jobs being lost in established industries will never come back. Since new businesses will be the primary source of employment growth in the upcoming years, it is in everyone's best interest to create an atmosphere that supports their expansion and hiring of additional staff.

For the national economy to remain successful, there has to be improved communication between the traditional companies and the emerging market participants [14]. Both gain from working together to secure their competitive edge and to develop markets that they would find difficult to establish independently. The majority of established enterprises may see the value of digitizing and connecting with the start-up community. This may shift their perspective from earlier times when such collaboration initiatives could end in failure because of a mentality mismatch between enthusiastic, enterprising start-ups and more process-oriented, risk-averse corporates. Therefore improving mutual understanding can be the cornerstone of a fruitful partnership between corporates and start-ups. This cooperation may turn into the national competitive advantage. It is a fantastic chance to boost the country's competitiveness and to keep its brightest start-ups growing and adding domestic employment rather than witnessing continuous talent leak [4]. The core benefits of the improved collaboration between the well-established enterprises and start-ups as the new market entrants are outlined in table 1.

Benefits Of The Improved Communication Between The Enterprises And Start-ups

Benefits for start-ups	Benefits for corporates
Revenues and independence from external capital	External innovation and disruption
Success story for future sales	More innovative suppliers
Scalable customer base	Customer focus
Riskless internationalization	Entrepreneurial and more agile culture
Attractive retail channel	Staying on-top of market developments
Access to proprietary assets	New revenue streams and business lines

Source: World Economic Forum

Therefore as it is conveyed in table 1 to promote innovation major corporations and tech start-ups may be interested in working together. Both corporates and start-ups can gain from it as it can assist corporates in expanding into new markets and help start-ups develop their products and grow. This is because both corporate and start-up CEOs have similar strategic objectives, which include growing their businesses, enhancing their competitive positions, and making money. Given how difficult it is for an established company to disrupt from inside, even alliances with possible disruptors might be advantageous. It should be mentioned nonetheless that there are a number of possible hazards as far as the

collaboration between the well-established enterprises and start-ups is concerned [14]. For instance, CEOs of start-ups frequently find themselves conversing with staff members far down on the organizational ladder rather than with CEOs of larger companies. Conflicts across cultures are another major source of complications. Examples include disparate work ethics, varying degrees of risk appetite, and agile vs static work processes. Understanding each other's interests, expectations, incentives, culture, and work ethic is essential for successful collaboration. Possible risks and challenges of the collaboration between enterprises and start-ups are enumerated in table 2.

Table 2

Possible Risks and Challenges Of The Collaboration Between Enterprises And Start-ups

Risks for start-ups	Risks for corporates
Need for revenue	Reputational damage
Getting engulfed by one customer	Lost investment
Delayed projects	Misaligned employees
Waste of resources	Unsure outcome
Losing the start-up spirit	Maturity misalignment
Challenges for start-ups	Challenges for corporates
Duration of sales cycle	Not-invented-here problem
Client's protective middle management	Managerial support
Insufficient resources	Siloed approach
Chasm between proof of concept and real projects	Understanding change
Trust without references	Innovative organization

Source: World Economic Forum

As it is stated in table 2 it might be difficult for start-ups and corporations to collaborate because of differences in mindsets. Corporate workers are incentivized to adhere to standardized procedures and find themselves confronted by the innovative conduct of

entrepreneurs. Working with the players they set out to overthrow is a challenge to many entrepreneurs who founded their businesses with the goal of upending the status quo [14]. Understanding between parties requires that each of them recognizes the dangers and unique

challenges that the other experiences when collaborating. For example, lengthy corporate sales procedures and vendor risk evaluations put start-ups in continual danger of going bankrupt. What's more, corporates could see a risk to their brand or reputation because of their collaboration with start-ups. Expectations therefore have to coincide.

The primary goal of policy makers should be therefore to encourage the establishment of start-ups by reducing the barriers that entrepreneurs must overcome in order to launch new businesses and facilitate their collaboration with well-established enterprises. Government regulations aimed at building knowledge-based entrepreneurial economy may have a significant role in influencing the success of both current and prospective businesses [3]. Such

regulations may deal with taxes, assistance, financing, rewards, education, and training. Funding and incentives make it easier for a business to launch and run, and they also provide it the chance to grow internationally. Government rules, which provide subsidies and incentives to entrepreneurs, are a testament to the national success as a start-up destination [5]. This can make it possible for a country to support a large number of venture start-ups providing them with a chance to access international markets and therefore increase their business prospects. Policymakers should also work to lower payroll taxes in order to assist large headcount IT enterprises. In this regard it is necessary to outline the structure of IT companies in Ukraine which is conveyed in table 3.

Table 3

Structure of IT companies by segments in Ukraine

Segments	Number of companies	Share of the total number, %
Business productivity software	234	14.0
Martech & Media	230	13.7
Fintech & InsurTech	167	10.0
HealthTech & Wellness	119	7.1
E-commerce & Retail	113	6.7
Hardware & IoT	112	6.7
EdTech	93	5.5
Gaming	93	5.5
DefenseTech	69	4.1
AgTech & FoodTech	68	4.1

Source: Ukrainian Tech Ecosystem Overview

As it is shown in table 3 the most dominant segments of IT companies in Ukraine deal with business productivity software (14% of the total number of IT companies), media (13.7%), and fintech (10%). Therefore would-be entrepreneurs may be interested in exploring business opportunities in these fields as they can benefit from existing business connections there. Although the start-up ecosystem in Ukraine is becoming more complex, there is still much space for improvement in terms of the kind and quantity of assistance it gives, as well as the number of businesses it can assist [6]. One of the biggest obstacles facing companies is a lack of outside capital. The original funding originates from contributions

from friends and family as well as the founders' personal resources. But more money is required for business creation and product development. Grants from the government are useful in this context. Nonetheless, venture capital and angel funding are still in short supply and require development. To support this type of funding, a number of laws and regulations pertaining to private venture capital are required. To provide emerging entrepreneurs with training, direction, and assistance, a number of incubators and accelerators should be developed.

It is essential to note that more expertise is required for start-ups, including the founders' expertise in finance, entrepreneurship, company management, and human resources. This also

applies to competent staff members, particularly developers and programmers as well as those with product knowledge. In many situations, language is another obstacle. Since the majority of founders do not possess required knowledge of business English, they have difficulty adopting new foreign technology, obtaining outside financing, and learning new skills abroad. Both through various initiatives and the educational system, language instruction may be enhanced. Potential entrepreneurs need to be taught how to launch a business, raise capital from investors, utilize incubator programs, and teach business English to staff members and managers. Although starting a business is never an easy undertaking, it is not insurmountable. Aspiring entrepreneurs should be aware of the necessary preparations, though, which include knowing the business concept and the qualities and abilities that entrepreneurs should possess. In addition to learning the essentials of start-ups and entrepreneurship, prospective founders should take full use of the ecosystem that supports them, by signing up for start-up assistance programs. Particularly for early-stage firms, these programs offer cash, networking opportunities, mentorship, and resource access. It is also a helpful setting for evaluating company concepts, creating networks, picking up important skills, and creating goods and services that raise living standards via digital innovation.

Conclusions. Building of knowledge-based entrepreneurial economy may hinge on collaboration between enterprises and start-ups. Start-ups can heavily contribute to the development of human capital since they provide opportunities for learning, skill development, and career promotion. A country's GDP can benefit when innovative ideas, state-of-the-art technology, and successful business strategies from start-ups grow into established companies. Increased consumer spending, job creation, and overall economic growth are typically the outcomes of this transition. Both enterprises and start-ups can gain from working together to secure their competitive edge and to develop markets that they would find difficult to establish independently. There are however also a number of possible risks and challenges as far

as this collaboration is concerned. For instance, it might be difficult for start-ups and enterprises to collaborate because of differences in mindsets as corporate workers are incentivized to adhere to standardized procedures and find themselves confronted by the innovative conduct of entrepreneurs.

Would-be entrepreneurs in Ukraine may find themselves tempted to launch a start-up falling within one of the dominant segments as far as the structure of IT companies is concerned. In this respect it should be noted that the most crowded segments of IT companies in Ukraine touch upon business productivity software, media, and fintech. Potential entrepreneurs should be aware of the necessary preparations, though, which include knowing the business concept and the qualities and abilities that entrepreneurs should possess. In addition to learning the essentials of start-ups and entrepreneurship, prospective founders should take full use of the ecosystem that supports them, by signing up for start-up assistance programs. There is much space for improvement in terms of the kind and quantity of assistance the start-up ecosystem in Ukraine can give. It should be mentioned that venture capital and angel funding are still in short supply and require development. Providing emerging entrepreneurs with training, direction, and assistance may be subject of further research in this regard.

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РОЗБУДОВА ПІДПРИЄМНИЦЬКОЇ ЕКОНОМІКИ, ЗАСНОВАНОЇ НА ЗНАННЯХ: СПІВПРАЦЯ МІЖ КОРПОРАЦІЯМИ ТА СТАРТАПАМИ

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Методи дослідження. Мета даного дослідження досягнена за рахунок використання наступних методів економічних досліджень: абстрагування для визначення сутності підприємницької економіки, заснованої на знаннях; індукції та дедукції – для виявлення переваг, ризиків та викликів співпраці між корпораціями та стартапами; загального й особливого – для розмежування різних підходів до сприяння зростанню інноваційних стартапів.

Результати. Дослідження дозволило стверджувати, що для розбудови підприємницької економіки, заснованої на знаннях, необхідна краща співпраця між корпораціями та стартапами. Співпраця може допомогти як вже діючим підприємствам, так і стартапам зберегти свої конкурентні переваги та вийти на ринки, на які їм було б складно потрапити самотужки. Однак така співпраця пов'язана з багатьма потенційними ризиками та труднощами. Також було визначено, що трьома основними галузями, які обслуговує український IT-бізнес, є програмне забезпечення для підвищення продуктивності бізнесу, медіа та фінансові технології.

Новизна полягає у визначенні особливостей співпраці між корпораціями та стартапами для сприяння зростанню інноваційних стартапів та розбудови підприємницької економіки, заснованої на знаннях, у сучасних умовах.

Практична значущість полягає у визначенні переваг, ризиків та викликів співпраці між усталеними корпораціями та стартапами як новими учасниками ринку. Це може слугувати основою для реалізації державної політики, спрямованої на прискорення економічного зростання через підприємницьку економіку, засновану на знаннях.

Ключові слова: підприємництво, інноваційні стартапи; стартап-екосистема, економіка, заснована на знаннях, підприємницьке ставлення, співпраця між корпораціями та стартапами.

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