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У випуску висвітлюються різноманітні аспекти соціального підприємництва та інновацій в економіці України та Норвегії. Даний збірник підготовлений в рамках співпраці економічного факультету Чернівецького національного університету імені Юрія Федьковича та Інституту доктора Яна-Урбана Сандала, зокрема наукового обміну молодих науковців до норвезького інституту. Результати досліджень представлені на 60 Саміті «Розмови про нові проблеми соціального підприємництва. Відзначення 10 річниці проведення 2008-2018» в рамках проведення IV Міжнародної Шумпетерівської конференції «Наукова спадщина Йозефа Алліза Шумпетера та сучасність: погляд із минулого в майбутнє» (03-04 жовтня 2018 року, Чернівці).

Для науковців, фахівців-практиків, викладачів навчальних закладів, аспірантів, студентів - усіх, кого цікавлять теоретичні та прикладні аспекти економічних досліджень.

The issue covers various aspects of social entrepreneurship and innovation in the economy of Ukraine and Norway. This collection was prepared within the framework of the cooperation of the Faculty of Economics of Yuriy Fedkovych Chernivtsi National University and the Fil. Dr. Jan-Urban Sandal Institute, particularly scientific exchange of young scientists to the Norwegian Institute. The results of the research are presented at the 60th SUMMIT Conversations on Emerging Issues in Social Entrepreneurship Ten Years Anniversary 2008 - 2018 within the framework of the IV International Schumpeterian Conference "Joseph Alois Schumpeter's Scientific Heritage and Modernity: A View from the Past into the Future" (October 03-04, 2018, Chernivtsi).

It can be used by scientific employees, practitioners, teachers of institutions of higher and secondary specialized education, students. This issue is intended for all who are interested in theoretical and applied aspects of economic research.

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Адреса редакційної колегії

Економічний факультет, вул. Кафедральна, 2, Чернівці, 58012, тел. (0372) 52-48-07

Веб-сторінка: <http://www.econom.chnu.edu.ua>

E-mail: visnyk.econ@chnu.edu.ua

ENTREPRENEURSHIP AND INOVATION

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www.janusandal.no

jan-u.sandal@janusandal.no

Fil. Dr. Jan-U. Sandal Institute, Finstadjordet, Norway

ORCID: 0000-0001-8072-0822

ENTREPRENEURSHIP & GENDER – MYTHS OR THE SCIENTIFIC TRUTH?

The research goal of the article is to determine if gender other than the male has played a role in the scientific history of entrepreneurship and to analyze the meaning of gender as a determining factor of the science of innovation and entrepreneurship of today. The action of the entrepreneur is entrepreneurship. Entrepreneurship is the carrying out of new combinations, which constitutes the innovation. The science and history of entrepreneurship dedicate that mission to the male. This fact constitutes the scientific truth. The myths are based on the opposite. Imputing entrepreneurship on women, in particular lower class women, is a devastating political and state owned academy based incorrectness that inflicts not only on the individual woman, but on the whole society.

Keywords: Entrepreneurship, gender, entrepreneurial profit, myths, scientific truth.

Introduction

The meaning of the scientific truth is to present the logics of the scientific matters that can be proved by help of independent science. In the reality of innovation and entrepreneurship today, the picture is partly characterized by political propaganda, media influence, myths, and un-democratic, non-liberal or non-scientific state funded and controlled academic approaches to the science of innovation and entrepreneurship. In particular, one matter is more urgent than others that come to our consciousness. That is gender. What role does gender play in entrepreneurship, and can we find any traces in the history of entrepreneurship that can throw any light on the matter based on international independent science? The research goal of the article is to determine if gender other than the male has played a role in the scientific history of entrepreneurship and to analyze the meaning of gender as a determining factor of the science of innovation and entrepreneurship of today. The novelty of the topic and its urgent solutions are linked to the flourishing occurrence of the gender phenomenon in society. The research methodology is to present a Brief Literature Review of relevant theories in the entrepreneurial history theory leading to the conclusion that innovation and entrepreneurship never can be a political tool for gender involvement. The paragraph on Purpose justifies the distinctions between gender as a political inducement and innovation based upon the will and the action of the single entrepreneur. The paragraph on Results analyzes the findings, both theoretically and empirically that are relevant for a deeper understanding of the process of innovation based on

gender. Finally, in the Conclusion the scientific approach to the phenomena underlines the necessity of dividing myths for the scientific truth in the understanding of entrepreneurship.

Literature Review

“Le Fermier est un Entrepreneur (...) (the farmer is an entrepreneur) [1] Richard Cantillon (1680 - 1734) writes in his book *Essai sur la nature du commerce engénéral*, published posthumous 1755, and thereby contributed to the introduction of the entrepreneur as an analytical concept in the economy and to give the entrepreneur a social role in the economic development. Cantillon is elaborating the expressions entrepreneur and enterprise in connection with economic activity in a peasant economy, but he did not construct any complete economic universal model explaining economic growth adapted to an economy in a technological society where the entrepreneur plays a central role. According to Cantillon, the entrepreneur is a risk bearer when he undertakes the activities, to produce agricultural commodities and selling them on the market. The activity requires that the entrepreneur undertake the payment obligation of the fixed production costs. The goods will be sold on the market at market price. The entrepreneur has committed to a fixed payment obligation, assuming that the predetermined revenue from the sale will exceed the payment obligation. Based on this regard, the entrepreneur fills a larger function than solely producing agricultural products, he is a risk bearer who organizes a multitude of activities to bring products on the market.

Jean-Baptiste Say (1767 – 1832) gives a presentation of the personal qualifications of the

entrepreneur: “judgement, perseverance, and a knowledge of the world as well as of business. He is called upon to estimate, with tolerable accuracy, the importance of the specific product, the probable amount of the demand and the means of its production; at one time, he must employ a great number of hands; at another, buy or order the raw material, collect laborers, find customers, and give at all times a rigid attention to order and economy; in a word, he must possess the art of superintendence and administration [2: p. 330 f]. Jean-Baptiste Say is painting a picture of a “Gentleman of the World”, a character completely different from the local farmer of Richard Cantillon. Say goes on: “In the course of such complex operations, there are an abundance of obstacle to be surmounted, of anxieties to be repressed, of misfortunes to be repaired, and of expedient to be devised” [2]. Personal experience as well as psychological strength are important factors in the descriptions of the entrepreneur in the analyzes of Say.

Joseph Alois Schumpeter (1883 – 1950), in the book *The theory of Economic Development, An Inquiry into Profit, Capital, Credit, Interest and the business Cycle*, which is a translation to English (1934) of the second edition of the *Theorie der Wirtschaftlichen Entwicklung* (1926), discusses the questions on who can be the entrepreneur, and which conditions that must be fulfilled to make an entrepreneurial profit. “But whatever the type, everyone is an entrepreneur only when he actually carries out new combinations, and loses that character as soon as he has built up his business, when he settles down to running it as other people run their businesses. This is the rule, of course, and hence it is just as rare for anyone always to remain an entrepreneur throughout the decades of his active life as it is for a businessman never to have a moment in which he is an entrepreneur, however modest a degree” [3]. However, why should anyone be willing to undertake all the risk and strenuousness of being an entrepreneur? According to Schumpeter, one can observe the motivation of the entrepreneur on three different areas, and they are all distinguished by prominent specimen of their indifference to hedonistic satisfaction. “First of all there is the dream to and the will to found a private kingdom, usually, though not necessarily, also a dynasty (...). Then there is the will to conquer the impulse to fight, to prove oneself superior to others, to succeed for the sake, not of the fruits of success but of success itself (...). Finally, there is the joy of creating, of getting things done, or simply of exercising one’s energy and ingenuity” [3].

Mark Casson (1945 -) in the book *the Entrepreneur – An Economic Theory* (1982), constructs his theory on the following definition:

“The entire structure of the theory developed below rests upon the following definition; an entrepreneur is someone who specializes in taking judgmental definitions about the coordination of scarce resources” [4]. The entrepreneur is “someone (...) a person, not a team, or a committee, or an organization. Only individuals can take decisions; corporate bodies only arrive at decisions by aggregating votes” [4]. Entrepreneurs are specialists: “everyone is involved in taking judgmental decisions at one time or another, but this does not make them a specialist” [4]. According to Casson’s theory the entrepreneur may be a planner in a socialist economy, a priest or king in a traditional society, but in reality, entrepreneurship is closely connected to private business in a market economy.

Jan-Urban Sandal underlines that entrepreneurs can be analyzed and organized in a scientific system depending on their numbers and significance for societal and democratic development. The Social Entrepreneur Pyramid (SEP) [5] presents entrepreneurs on five levels, with business entrepreneurs on the top level. The higher the placing of the entrepreneur category, the smaller they are in numbers, but the more significance their innovations have for the democratic development in the society. The reason is that every time a business entrepreneur succeeds in launching an innovation in the market, the effect on peoples’ lives and the way production is changed is of a non-reversible nature.

Purpose

The action of the entrepreneur is entrepreneurship. Entrepreneurship is the carrying out of new combinations, which constitutes the innovation. The science and history of entrepreneurship dedicates that mission to the male. Back in time, the scientists had only two options to determine the biological sex of the entrepreneur, male or female. Policy, religion, culture and tradition set the norms and standards of the day, both legally and socially, determining the role holder. Times have changed, even though if not over the whole world. The last two to three generations or so, in the western world, voices have been heard to promote feminism, equality, human rights, individual personal freedom and personal economic freedom, full participation in society, abolishing of the glass roof, and finally a diversified gender spectrum. Why only the male, why not also the female in the role as the entrepreneur, are questions that occupy all strata of society. The questions are shortcoming, today we have a wide spectrum of genders, which are not covered by the approach. The idea that the entrepreneur is not only a man, but could even be a female, has had significant impact on the individual as well as on the entire population. Strong and good role models of female business entrepreneurs and

social entrepreneurs are hard (almost impossible) to find. They have to be created. Politicians, belief system leaders, media, NGOs and others have imputed stories about and based on equality in the economic system. However, the market and the economic system is not operating based on equality. To compensate the facts, politicians, governments, religious structures, media and individuals have engaged in promoting women as entrepreneurs by huge variations of means. Political programs, huge budgets based on taxpayers' money, empowering of women, media propaganda, intervention in pupils' education to promote women as entrepreneurs, lure and force women to start enterprises, entrepreneurship competitions etc. are only a fraction of all activities put forward to build a new historical platform in the development of entrepreneurship. Furthermore, politicians and governments are willing to go much further, likewise academia. To meet the challenges in the reality, governments make their own political and administrative definitions on crucial words and expressions rooted in the scientific history of entrepreneurship. In Norway, the official governmental definition of social entrepreneurship is about developing new networks across professional fields and business models and working together in new ways. Making networks and being together is something women at all times have been doing, it is a feminine activity, and it is irrelevant in innovation management philosophy. In Germany, social entrepreneurship is politically defined as to address social challenges with innovative and entrepreneurial approaches. In the UK, social entrepreneurship is mainly a business created to carry out social benefits for social purposes, in the EU, social enterprises occupy themselves with making a social impact rather than making a profit, and in Ukraine, social entrepreneurship is to achieve social outcomes and gaining tax cuts. The critiques of women empowerment has been widely heard. Why is almost all activities, programs and money spent concentrated on turning poor, underclass women into business start-ups that are focusing on hairdressing, sewing and floor cleaning exclusively? Moreover, why does the middle upper class women characterize the promoters of poor women empowering? Hairdressing, sewing and floor cleaning are the chains that have restrained lower class women to their fate for thousands of years. There is no innovation, no change or development in the women empowering based on the tradition. The actual situation of the empiricism of innovation and entrepreneurship is characterized by myths.

Results

Based on known examples throughout history and from the science of entrepreneurial history, the

entrepreneur is a he, a male. Starting with Richard Cantillon and ending in our own time, the entrepreneur is described as a man. The masculine form of the entrepreneur is not only a grammatical gender; it is also a cultural phenomenon. The grammatical gender is never a constant; it varies from one language to another and over time [10]. For that reason the noun entrepreneur could take any gender, he, she, it or no gender at all. The cultural factor is the determinant of the male gender of the noun entrepreneur. Throughout history, the male gender of the entrepreneur not only describes the action and purpose of the entrepreneur, but also the legality of the activity. The carrying out of the new combinations is a legal activity undertaken by a legal person, the man. For a deeper understanding of the grammatical and cultural gender of the entrepreneur a closer analysis of the woman's rights is intrusive. The 17th century natural law philosophers regarded women as children, slaves and non-white and they believed that women could not be treated as equal due to their inner nature. The legal framework and principles of the society are the basics of the concepts of social equality. However, important entrepreneurial rights like property rights, freedom of movement, and women's right to engage in business on their own without being under the authority of their husbands or other male figures are still a pressing issue on the world agenda for women's rights today. Sweden was one of the most liberal and earliest countries to improve women's rights in entrepreneurship. In 1749, women were given the right to engage in the trade of knick-knacks and street selling in Stockholm, in 1772, women were given the permit to engage in tobacco trade, in 1804, women were granted the permit to manufacture and sell candles [11], and in 1846, trade- and crafts works professions were opened to all unmarried women [12]. Throughout history, women do not engage in being the risk bearing, in the art of superintendence and administration, in founding a private kingdom, in taking judgmental decisions or in changing the production in an irreversible way. This historical fact, based on the legal and cultural factors, strengthens not only the scientific, but also the public awareness that the entrepreneur throughout history is a man, not a woman.

Entrepreneurial profit is not the motivating factor of the entrepreneur, but the striving for profit is the mechanism's driving force, because profit is the proof that an innovation has taken place and that the idea of the entrepreneur was right. Heirs can inherit the wealth that was created by the entrepreneur, but they cannot inherit his abilities [3: 156]. The most important factor for rise on the social ladder in the capitalist world, both for the

entrepreneur, his family and heirs is based upon wealth acquired from the successful entrepreneur, and which in turn is dependent upon his personal conduct. Among the world's ten wealthiest individuals, according to Bloomberg Billionaires Index, [6] six belong to the USA, and one to Spain, Mexico, France and Sweden, respectively. They all are men, self-made and operate in the fields of technology, retail, consumer and diversified markets, their wealth spans from \$ 120 B to \$ 55,2 B. We do not know if the wealthiest men according to Bloomberg Billionaires Index are genuine entrepreneurs. It takes a scientific analysis to justify whether or not they fill the criteria of being entrepreneurs. That could easily be done based on the scientific method of Dr. Jan-Urban Sandal, and which is based on 37 scientific criteria [7]. If we take one example; on the date of his death (2018-01-28), Ingvar Kamprad was the eight wealthiest individual in the world, with a private fortune of \$ 58,7 B, self-made and recognized as "one of the greatest entrepreneurs of the 20th century" [8]. Kamprad was the founder of Ikea, the world's largest furniture retailer. At 17, he founded his company and followed its development until his death at 91. It has been said that Per Albin Hansson created the People's home (*Folkhemmet*) and that Ingvar Kamprad furnished it. Was it really a new combination of the first and second input factors in the production function that created the wealth, or did the fortune come from a cluster of trivial activities like tax reduction, Luxleaks, the exploitation of poor and unfree laborers in the east bloc during the cold war, child labor, exploitation of political ideology and the consumers confusion in the social democrat geopolitical area, and the spirit of time [9]? Non-scientific use of scientific worlds and expressions easily get the focus out of track. There are no scientific proof that any of the ten top scores on the Index are entrepreneurs. Among the fifties wealthiest persons on the Index, we find five women. They all have inherited their fortunes. Alice Walton is number 15 on the Index and she inherited the wealth from her father Sam Walton who created Walmart stores. Françoise Bettencourt Meyers is number 18 on the Index and she has inherited the wealth. Number 24 on the Index is Jacqueline Mars and she has inherited the wealth as well. Number 30, Yang Huiyan inherited the wealth from her father, and finally on the top score of females we find Susanne Klatten, number 35, who also has inherited the wealth. None of these women is self-made according to the Index; they are heirs.

The personal conduct of the entrepreneur separates him from the masses. Every small and giant decision he takes, every step to be taken, and every amount of money spent sums up in what we

understand as the entrepreneur's behavior. There is no need for any kind of psychological examination or science to observe or comprehend this factor, it can easily be observed by anyone who is introduced to the basics of entrepreneurship. Sense of ownership to the production means and the process of entrepreneurship is what actually counts to be successful as an entrepreneur. Sense of ownership has no meaning to the wage earner or the farmer, because they do not possess any production means, they take no decisions under total responsibility or risk of defeat like the Gentleman of the World. The personal conduct between men and women is different in significant areas. Women generally prefer to spend more time and money on their own than their male counterparts. In Norway, as in many other countries, one of three women tend to work shorter days and less hours and spend more money on themselves, and women without children tend to work less and spend more than women with children under the age of 16 [15]. This kind of conduct is nonproductive in business as in family life. The personal conduct of the entrepreneur is furthermore characterized by patience, the ability to wait and see, letting the project grow and develop over time. The opposite is here and now, the lust of satisfaction and the egoism that constitutes the driving forces behind the non-respectful and self-affirmation activity of spending time and money on impulse. A shopaholic is a person that is considered being addicted to shopping, and that state affects women more than men. The consequences of chronic tendency of buying are enormous for both the woman, the family, their economy, their health and their pure existence. New technology like social media, e-commerce, and not least socialist Marxist ideology intervention are considered driving forces for accelerating the acceptance for women spending and freedom to choose own satisfaction over solidarity with family values and society's sustainability. As a group, women are less qualified and prepared for entrepreneurship than men based on personal conduct, which is considered favorable in the realm of an entrepreneur.

What is gender? Does gender identity exist beyond biology? These are basic questions in the analyses of entrepreneurship in a gender context. In 1955, John Money introduced the distinction between biological sex and gender as a role. In the social sciences today, gender refers to the socially constructed characteristics of women and men focusing on norms, roles, and relationships of and between groups of women and men [13]. People might be born man or woman and are taught appropriate behavior and norms. However, there are identities that do not fit into binary female and male sex categories. Most bodies have one of two forms

of genitalia, which classifies the person as man or woman; nevertheless, naturally occurrences of intersex conditions demonstrate that sex exists across a wide spectrum of possibilities. A person's gender is a complex interrelationship between three dimensions; body, identity and expression, and the person's comfort in the gender is related to the degree in which these three dimensions operate in harmony [14]. A person may not identify strictly as man or woman, as both or neither, or as a completely different gender, while an a gender person does not identify with any gender at all. Sex differences in human is based on the male reproductive system and its ability of fertilization. Only the male is capable of fertilizing. In that context we are left with only one sex, the male, while female is excluded as a sex category in biology. In the 1970s, John Money's concept of gender was embraced by the feminist theory. Anyhow, in the search of equality, the feminist movement lacked a clear role for women on almost every field in society, in the family, in politics, at the workplaces, in education, in organizations and in business, and they ended up copying and overtaking the role of the man. Their favorite slogan was "we are many we are half of the population". They were not. As a general assumption, non-binary genders are not women. Today it is obvious that women are not half of the population, and now the feminist gender monopoly of sympathy is breaking up, feminism, and LGBT as a social and political agenda is fighting against the trans-grouping. Legal recognition of non-binary gender by governments means that a person's sex can be reported non-binary if it is not possible to assign a sex at the time of birth or the person presents or performs as a gender that is different from the one that was assigned at birth. The practical side of the matter concerns among other instances birth certificate, passport, and marriage certificate. Any practical implications in entrepreneurship based on legal recognition of non-binary gender by governments are so far unknown, but it is expected to have far-

reaching consequences in the intermediates funding of education and entrepreneurship worldwide over time, especially when the taxpayers money are spent through direct grants and come from the governments.

Conclusions

In the analyzes of entrepreneurship and gender, based on the scientific history of innovation and entrepreneurship, the entrepreneur is a male. This fact constitutes the scientific truth. The myths are based on the opposite. During the last two or three generations, feminism and politics in general terms have promoted the female as equal with the male in the matter of entrepreneurship. Gender specific entrepreneurship public funding is a complete waste of taxpayers' money. Imputing entrepreneurship on women, in particular lower class women, is a devastating political and state owned academy based incorrectness that inflicts not only on the individual woman, her family, her future and her chance to enjoy happiness and successfulness of life. It is also devastating to the school pupils, the taxpayer's, and in some cases, also the real entrepreneurs, because hindrances created by state interventions might be hard to overcome by thru entrepreneurs and can cause delays in carrying out the new combinations.

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Анотація

Ян-Урбан Санда

ПІДПРИЄМНИЦТВО І ГЕНДЕР - МІФИ ЧИ НАУКОВА ПРАВДА?

Метою цього дослідження є визначити, чи відіграє роль в історії підприємництва стать, відмінна від чоловічої, а також проаналізувати значення гендеру як визначального чинника науки про інновації та підприємництва сьогодні. Діяльність підприємця - підприємництво. Підприємництво - це проведення нових комбінацій, що є нововведенням. Наука та історія підприємництва присвячують цю місію чоловікові. Цей факт є науковою істиною. Міфи базуються на протилежному. Залучення жінок до підприємництва є руйнівною політичною та державною некоректністю, що ініційовано наукою, яка негативно впливає не тільки на окрему жінку, але й на суспільство загалом.

Ключові слова: підприємництво, гендер, підприємницький прибуток, міфи, наукова істина.

Аннотация

Ян-Урбан Санда

ПРЕДПРИНИМАТЕЛЬСТВО И ГЕНДЕР - МИФЫ ИЛИ НАУЧНАЯ ПРАВДА?

Целью этого исследования является определить, или играет роль в истории предпринимательства пол, который отличается от мужского, а также проанализировать значение гендера как определяющего фактора науки об инновациях и предпринимательства сегодня. Деятельность предпринимателя - предпринимательство. Предпринимательство - это проведение новых комбинаций, что есть инновацией. Наука и история предпринимательства посвящают эту миссию мужчине. Этот факт является научной истиной. Мифы базируются на обратном. Привлечение женщин к предпринимательству является разрушительной политической и государственной некорректностью, что инициировано наукой, негативно влияющей не только на отдельную женщину, но и на общество в целом.

Ключевые слова: предпринимательство, гендер, предпринимательская прибыль, мифы, научная истина.

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Simon Kuznets Kharkiv National University of Economics, Kharkiv,

Fil. Dr. Jan-U. Sandal Institute, Affiliated Scientific Fellow

ORCID 0000-0003-0492-7631

NEUROPSYCHOLOGICAL APPROACH TO ENTREPRENEURSHIP DEVELOPMENT

The article presents the results of the study of neuropsychological foundations of entrepreneurial activity. The basic concepts of entrepreneurial activity such as innovation, risk, and profit from the point of view of neurohumoral regulation of the organism are considered.

The relationship between the content of the concepts of "entrepreneurship" and "employment" is determined.

The author noted that the active development of modern small business as a form of employment can be a source of problems for large companies: the liberation of creative workers who seek their own career as an independent form of employment.

The theory of the socio-economic genotype as "an information mechanism of social continuity and social changes that ensures the reproduction of the structure, principles of functioning, regulatory processes and learning (selection, memorization and dissemination of positive experiences) in the social system" is taken into account. It is emphasized that the socio-economic genotype includes incentives for innovation, forms of development via education, characteristic of every society, the elements that make up the categories "human capital" and "entrepreneurship".

It is emphasized that in the theory of economic psychology there are human models that differ significantly from the classical model of "economic man" and are based on the study of people in terms of their psychological and social characteristics. Models of a person are presented in the aspect of management and entrepreneurial activity, such as economic, functional, moral, social and psychological models.

It is described in the article that the owners of the increased activity of the sympathetic nervous system have a special metabolism, electroplasticity of tissues, properties and speed of the chemical reaction of blood. It is concluded that entrepreneurial activity is inherent in sympathetic patients due to the presence of a considerable amount of hard work and a large number of "risk situations", which stimulates the development of endorphins (in particular, dopamine) in the blood, causing a certain neuropsychological state expressed by the integral complex of emotional states due to a specific balance of neurohumoral regulatory mechanisms, the desire to dominate and increased resistance of a human organism to any stress.

Keywords: neuropsychology, entrepreneurship, development, emotions.

Scientific problem. In the general sense entrepreneurship is an independent activity that generates income and is associated with a certain risk. Thus, the legitimate definition of this concept is enshrined in the Ukrainian Law "On Entrepreneurship" [9] as a direct "independent, systematic, at its own risk activity in the production of products, provision of services for the purpose of a profit, which is carried out by private or legal entities registered as subjects of entrepreneurial activity in the manner prescribed by law". It is important to underline that the notion "entrepreneurship" is perceived historically as an innovative activity.

The idea of innovations was revealed brilliantly in the researches of Joseph A. Schumpeter. Innovation as a creative destruction, the form of development when the new will displace the old through the process of destruction [quot ac [1].

The thought expressed by Jan-Urban Sandal [1] that "innovation changes the pattern of behavior, both in the production function and in peoples' lives" is the reflection of the main laws of our life the development and evolution.

Philosophy operates the notion of "activity" as a specific human way of dealing with the world - "substantive activity"; which is a process in which a person transforms the nature creatively, thereby making him\herself the subject of activity, and the phenomena of nature mastered by the person is the object of their activity [11, p. 118].

Modern economic theory broadens the horizon of its research and it is already impracticable to define clearly the boundary between the type of activity, which is actually a field of economic science in the narrow sense, and the rest of human activity. Thus, economic activity in the aspect of neuroeconomics can be defined as the existence of the need for purposeful actions, during which people change creatively the phenomena that have the economic nature of the origin. In accordance with this approach, the concept of entrepreneurship correlates the legislative definition of the concept of "employment" [8] as the activity of citizens associated with the satisfaction of personal and social needs, and as a rule brings them income in cash or in another form.

Analysis of recent research on this problem. The development of entrepreneurship and market

processes in Ukraine is characterized by the peculiarity that our country belongs to the group of countries of the post-Soviet area, which were forced regarding their economic behavior to rely on not so much on economic as on administrative methods of management. The main focus was not on freedom of business and market laws of supply and demand, but on the planned economy and vertical administrative regulation, which led to the relatively strict subordination of entrepreneurial activity to nationwide tasks and the indifference to the state's low efficiency of economic activity. Even during the new economic policy in 20th years of the previous century, the interests of the state were: to keep entrepreneurs for their own purposes, "... only insofar as the development of these relations, which are useful and necessary in stopping small-scale production, and in order to control these relations" [6]. Therefore, the development of entrepreneurship, in its essence, obeyed above all, for the purposes of the state, and not economic laws.

Taking into account the content of the above concepts, it should be noted that the active development of modern small business can be a source of problem for large companies: the liberation of creative employees who seek self-careers as an independent form of employment.

Emphasizing the fact that the subject and object of entrepreneurship is a person, the theory of neuroeconomy, organizational psychology and management gives away certain models-stereotypes of human behavior that are fair for entrepreneurial activity and can be used to manage the development of an enterprise.

O. Deineka [3] notes that the historic roots of the creation of human models in economic psychology can be found primarily in the writings of economists A. Smith, A. Marshall, J. Keynes, in which the homo economicus theory of a rational "economic man" took shape. The key purpose of the homo economicus is to obtain its own benefits. The basic idea of the concept is "economic selfishness" as the human desire to maximize benefits [3, p. 5]. Evolution of the content of the "economic man" model is detailed by I. Andreeva [2, p.19 - 24]. It gives the basic theoretical assumptions on how is the classical model of homo economicus constructed [2, p.18].

First, an economic man operates on a competitive market, which permits minimal interconnection with other economic actors.

Second, the economic man is rational in terms of decision-making mechanisms. It is capable of setting the goal, consistent its achievement, calculating the cost of choosing the means of such achievement.

Third, an economic man has complete information about the situation in which it operates, satisfying its needs.

Fourth, an economic man is selfish, that is, it seeks to maximize benefits.

At present, the authors further define other human models that are significantly different from the classical model of "economic man" and are based on human studies from the point of view of its psychological and social characteristics. For example, E.Maiminas believes that the economic situation of the country, the assessment of the course of economic reforms and their possible consequences depend heavily on the dominant socio-economic genotype (SEG) in society [6]. According to his definition, the socio-economic genotype is "an informational mechanism for social succession and social change that ensures the reproduction of the structure, principles of functioning, processes of regulation and training (selection, memorization and dissemination of positive experiences) in a social system." The SEG also includes incentives for innovation, forms of education, typical for every society, the elements that make up the category of "human capital" and "entrepreneurship".

Also in 2002 the Nobel Memorial Prize was awarded to Daniel Kahnemann and Vernon L. Smith for the application of psychological methods in economic science, in particular in the study of the formation of judgments and decision-making under conditions of uncertainty. Economics and cognitive science are combined in their researches to explain the irrationality of the person's attitude toward risk in decision-making and in managing his/her behavior.

Thus, the modern neuroeconomics operates with several models of the person which are the subject of entrepreneurial activity. Most often, the authors describe the following models existing in the minds of both managing and guided personnel [4; 5]: an economical man; a functional man; a psychological man; a social man; an ethical man [7].

Neuroeconomics refers to the hypothesis of the preconditions for the success of entrepreneurial activity:

- 1) entrepreneurs are a special category of people endowed with certain neuropsychological qualities;
- 2) entrepreneurial activity is owned by everyone, but in varying degrees.

For example, I. Andreeva investigating genetic predisposition [2, c. 181] points out the following fact: "According to surveys conducted in the United States and other countries, in 72% of 50 cases, at least one of the parents has a free profession at the founders of firms, which are significantly higher than those for other types of activities».

I. Andreeva [2] also rightly observes that the natural prerequisite for the development of entrepreneurial abilities is the presence of certain interests is some congenital anatomical and physiological features of the brain and the nervous system. The most up-to-date version of the possible anatomical and physiological basis of sedition, which arose already in the second half of the 20th century, is still attracting the attention of scientists, linking factors with the human genotype. However, until now it was not possible to find the

genetic basis for the formation of entrepreneurial abilities, their genotype factors.

The purpose of the article is to reveal the main characteristics of entrepreneurship as a neuropsychological phenomenon.

Main material Grounding on the main features of the category entrepreneurship (innovation, risk, benefit and social orientating) it is possible to propose the view of the skeleton structure of motivational mechanism of entrepreneurship activity in the aspect of neuropsychology approach (table 1)

Table 1

Elements of the Motivational mechanism of entrepreneurship activity

| Attribute of entrepreneurship as a Benefit | Is possible due to | Mediators of a human brain |
|--|---|----------------------------|
| Risk | Irrational thinking & decision making | Noradrenalin |
| Innovation | Destruction, orienting reflex and research behavior | Dopamine |
| Social responsibility | Altruism as selfish taking care about others | Axitocin |

According to the neurohumoral theory, there is a basic vegetative tone that reflects the background activity of structures that regulate the functions of the organism in the process of adapt genic activity, and can be regarded as one of the constitutional characteristics of an individual. In turn, the highest rates of mobility of nerve processes, brain function are observed in representatives with sympatonic type of regulation. Stimulation of the sympathetic type of regulation of the nervous system allows you to remove muscle fatigue. It was established that the owners of the increased activity of the sympathetic nervous system have a peculiar metabolism, electrical conductivity of tissues, properties and speed of the chemical reaction of blood [10].

There are people with increased activity of the sympathetic nervous system sympathonics. Stimulation of the sympathetic part of the nervous system allows removing muscle tiredness. It was established that the owners of the increased activity of the sympathetic nervous system have a peculiar metabolism, electro plasticity of tissues, properties and velocity of the chemical reaction of blood.

Sympathotonics can work long time without feeling tired. Therefore, entrepreneurial activity satisfies completely sympathonics with the presence of a large amount of hard work and the abundance of "risk situations" that stimulates the usual release of catecholamine (in particular, noradrenalin) in the blood, causing a state of joyful excitement and lifting forces. People become bold at the same time, able to overcome any obstacle to achieve the goal.

It is known that unbridled joy and inadequate desire to "turn the mountain in its path" does not always lead to a favorable result. You need to experience a sense of reliability, self-confidence. Such feelings allow taking responsibility, independently to make optimal decisions in any dangerous situations that are rich in entrepreneurial activity. The sense of reliability is determined by neuropeptide metabolism, in particular the maintenance of endorphin and other hormones, in the action similar to morphine, in human blood. It is people who are experiencing a sense of reliability that can cope with any dangerous situation.

It has been experimentally established that endorphins - endogenous opiates - are internal substances produced by the body, and compete with morphine by action. They allow experiencing an elevated joyful, cheerful mood that does not correspond to objective circumstances - a euphoria that relieves anxiety. Also they are the stimuli of certain human activity such as orienting reflex and research behavior.

As it is known, positive emotions have an instantaneous manifestation, they "eat" negative emotions of stress, which, in contrast to the positive, have long-term consequences and protracted manifestation and have the property of pondering.

Endorphins have a noticeable effect on motivation and behavior. For example, they suppress reflexes to avoid danger, activate memory and mental activity. Endorphins possess the properties of neuroleptics (acting by inhibiting the central nervous

system, not disturbing the consciousness, removing the feeling of anxiety) and highly effective psychostimulants (increase resistance to stress).

Conclusion Thus, summing up the main characteristics of entrepreneurship as a neuropsychological phenomena characterized by risk, innovation and benefit-seeking, it is possible to highlight the neuroeconomic aspects of entrepreneurship development, taking into account the features of sympathetic and parasympathetic regulation:

1) the need for self-realization and freedom (the need for self-realization in accordance with the A. Maslow's pyramid is the highest need of the personality. It occurs in a different form for each person, as well as the need for freedom. First frustration causes a person to seek ways to meet these needs, that is, he/she chooses entrepreneurial activity)

2) neuropsychological mechanism of metabolism based on the needs of acceptance and communication/

3) predisposition to long intensive activity and risk (person's propensity to risk is related to the activity of his/her endocrine system)

4) abilities of creativeness (creative thinking is brought up throughout the life of a person, the ability to creatively, non-standard problem solving is a prerequisite for the development of the higher nervous system of the individual)

Thus, in the aspect of neuroeconomics it can be assumed that entrepreneurship is a special condition expressed by the integral complex of emotional states caused by a specific balance of neurohumoral regulatory mechanisms, the desire for dominance and increased resistance of the organism to any stress.

Neurohumoral regulatory mechanisms could be managed by some chemical compounds and substances aimed to maintain the certain emotional state of a person.

The most productive emotional states for the entrepreneurship activity depend on endorphins such as dopamine, noradrenalin and oxytocin.

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Анотація

Катерина Наумік-Гладка

НЕЙРОПСИХОЛОГІЧНИЙ ПІДХІД ДО РОЗВИТКУ ПІДПРИЄМНИЦТВА

В статті викладені результати дослідження нейropsихологічних засад підприємницької діяльності. Проаналізовані базові поняття підприємницької діяльності, такі як інновація, ризик, отримання прибутку з позиції нейрогуморальної регуляції організму.

Визначено взаємозв'язок змісту понять «підприємництво» та «зайнятість».

Автором зазначено, що активний розвиток сучасного малого бізнесу як форми зайнятості може стати джерелом проблем для великих компаній: звільнення творчих працівників, які прагнуть самостійної кар'єри як самостійної форми зайнятості.

Прийнята до уваги теорія соціально-економічного генотипу як "інформаційний механізм соціальної спадкоємності та соціальних змін, що забезпечує відтворення структури, принципів функціонування, процесів регулювання та навчання (відбір, запам'ятовування та поширення позитивного досвіду) в соціальній системі". Підкреслено, що соціально-економічний генотип включає стимули для інновацій, форми розвитку через освіту, характерні для кожного суспільства, тобто елементи, які становлять категорію "людський капітал" та підприємництво.

Узагальнено, що в теорії економічної психології визначаються людські моделі, які суттєво відрізняються від класичної моделі "економічної людини" і засновані на вивченні людей з точки зору її психологічних та соціальних характеристик. Наведені моделі людини в аспекті менеджменту та підприємницької діяльності, такі як економічна, функціональна, етична, соціальна та психологічна.

Засновуючись на дослідженнях, що власники підвищеної активності симпатичної нервової системи мають особливий метаболізм, електропластичність тканин, властивості та швидкість хімічної реакції крові, зроблено висновок, що підприємницька діяльність властива симпатотонікам наявністю великої кількості напруженої роботи та великої кількості "ситуацій ризику", що стимулює звичайний випуск ендорфінів (зокрема, норадреналіну) в крові, викликаючи певний нейропсихологічний стан виражений інтегральним комплексом емоційних станів, обумовленим специфічним балансом нейрогуморальних регуляторних механізмів, прагненням домінування і підвищеною стійкістю організму до будь-якого стресу.

Ключові слова: нейропсихологія, підприємництво, розвиток, емоції.

Аннотація

Екатерина Наумик-Гладкая

НЕЙРОПСИХОЛОГИЧЕСКИЙ ПОДХОД К РАЗВИТИЮ ПРЕДПРИНИМАТЕЛЬСТВА

В статье изложены результаты исследования нейропсихологических основ предпринимательской деятельности. Рассмотрены базовые понятия предпринимательской деятельности, такие как инновация, риск, получение прибыли с позиции нейрогуморальной регуляции организма.

Определена взаимосвязь содержания понятий «предпринимательство» и «занятость».

Автором отмечено, что активное развитие современного малого бизнеса как формы занятости может стать источником проблем для крупных компаний: освобождение творческих работников, стремящихся самостоятельной карьеры как самостоятельной формы занятости.

Принята во внимание теория социально-экономического генотипа как "информационный механизм социальной преемственности и социальных изменений, обеспечивающий воспроизведение структуры, принципов функционирования, процессов регулирования и обучения (отбор, запоминание и распространение положительного опыта) в социальной системе". Подчеркнуто, что социально-экономический генотип включает стимулы для инноваций, формы развития через образование, характерные для каждого общества, то есть элементы, которые составляют категорию "человеческий капитал" и предпринимательство.

Подчеркнуто, что в теории экономической психологии определяются человеческие модели, которые существенно отличаются от классической модели "экономического человека" и основаны на изучении людей с точки зрения их психологических и социальных характеристик. Приведены модели человека в аспекте менеджмента и предпринимательской деятельности, такие как экономическая, функциональная, нравственная, социальная и психологическая.

Основываясь на исследованиях, владельцы повышенной активности симпатической нервной системы имеют особый метаболитизм, электропластичность тканей, свойства и скорость химической реакции крови, сделан вывод, что предпринимательская деятельность присуща симпатотоникам благодаря наличию значительному количеству напряженной работы и большому количеству "ситуаций риска", что стимулирует выработку эндорфинов (в частности, норадреналина) в крови, вызывая определенное нейропсихологическое состояние выраженное интегральным комплексом эмоциональных состояний, обусловленных специфическим балансом нейрогуморальных регуляторных механизмов, стремлением доминировать и повышенной устойчивостью организма к любому стрессу.

Ключевые слова: нейропсихология, предпринимательство, развитие, эмоции.

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kiykoalexander1998@gmail.com

jan-u.sandal@janusandal.no

Yuriy Fedkovych Chernivtsi National University, Chernivtsi, Ukraine

Honorary Research Fellow Fil. Dr. Jan-U. Sandal Institute, Norway

ORCID: 0000-0002-2017-4644

ENTREPRENEURSHIP AS THE KEY INSTRUMENT TO OVERCOME THE GLOBAL FINANCIAL CRISIS AND ITS IMPACT ON THE ECONOMY OF UKRAINE

Entrepreneurship and innovation have always been essential in the economic life of society. They are the driving force that moves it forward into the future.

One of the largest economic shocks of today is the Global financial and economic crisis, which began in the United States in 2007 and affected the economies of all countries around the world. The crisis has caused significant damage to the economy of Ukraine and caused significant economic and political problems in the future.

The aim of this article is to highlight the whole complex of causes and consequences of the Global financial and economic crisis, the image of the process of growth and transformation of the national bubble in the US real estate market, to an economic catastrophe on an international scale, name and describe its devastating consequences for resource-based economy of Ukraine, and also search for answers on how to prevent similar crises in the future perspectives of the views of Schumpeter.

The article presents the key ideas of J. A. Schumpeter on freedom of entrepreneurship and market liberalization and the necessity of innovation for economic prosperity. Named principles, the observance of which will improve the economic situation of Ukraine will make the national economy more robust and stable with respect to external and internal crises.

Keywords: *Entrepreneurship, innovation, Global economic and financial crisis, Joseph Alois Schumpeter, the economy of Ukraine, the ways out of the crisis*

Introduction

The global financial crisis began in the United States in 2007 and affected in different ways all economies around the world. The crisis caused big damage to the Ukrainian economy and caused significant economic and political problems in the future. The emergence of the financial and economic crisis in Ukraine became obvious in autumn 2008, after the deterioration of several economic indicators and financial problem reports of a number of leading commercial banks of the country. The most affected were the export-oriented industrial sector, especially the metallurgical and mechanical engineering complex that were unable to recover after the crisis. The role of these industries in the economy fell rapidly.

In such times, Schumpeter's thought becomes even more crucial to understand by economists. It helps to see not just the struggles, but also the new opportunities. It does not have the easiest or fastest solutions, but the solutions that really work and can lead the society to a better and prosperous future based on respect and personal freedom.

Presentation of the basic material

The financial crisis started in the US mortgage crisis back in 2006. The main reason was the growth of problem loans to unreliable borrowers. Due to saturation of the market of real estate, speculative bubble burst and property prices collapsed. For this, the market value of the houses collateral for the

loans could not cover the nominal value of the loan. This put many banks on the brink of bankruptcy. To get rid of doubtful loans banks have converted them into securities and, often, in collusion with the rating agencies put them on the stock exchange. It was the tipping point that turned mostly local mortgage crisis in global financial, because these securities, the true value of which was extremely doubtful, scattered in portfolios of investors around the world.

The crisis became noticeable in the spring of 2007 and started to grow to international dimension. The largest mortgage company in the U.S. - New Century Financial Corporation, had to resign from the New York stock exchange, because of the ban imposed on trading of its shares. Over the next time, dozens of companies and banks losses a lot of their value, due to fall in their stock prices, high amount of not returned debt, or even become bankrupt, like, Lehman Brothers. That's why fear and distrust among banks and investors grew around the world. The stock market collapsed and the interbank cooperation decreased significantly.

Extremely dense and intertwined interconnectedness of financial institutions in the market led to the fact that the crisis, which should only apply to credit institutions operating on the market for long-term and high-risk mortgage loans, affected first on American financial system, and then worldwide. According to experts of Investment Bank Goldman Sachs, financial institutions around the

world for two years of the crisis caused 1.2 trillion US dollars damage. At the same time, only American institution lost to \$ 460 billion US dollars [1]. These substantial losses led to the collapse of the stock markets of the world. During 2007, securities in the global stock market fell by \$ 5 trillion US dollars. As a result, investors turned their attention from the stock market to the markets of gold and oil, which led to a price increase for oil and gold. This, in turn, provoked the intensification of global inflation and the slowdown of the world economy [1].

The crisis, which started in the USA, spread rapidly throughout the world. In addition, because many German financiers, both from private institutions and State banks actively bought these dubious securities, the crisis quickly moved to Germany and, because of the importance of German Economy to the entire European continent. Many

other European countries did the same. It led to many economic problems in the EU. Markets of EU are very important for Ukraine, so economic problems in EU led to export troubles in Ukraine. The decline in business activity on the stock exchanges of the world and the decline in world production affected Ukraine a lot because Ukrainian economy is export-oriented [3]. As we can see from the graph (Fig. 1), at the time of the onset of the global financial crisis, Ukraine's economy was on the rise. From 2000 until the third quarter of 2008, the economy grew on average by 7.5 % per year. The global financial crisis, which quickly spread around the world in the fall of 2008, interrupted the growth cycle of Ukraine and many other countries with developing economies. Ukraine suffered one of the deepest economic downturns and one of the largest currency devaluations in its history during this crisis.

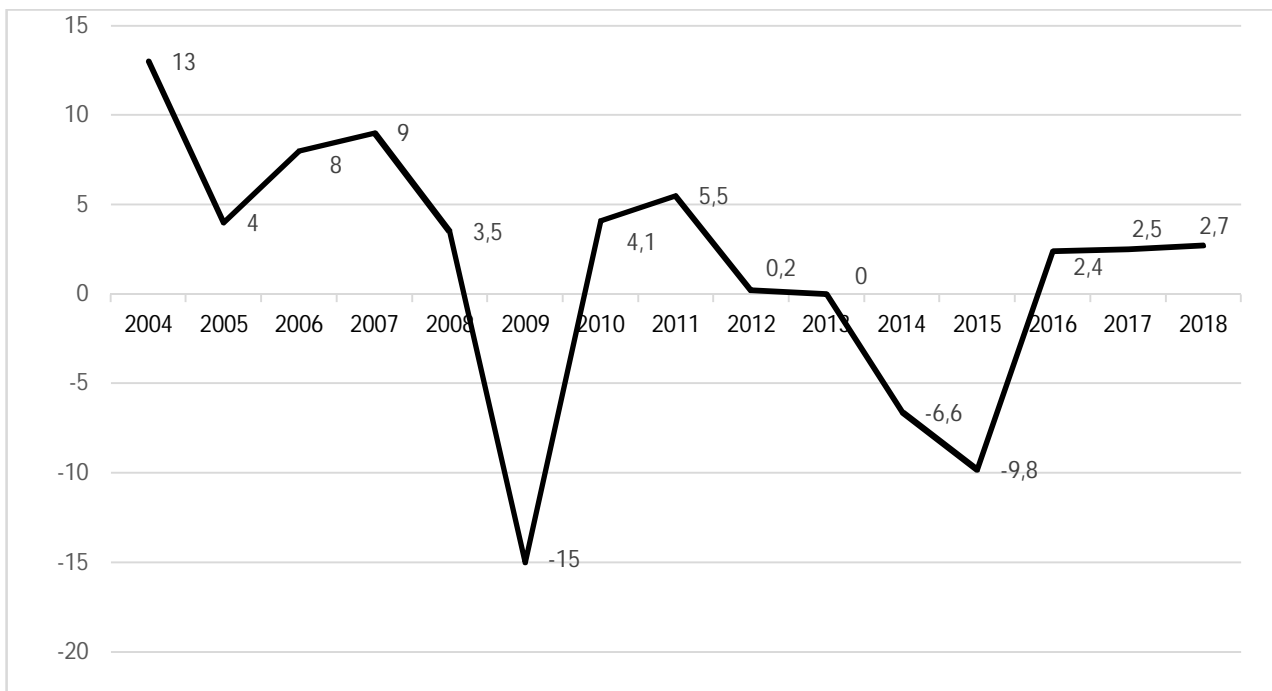


Fig. 1. Dynamics of GDP (in % to the previous year) in Ukraine 2004-2018 yy [4])

It should be noted, that in common with external negative factors, which contributed to the crisis, there were also many internal factors. The main ones were the growth of external debt, the growth of consumer credit, the outflow of speculative capital from Ukraine, which resulted in a sharp devaluation of the national currency –Hryvnia. More than 50% of the credits in the Ukrainian economy was issued

in foreign currency, mainly in US dollars; this increased the amount of debt and the cost of its maintenance for borrowers [2].

Due to the crisis significantly reduced the demand for traditional products of Ukrainian exports, primarily products of metallurgy and chemical industry (Fig. 2).

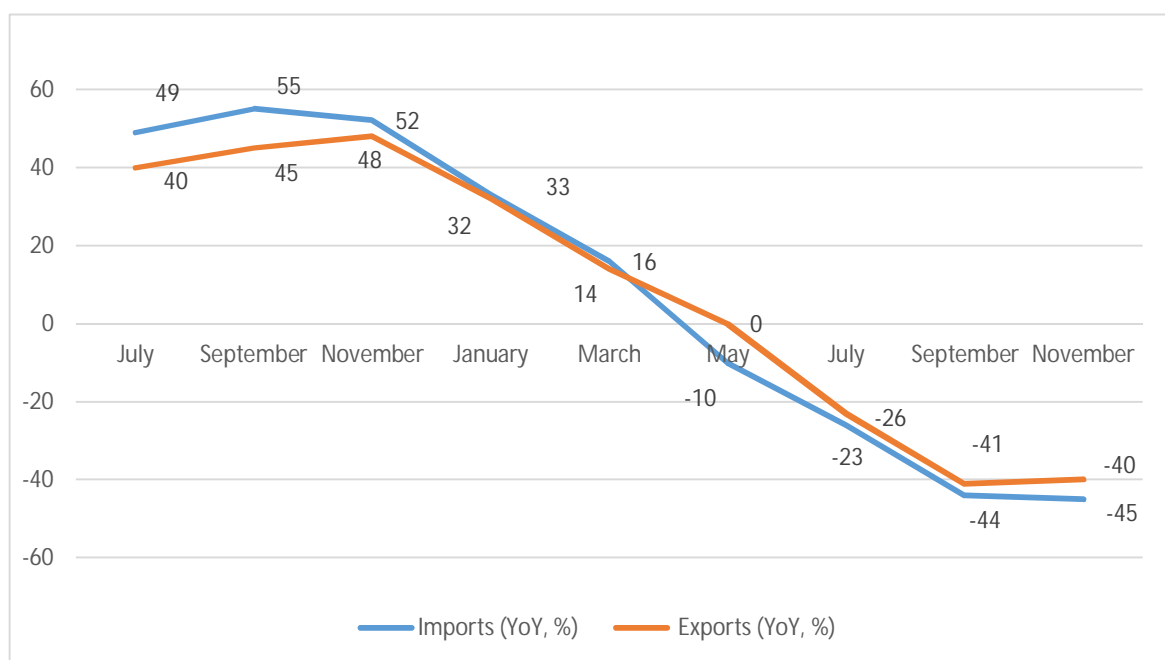


Fig. 2. Export and import growth rates 2008-2009

This situation occurred in foreign markets, was unexpected for Ukrainian exporters. As a result, at the end of 2009, the Ukrainian enterprises of mining and metallurgical complex reduced the production of iron, steel and decreased by 34-39 %. It was a very strong blow for the whole sector of the economy. It would not completely recover. Ukraine lost a significant portion of the heavy industry, it failed to revive after the crisis and its remnants continued stagnation in 2014.

Also in 2008, significant challenges faced the banking system. Despite a significant decline in 2009, production rates, rising unemployment and an increase in bad and doubtful debts on loans to both individuals and legal entities, the situation on the financial market was extremely complicated. There was an outflow of deposits and the growth of problem loans and large payments on foreign loans of banks. Due to the global financial crisis, banks have lost the possibility to attract syndicated loans, and the ability to refinance old debts remained limited. As a result, banks significantly reduced lending to both legal entities and individuals, which before the crisis was one of the most important sources for investment and consumption. Accordingly, it decreased the demand for cars, housing and a number of consumer products.

At the end of 2008 and in 2009, the inflow of funds in the financial account declined, while payments increased, which resulted in the deficit of the financial account and capital account. Due to the decrease in the supply of foreign currency in the interbank market amid heightened demand for

foreign currency from both corporate sector and households. In the face of uncertainty, the Hryvni a lost almost half its value. To support the national currency, the National Bank–NBU forced to spend the mean of its reserves and used the IMF assistance.

A significant decline in the economy prompted many employers to cut costs, particularly labour costs. This resulted in increased unemployment, which reached 9.5% of the economically active population aged 16-70 years in 2009. However, at the end of 2008 and in January 2009 in the number of sectors was reduced the level of compensation. Therefore, incomes from wages decreased in real terms. The economic slowdown led to a drop in State budget revenues compared to 2008, which also reflected in the reduction of income from social transfers in real terms. Accordingly, in 2009, household consumption declined by 11.6%. This affected the decline in industrial production in 2008-2009: the real output of all industries decreased by 34.1% over the previous year.

After the crisis in Ukraine in 2010, total external debt amounted to 116.2 billion US dollars and it was 88.2% of GDP [4]. Under these conditions, a prudent monetary policy is quite difficult. Minor, but unexpected changes in such factors as the increase in foreign interest rates, the economic crisis in trading partners, changes in conditions in international financial markets could easily devalue the national currency that automatically would be pouring public dollar debt. Therefore, during the crisis, the National Bank has chosen the tactics of administrative containment rate. It cost Ukraine all its gold

reserves, and when they ended in the year 2014, it spawned a new crisis.

Factors of weakness of the Ukrainian economy

The rapid decline of the Ukrainian economy showed its unwillingness to confront the challenges of the crisis at least due to several reasons. First, the crisis again showed low diversification of exports, with a high level of dependence of the economy on external demand. In 2008, more than 40% of exports were metals and their products, mainly iron and steel. Moreover, about 80% of domestic production metallurgy was for export. The level of modernization in the sector remained low equipment factories often were from the Soviet era, which resulted in relatively high production costs. Another problem was the low quality of products of Ukrainian metallurgy, which on world markets were not traded under long-term contracts, which meant more risks for exporters. Although many metallurgical companies started investment projects aimed at improving energy efficiency and reducing the costs of production, and improved quality, but not all projects were completed before the start of the crisis. The fall in world metal prices and an increase in gas prices were the adverse circumstances that forced businesses to cut production. A similar situation was also in the chemical industry. In general, the lack of strategic thinking by the Ukrainian entrepreneurs who counted on the further favourable external environment reflected in the unavailability of the major industries before the crisis.

During the pre-crisis years, final consumption of the households was the driving force behind real GDP growth. In the first quarter of 2008, real final consumption of households grew by 22.5%, while real GDP grew by 6.3%, which was an indicator for overheating of the economy. A significant part of consumption, especially the demand for industrial goods was met by imports, which also grew much faster than exports. Consumption growth was not only due to a rapid increase in revenues, which was stimulated by the increase in the minimum wage and pensions but also by the large volume of granted bank loans. The main source for these loans were foreign loans taken by Ukrainian banks. In a crisis, situation banks were faced with the problem of payment of foreign loans, since a deterioration of the domestic economic situation affected the quality of loans, while the possibility of external refinancing virtually disappeared.

However, the populism of Ukrainian authorities led to an imbalance in the structure of household income and budget. Thus, in particular, almost the same share in the structure of household income occupied by the wage and social transfers, which

clearly reduces the incentives to search for work. In addition, a rapid growth in social expenditures of the budget took place, which deprived the government of the opportunity to manoeuvre during the crisis. It also dislocated funds from much-needed infrastructure investment projects. The government was forced to take IMF loans on the financing of the budget deficit: 6.0% of GDP in 2009.

In 2009, the building housing companies, faced with a shortage of money even to continue ongoing projects. Many years later, across the country, it was common to observe entire landscapes of unfinished houses. The crisis affected Ukraine much stronger than other countries, due to the lack of large-scale structural reforms. In particular, the pension system reform was started but not completed. It was not conducted a tax reform, the reform of intergovernmental fiscal relations as well as administrative-territorial reform. The government also failed to introduce a reform of social assistance that would promote the real protection of the poor people during the crisis. The law on public procurement, which introduced transparent procurement procedures was not adopted during the crisis, it contributed to corruption, of which the level was high. The licensing system was not simplified, it hindered the development of the small and medium size businesses, which count for the vast majority of enterprises and to secure and stabilize the economy. As a result, during the economic crisis, the government faced significant challenges regarding the implementation of economic policy measures aimed at supporting the economy and social protection, in conditions of insufficiently reformed economy and a very limited budget.

Private business innovations as the security against economic breakdown

In theory, the economy is always about input and output. By the same efficiency, you can never make greater output without increasing the input. A very best way to increase input is to enhance innovations. To innovate is a part of human nature, all the mankind history is shaped by big challenges, like the agrar or the industrial revolution, exploration of new lands invention of train or internet. We are living in a complex and dynamic world in which innovation and entrepreneurship are occupying a decisive role for economic development. According to Joseph Alois Schumpeter, innovations is the only function, carry in gout the new combinations, which is fundamental in history. Schumpeter's words that entrepreneurship is innovation have never seemed as appropriate as the nowadays when modern capitalism experienced a serious crisis and lost his strength during last subprime and euro-debt crises. Until today, the world economy is still in stagnation.

Joseph Alois Schumpeter is regarded as one of the greatest economists of the first half of the twentieth century. At that time, he took part in the most important economic debates. The concepts of innovation and entrepreneurship are probably Schumpeter's most distinctive contributions to economics [5]. One of the most common themes in Schumpeter's writings was the role of innovation - "new combinations" and entrepreneurship in economic growth.

In Schumpeter's theory, the possibility and activity of the entrepreneurs, drawing upon the discoveries of scientists and inventors, create completely new opportunities for investment, growth, and employment. It is not the power of ideas but the power that gets things done. Schumpeter says that "creative destruction" is "the essence of capitalism" [6]. A stationary economy, reactive, repetitive and routine, is a circular flow that admits of no surprises or shocks, "an unchanging economic process which flows on at constant rates in time and merely reproduces itself" [7].

The increasing complication of modern economies causes the necessity of a higher rate of economic interaction. Today's knowledge-based economies are dependent by a dynamic technological progress. The generation of innovation no longer depends on individual personalities but involves the cooperation of many different actors. This requires cognitive capabilities that increase the diffusion and thus the understanding of innovation leading to entrepreneurship.

Modern economy struggles should be seen not just as problems, but also as opportunities to create a new better, more sustainable financial tomorrow for the countries and for the world as the whole.

Conclusions

Because of national characteristics of Ukraine's economy such as lack of export diversification, concentration in resource exports, the obsolescence of the production equipment, lack of capital, constant budget deficits, heavy dependence on

energy imports, weak currency, and the distrust in her, imperfect legislation and the continuous political conflict inside the country, Ukraine was vulnerable to the global financial crisis. It caused very significant economic and political damage and changed the economic landscape of the country. Ukraine needed several years to recover the most parts of the economy, but some industries still are stagnating. The Ukrainian GDP until today, 2018, never reached pre-crisis level.

One of the hidden problems behind the world financial crisis was a lack of private innovations. That is why demand for capital was low, but the supply, due to FED and other Central banks monetary policies was wary high. This forced banks to give loans in the subprime sector. Market fluctuations and highly speculative bonds destabilizing the market always and may become the next starting point for the next crises like that, when every local speculative bubble can become the next crisis trigger.

To the benefit of economic stability and constant growth, it would be always important, that the main part of economic activity in society stay in the real sector. Only private entrepreneurship can create enough innovations to secure the further development of the economy. Private business creates jobs, pays taxes and brings wealth to society. It is very efficient because only efficient private enterprises can sustain on the market, otherwise, like by the action of Smith's invisible hand the will disappear.

If a country like Ukraine wants to be as successful, prosperous and democratic country it should create the best conditions for private enterprises, encourage investment, avoid unnecessary bureaucracy and liberalize the market enough to let him function properly. It would be the best security against economic breakdown and even when global crises appear, the economy will have enough power from inside for fast recovery.

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ПІДПРИЄМНИЦТВО ЯК КЛЮЧОВИЙ ІНСТРУМЕНТ ДЛЯ ПОДОЛАННЯ ГЛОБАЛЬНОЇ ФІНАНСОВОЇ КРИЗИ ТА ЙОГО ВПЛИВУ НА ЕКОНОМІКУ УКРАЇНИ

Підприємництво та інновації завжди мали важливе значення в економічному житті суспільства. Вони є рушійною силою, яка рухає її вперед у майбутнє.

Однією з найбільших економічних потрясінь сьогодні є глобальна фінансова та економічна криза, що почалася в Сполучених Штатах у 2007 році і позначилася на економіці всіх країн світу. Криза завдала значного збитку економіці України і спричинила значні економічні та політичні проблеми в майбутньому.

Метою даної статті є висвітлення всього комплексу причин і наслідків глобальної фінансово-економічної кризи, іміджу процесу зростання та трансформації національного міхура на ринку нерухомості США, економічної катастрофи на міжнародному рівні. масштабувати, називати і описувати його руйнівні наслідки для економіки, що базується на ресурсах України, а також шукати відповіді про те, як запобігти подібним кризам у перспективі поглядів Шумпетера.

У статті представлені основні ідеї Дж. А. Шумпетера щодо свободи підприємництва та лібералізації ринку та необхідності інновацій для економічного процвітання. Названі принципи, дотримання яких покращить економічну ситуацію в Україні, зробить національну економіку більш стійкою і стійкою щодо зовнішніх і внутрішніх криз.

Ключові слова: підприємництво, інновації, глобальна економічна та фінансова криза, Джозеф Алоїс Шумпетер, економіка України, шляхи виходу з кризи

Аннотация

Александр Кийко

ПРЕДПРИНИМАТЕЛЬСТВО КАК КЛЮЧЕВОЙ ИНСТРУМЕНТ ДЛЯ ПРЕОДОЛЕНИЯ ГЛОБАЛЬНОГО ФИНАНСОВОГО КРИЗИСА И ЕГО ВЛИЯНИЯ НА ЭКОНОМИКУ УКРАИНЫ

Предпринимательство и инновации всегда были важны в экономической жизни общества. Они являются движущей силой, которая продвигает его вперед в будущее.

Одним из крупнейших экономических потрясений сегодняшнего дня является глобальный финансово-экономический кризис, который начался в Соединенных Штатах в 2007 году и затронул экономики всех стран мира. Кризис нанес значительный ущерб экономике Украины и вызвал значительные экономические и политические проблемы в будущем.

Цель данной статьи - осветить весь комплекс причин и последствий мирового финансово-экономического кризиса, имидж процесса роста и трансформации национального пузыря на рынке недвижимости США, в экономическую катастрофу на международной арене. Приведите масштаб, назовите и опишите его разрушительные последствия для ресурсной экономики Украины, а также найдите ответы о том, как предотвратить подобные кризисы в будущих точках зрения Шумпетера.

В статье представлены основные идеи Дж. А. Шумпетера о свободе предпринимательства и либерализации рынка и необходимости инноваций для экономического процветания. Названные принципы, соблюдение которых улучшит экономическое положение Украины, сделают национальную экономику более устойчивой и устойчивой по отношению к внешним и внутренним кризисам.

Ключевые слова: предпринимательство, инновации, глобальный экономический и финансовый кризис, Джозеф Алоис Шумпетер, экономика Украины, пути выхода из кризиса

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marina199574@gmail.com

Fil. Dr. Jan-U. Sandal Institute, Kloverveien 31, Finstadjordet, Norway

ORCID: 0000-0001-7532-0891

THE ROLE AND THE ATTITUDE OF FEMALE ENTREPRENEURSHIP IN THE UKRAINIAN SOCIETY

Ukraine is going through a tough transitioning process since the collapse of Soviet Union and the role of females in the national economy dramatically changed and still is going through a process of transformation. In the article the position of Ukrainian woman as an entrepreneur is highlighted, motives and barriers for females in businesses are discussed and conclusions on the current situation are made.

In the article theoretical basis on entrepreneurship and gender is proceeded. Critical analysis of the facts brought to finding a high level of segregation in the labor market, to the allocation of particular motivational factors that distinguish women's will to start an enterprise and to the conclusion that growing percentage of equal female entrepreneurship can contribute national economic growth.

Key words: entrepreneurship, motivational factors, gender, transitioning countries, equality.

Introduction

There is a number of reasons why female entrepreneurship is important in transitioning countries. As Friederick Welter [11] points, they tend to employ other women more frequently, which helps reduce the effect of discrimination against women in the labor market. By reducing female unemployment, women-owned SMEs can assist in fighting the trafficking of women, which is of great concern in many transition countries. Also, female business owners can serve as role models for younger generations demonstrating new opportunities for employment. In addition, by encouraging potential female entrepreneurs to start businesses, a more successful, if not more rapid, transition process could result through increased innovative capacities and private sector development.

This paper aims to reveal the role of female entrepreneurship in Ukraine on the path leading to European Union as well as to analyse its current situation, strengths and weaknesses and to highlight main tendencies in this area.

Entrepreneurship, entrepreneur and gender: Theoretical approach

Before discussing the coherence between gender and entrepreneurship, whether in Ukraine or any other country, it is important to achieve a common conclusion and to bring general understanding of what is entrepreneurship and who is indeed an entrepreneur.

P.F. Drucker [2], in his works accentuated that not every new small business is entrepreneurial or represents entrepreneurship. To become such, a business has to bring values to the customers, change or transmute them, it has to create 'market niches' and by no means be limited entirely by economic institutions. In the most general meaning

"entrepreneurship is the process of carrying out new combinations and putting a new product or service in use on the market" [7, p. 1-3].

According to Schumpeter, entrepreneurs drive economic development through periods of discontinuity to higher levels of prosperity and welfare. The process of entrepreneurship is undertaken by, and run by the entrepreneurs [7]. The entrepreneur is a private individual, it is never a group of people or any kind of instrumental organization for ex. a limited company or a corporation, an organization or a government. The entrepreneur is not a wage earner or employee, and his tasks in the process of entrepreneurship cannot be compared with those of the wage earner.

Earlier, gender equality was mainly defined as equality between women and men. Today, we also talk about gender equality between people, origin, disability or sexual orientation.

Little research has focused on female entrepreneurship and gender equality in transitioning countries[1]. Without a doubt, the transition process of economic restructuring in the countries that were a part of the Soviet empire has resulted in profound and dramatic changes to their economic, political, and social landscapes. Fifteen countries emerged from under the Soviet cloak at more or less the same time, though their transition trajectories have followed vastly divergent paths [1]. The ability of small and medium-sized enterprises (SMEs) to foster innovation, experimentation, and adaptation in the business environment is especially crucial for countries undergoing radical transformation.

Schumpeter, in his famous Theory of economic development [7] among others discusses the question of motivational factors that move entrepreneurial behavior. "First of all, there is the *dream* and the will to found a private kingdom,

usually, though not necessarily, also a dynasty (---). Then there is the *will to conquer* (---). Finally, there is the *joy of creating*, of getting things done, or simply of exercising one's energy and ingenuity" [7, p.91-94].

Institutions are defined as any form of constraint that human beings devise to shape human interaction. North makes a clear distinction between formal and informal institutions (4). Put simply, he views formal institutions as the visible "rules of the game," such as constitutional law, which can be altered quickly to adapt to changing economic circumstances. In contrast, he categorizes informal institutions as the invisible "rules of the game" made up of norms, values, acceptable behaviors, and codes of conduct.

Friederike Welter et al. [11] have applied institutional theory to the development of female entrepreneurship in the transition context. As Welter and Smallbone [11] note, while formal institutions can create opportunities for entrepreneurship, informal institutions can strongly influence perceptions of entrepreneurial opportunities. With regard to women entrepreneurs, formal institutions not only influence the extent to which female entrepreneurship (and entrepreneurship more generally) is able to develop, but formal institutions also affect the types of enterprises in which women can engage. Cultural norms and values help shape an individual's way into entrepreneurship and more specifically women's intentions to set up a business. At this moment, it is very important to mention that unwritten rules may fill legal gaps that become apparent only as laws and regulations are applied to daily life. The provision of childcare represents one example.

Thus, institutional theory that incorporates both formal and informal institutions provides a suitable frame of reference for analyzing the development of women's entrepreneurship in Ukraine.

Furthermore, there is a *signaling theory*, that focuses on credible communication of information to convey positive organisational attributes in situations with asymmetric information [8]. Although several studies have adopted signaling theory to explain different aspects of venture financing processes, the gender nature of signaling has received scant attention. Acknowledging the embeddedness of gender in entrepreneur-investor relationship there are several ways in which gender plays a role in this context. In this view gender is seen a social dynamic rather than a role and the study of the influence of gender figures in social interactions between entrepreneurs and investors. According to the theory, gender is embedded in all of the key elements of signaling - signaler, signal, receiver and feedback.

Signalers may be male or female entrepreneurs or teams, consisting of both males and females. Women acquire less business-related human capital and have been found to have less entrepreneurial experience and less experience on business financing. Occupational segregation by industry and managerial level results in many women having less of the types of experiences that are highly valued by investors, such as management experience or technology industries. Moreover, variations in social capital can have a negative impact on women entrepreneurship. Because of the tendency toward homophily implying that people with demographic similarities associate with one another, such variations may cause female entrepreneurship to be less likely to include investors and venture capitalists in their networks and to less frequently engage in investor network activities. Consequently, women face stronger needs to signal their own and their venture's legitimacy to compensate for structural barriers and stereotypical ascriptions.

General discussion and analysis of female entrepreneurship

In Ukraine the question of female entrepreneurship could eventually have been studied more. There are few obstacles beyond that, among them most important are inaccuracy of statistical databases and lack of appropriate information for making conclusion on this topic. For example, while analysing taxpayers data we find the general quantity of registered individual entrepreneurs and legal entities, main fields of entrepreneurs' occupation, gender of owners etc. However, there is no information on the scales of activities, no data on non-profit occupations, no clear records if the registered individual entrepreneur really owns a business or is just an employee, recorded as individual entrepreneur and no information on the difference between incomes of women and men in the same field. Insufficiency of such knowledge and numbers may reflect social attitude in terms of this topic as well as imperfect maintenance of statistics from the government.

According to the report "Women and men on management positions in Ukraine" [10] general correlation between men and women entrepreneurs is 60 to 40%. Individual entrepreneurship is closer to gender balance (46% of female entrepreneurs), in the same time among leaders in legal entities there are only 30% of women. Comparatively to men, involved women in Ukraine tend to be employees more frequently (87%). There is a clear segregation in woman entrepreneurship, which is the consequence of so called "glass ceiling" effect (women perform better in lower and middle levels, but less likely to be on the highest managerial level).

Prevalence of small enterprises in female entrepreneurship might be substantiated by next reasons: female entrepreneurship is mainly concentrated in those areas, features of production and technology of which does not require a large number of workers, also a restriction to expand the enterprise is the desire to find a balance between work and the family, that is, women by virtue of "double employment" seek to find time for work and for family.

Data from sociological studies indicate that gender-based professional segregation is also present in entrepreneurial activity, that is, persistent employment tendency of men and women for clearly defined professions and industries. In Ukraine the field of services and trade as well as food service are the most popular among women entrepreneurs. On the other side, manufacture and construction are in the end of the list.

The values and ratings of the Gender Inequality Index (GII), which reflects gender inequality in three dimensions – reproductive health, empowerment and economic activity, were represented in The United Nations Human Development Report 2014. In 2014 GII of Ukraine was 0.286, which means that it is on the 57th place among 155 countries. "This means that about 28.6% of the human potential is not used because of the presence of gender inequality in Ukraine" [9].

Presented above, main motivational factors by J. A. Schumpeter (the dream and the will to found a private kingdom, the will to conquer and the joy of creation) are a great base to discuss motives that drive modern Ukrainian women to entrepreneurship. Even though Schumpeter did not refer to a male or female gender in his works, we can penetrate his ideas on female entrepreneurship context, as he described general personal motives, which are common for women and men in one way or another.

We believe that the next motives also may have an impact on the decisions to become an entrepreneur:

I. personal economic freedom for women - on the one hand is alternative to unemployment, on the other hand, is a way to get rid of psychology of the kept woman. When starting an enterprise, very often the motive is to be capable to provide for herself and not to be supposed to ask or to wait for someone to give them facilities. Also, a huge push factor is represented by their children, as the instinct of maternity is tremendously developed in Ukrainian women. Their personal economic freedom frequently include the possibility to provide their kids with all of the best.

II. job dissatisfaction - there are few facts that impact job dissatisfaction for females, of whom salary and field of activities have much influence.

There is a huge gap between the rich layers and the poor layers in Ukraine, and the middle class is not very stable. The general level of satisfaction with the salary among the population is unsatisfactory, and according to the State Statistics Service for 2016, women receive 36.5% less salary than men with equal positions and skills. Job dissatisfaction can be related with the need to combine full-time job with the additional "second shift", which is housework. And finally, as we discussed previously, gender segregation on the market give preferences to women in some specific fields and vice versus, put barriers in others.

III. political and social power - household duties are still traditionally women's responsibility. Therefore, in most cases women choose jobs and positions that are flexible, have less workload and do not require high-intensive labor. Such participation of women in the labor market leads to the formation of "female" jobs that prevent the professional growth of women and significantly reduces their quality of work life. The will to have an impact and their own ambitions push women to move further than this and to have their seat by the table. The way of having all of the listed benefits is being an entrepreneur at the same level with their male counterparts.

IV. prestige - is a strong motivational factor, it's importance is underlined even in the Maslow's hierarchy of needs (section of esteem needs). Anyhow, the meaning of prestige nowadays differs from the one people had 50 or 100 years ago. For men more or less, it was always the same - to protect their families, their "kingdoms", to bring the means to their homes and to be the leaders in the society. For women instead the meaning of prestige is dramatically changing starting from the end of XX - th century. Of course, being a mother and having a family is of the highest respect in the society, but it is not enough for a modern women. Having high incomes, making an impact in the society and being a business lady is evaluated as very prestigious.

Discussing gender equality in the field of entrepreneurship in Ukraine and the barriers women encounter in their activities we will refer to institutional theory, which claims that informal institutions (norms, values, acceptable behaviors, and codes of conduct) impact women initiatives as well as formal do (legislation, rules, etc.). Ukraine is considered a country with reserved traditions, it is obvious because of its culture, societal customs, preserved religious celebrations, costumes, crafts, family attitudes. Putting these facts together, adding a mentality perception of women in the society can bring us to the conclusion that the informal institutions make a big impact in women entrepreneurship in Ukraine and may serve as

barriers in running their businesses, especially with big turnovers.

When running bigger enterprises, women encounter barriers explained in signaling theory. Their perception by investors may differ not obligatory depending of the gender, but because of the background and, what is more important - because of social capital. Differences in social capital create a big negative impact on female entrepreneurship. By social capital we mean some particular benefits, which come from the trust, mutuality, information, and cooperation associated with social networks.

Gender equality goes back to feminism, which was a part of socialist system. Women have demanded equality and they got it, but they did not know how to manage it. There are three ways to handle gender equality: to copy men's behavior - it was the path, women took in the late 1970-th and turned to be wrong, to find a specific niche for women in business or to leave gender prejudice behind and to move toward critical thinking and innovations.

Gender equality can have a positive impact on countries' economy. It is important to understand that being equal does not mean being the same, so equality in entrepreneurship would diversify approaches of leading businesses and result increasing competitiveness.

However, increasing the level of female entrepreneurship makes an impact on human capital and results country's human development index. By discriminating women in businesses we lose a vast resource of innovations, democratization and positive changes in the society.

Conclusion

In this article we perceive women as an underappreciated resource of economic growth. The main economic effect of gender discrimination in the labor market is the loss of human resources. About 28.6% of the human potential is not used because of the presence of gender inequality in Ukraine.

Barriers for women to establish and to successfully run an enterprise are explained with the help of institutional and signaling theories. According to the first one, informal and formal institutions restrict the opportunities and the initiatives of female entrepreneurship. In Ukrainian realities, legislation, that mainly represent formal institutions, is indifferent to the gender, while informal institutions make a bigger impact on women. Signaling theory indicates that social capital, gained through previous experience and background, influences the perception of investors and affect their decisions in venture financing. Apparently, men achieve better success in financing big turnaround businesses when women are mostly successful in small and medium sized enterprises.

The question of motivational factors for women in businesses is extensively reviewed in the article. The arguments presented by us are assumptions of the objective situation in the society, but they need a more detailed study. Three motivational factors by Joseph Schumpeter serve the framework for the discussion, but we added personal economic freedom for women, job dissatisfaction, political and social power and prestige as push factors of female entrepreneurship specifically in Ukraine.

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Анотація

Марія Георгіян

РОЛЬ ТА ПОЗИЦІЯ ЖІНОЧОГО ПІДПРИЄМНИЦТВА В УКРАЇНСЬКОМУ СУСПІЛЬСТВІ

Україна, як і більшість колишніх членів Радянського Союзу обрала непростий шлях розвитку і перейшла від планової до перехідної економіки. В світлі цього, роль жінки в національній економіці зазнала значних змін і до цих пір знаходиться в процесі трансформації. У статті було розглянуто позицію української жінки, як підприємця, мотиви, що спонукають до діяльності та бар'єри, з якими вони стикаються а також зроблено висновок щодо сучасного стану ринку праці.

Також, опрацьовано теоретичну базу українських та іноземних дослідників стосовно теми статті. Критичний аналіз фактів дозволив зробити висновки, що на ринку існує високий рівень сегрегації, тобто чіткого розподілу жінок та чоловіків підприємців по різних галузях та масштабах діяльності. Було виділено конкретні мотиваційні фактори, які визначають бажання жінок засновувати власну справу. Жіноче підприємництво здатне здійснювати позитивний вплив на економічний ріст країни.

Ключові слова підприємництво, мотиваційні фактори, гендер, перехідна економіка, рівність.

Аннотация

Мария Георгиян

РОЛЬ И ПОЗИЦИЯ ЖЕНСКОГО ПРЕДПРИНИМАТЕЛЬСТВА В УКРАИНСКОМ ОБЩЕСТВЕ

Украина, как и большинство бывших членов Советского Союза выбрала непростой путь развития и перешла от плановой к переходной экономике. В свете этого, роль женщины в национальной экономике потерпела значительные изменения и до сих пор находится в процессе трансформации. В статье было рассмотрено позицию украинской женщины, как предпринимателя, мотивы, побуждающие к деятельности и барьеры, с которыми они сталкиваются а также сделан вывод о современном состоянии рынка труда.

Также, обработано теоретическую базу украинских и иностранных исследователей относительно темы статьи. Критический анализ фактов позволил сделать выводы, что на рынке существует высокий уровень сегрегации, то есть четкого распределения женщин и мужчин предпринимателей по различным отраслям и масштабам деятельности. Было выделено конкретные мотивационные факторы, которые определяют желание женщин начинать собственное дело. Женское предпринимательство способно оказывать положительное влияние на экономический рост страны.

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juliahakman0797@gmail.com

Yuriy Fedkovych Chernivtsi National University, Chernivtsi, Ukraine
Fil. Dr. Jan-U. Sandal Institute, Kloveveien 31, Finstadjordet, Norway

ORCID: 0000-0001-5218-2967

INNOVATION AS CHANGE MECHANISM OF DEVELOPMENT OF DEMOCRACY

There are a few concepts of social innovation. Most often, this type of innovation means changes in society associated with new ideas in the structure of education, health, environmental protection, development of local communities, the promotion of entrepreneurship, etc. In other words, social innovation involves the creation of a new product or service that brings this or that benefit to people.

Social innovation also has one more important feature. It creates the new connections between people and new forms of interaction between them. In this case, innovation plays the role not of a new public product offering as people give new tools to act, create such a product on their own. But the topic of the interdependence between innovations mechanism and democratic development of the society is still not fully studied.

In this article, we will analyse the previous works of the researchers in this field of science and make our own conclusion.

Keywords: Innovation; Democracy; Entrepreneurship; Political System; Social Entrepreneur

Introduction

Social entrepreneurship in the twenty-first century must grasp some features of history and political economy. The role that government can play in cultivating private entrepreneurial activity, social or else. This vision for change making moves away from the state-markets impasse and instead envisions public policy that can shape markets to common purpose. Pierre Omidyar describes this vision as a corollary of economic democracy. It is predictable with his historic conception of capitalism, in which markets are driven by the choices and preferences of the individuals. So, the individual entrepreneur is the essential proponent of industrial change.

Plenty of theorists and historians have shown, that the spirit of individual entrepreneurship undergirds the experience and culture. For example, the American nation's founders, Alexander Hamilton and Benjamin Franklin, believed that "discovery and innovation must be removed from aristocracy and democratized to create a new kind of economy"[3, p. 220].

Social innovators should not be tied to any commercial interest, nor advancing any political agenda. Jan-Urban Sandal define successful entrepreneurs as "private individuals whose role can never be substituted by any group of members, be it political parties, governments, boards of directors, committees or power based authorities like the political boss" [5, p. 23]. There were different states throughout history of different trying to overrule the wisdom of science and that they have failed. As well as the horrors imposed on civil populations nationally or globally. Sure, it was a result of the failed Marxist-based socialist political ideology, that

was concerned on the distribution of wealth. Only individuals can be called creators of the economic progress.

Influence of Innovations on Democratic Development

Social entrepreneurship is not a partisan issue. But changemaking is inevitably a political act, that influences on how the individuals in society conduct themselves and interact."Winston Churchill once said that democracy may be "the worst form of government, except all the other ones" [4, p.574]. However, it is the most conducive to change making. People in a liberal democratic society, at least in theory, can more readily influence their key decision-makers, as well as express their voice and stake in local decision-making, and manifest their pleasure (or displeasure) with their representative government. The basic act of voting in a democracy, then, is clearly a simple but crucial tool for changemaking. Yet in far too many democracies, voting can range between a metaphorical "check-in-the-box" that absolves citizens from engaging meaningfully in the issues and the candidates to an outright charade and mockery of representative government.

During the case of Shelby County versus Holder, the U.S. Supreme Court struck down the central pillar of the 1965 Voting Rights Act. This Act was preserving the American constitutional right of a fair and free vote for all citizens, no matter what race they are.

In the history of changemaking in the U.S. the Voting Rights Act is a milestone. When President Lyndon Baines Johnson signed the Voting Rights Act into law, it was the moment of victory in an almost century-long struggle for enforcing the 15th

Amendment to the Constitution. The Amendment outlawed disenfranchising African Americans – and later other racial minorities.

Moreover, in the United States, social entrepreneurs are constantly looking for the ways how to bolster their democratic participation. There is a great example: Ashoka Fellow Seth Flaxman introduced his innovation, which is making voting easy and responsive to citizens. His innovation is called TurboVote. TurboVote is a technology platform that can register all voters by mail and even cast their ballots in places where it is permitted. This innovative technology uses SMS and email to remind its users to vote in every upcoming election. This can be a school board elections, as well as senator's elections. You can think that local elections are not so important, but actually local elections often yield more important and consequential impact to the day-to-day lives of most citizens.

The inventor, Flaxman, thinks that TurboVote can influence election policy up to the federal level, by integrating the platform with local election boards and facilitating the actual balloting. The program is very easy to use for everyone, just like YouTube, and can help ensure that even the most vulnerable segments of the electorate can still be registered, informed, and given a means to vote.

Another Ashoka Fellow, Jorge Soto, is improving the mechanism of elections in Mexico, which is a true multiparty democracy for only 13 years. His innovation is called CitiVox. It gives a channel for citizens to respond to their political institutions. Soto began working on the project in 2009, and, to start with, he just wanted to track Mexican elections. But later he created a social business that shares real-time communications about civic issues through text messages, email and social networking. The programme collects all this data, after that it funnels the information to key decision-makers and informs the citizen of the case and the expected response. This type of two-way communication is public and measurable. Citivox was that key point that has helped watchdog groups in Benin and Yemen to monitor election results and be sure that all vote tallies transparent. This platform is also almost integrated in every state in Brazil. Citivox is a very powerful tool that can deal with the states where the government is unable or unwilling to guarantee elections that are accountable to the public. It is a good protection of a citizen's vote.

Entrepreneurs like Flaxman and Soto, and their innovations, help the electorates to communicate with their government, or even make them do this. They're helping to embody the democratic ideal into reality [1].

Individuals should have equal opportunities of influencing the collective decisions affecting them. This approach to society is described as the fundamental democratic norm [10]. Only a single individual can change something and he/she is the essential part of the process of change. That person is designated the social entrepreneur. And in role of a social entrepreneur each one can take direct part in the collective decision-making. What is more, he/she can act without being a part of the electoral system. A successful social entrepreneur can implement new products and services, but he/she can also contribute to bring the old system to an end and open up for a more safe society. The entrepreneur can do this through the development process that leads the society in a democratic direction. People can elect the benefits that are provided by the social entrepreneurship, because they have a right to give their view on the marker, literally, to buy or to reject something. It is also made not by the electoral system. And this democratic approval is actual and takes place every day. In conditions of increasing number of social the pace of improvement and development will increase. As a result, the more people will be elevated out of poverty, misery, malnutrition, darkness and hopelessness, etc. Of course, the movement of society to democracy will speed up. Innovation, which is created by individuals, represents that significant force to the political system and has the power of transformation. This is the meaning of the fundamental democratic norm. The freedom and independence of an individual plays the role of a guarantee for the democratic development, because politicians and public authorities cannot provide the same transformation, as do social entrepreneurs.

In addition, I should mention about a comprehensive theory about how to accumulate power, put into system rather than about a theory about powerlessness. There is a need for something new that would revolutionize community development practice to exploit innovative rents in cooperative settings. These "rents" (or revenue streams) are based on new products with advanced technological or scientific inputs and organizational innovations. Co-ops and democratic economic networks hope to benefit from these inputs, but this needs a new relationship among grassroots social movements (e.g., the student movement), cooperatives (or other democratic economic networks), and the universities. These relations should be much closer. And universities are the key places of growing in emerging sectors.

It is necessary to mention about the non-profit sector's role in democracy. For example, Mark E. Warren [10] maintains that democracy, in the way it has developed among the advanced industrial

nations, represents not only a type of selection process emerging within the constitutional framework but also a mixed ecology of institutions, organisations, private citizen initiatives and cultures which, if these are able to complement each other in practical ways, help to reinforce the fundamental democratic norm that individuals should be afforded equality of opportunity to influence the collective decisions affecting them [3].

There are lots of different roles that could be played by the non-profit organisations in a democracy. Mark E. Warren states that there are three broad classifications of them [10].

The first class includes characteristics of the individuals in society. In principle, non-profits might serve to develop the democratic capacities of citizens. These organisations can realize their function by providing information and educating citizens, as well as by developing their sense of political efficacy, cultivating capacities for deliberation and problem-solving, and developing creating municipal ideals, for example, resilience, correspondence, and trust.

The second class of attributes is concerning a society's ability to make public judgments in ways that are both deliberative and comprehensive. They also may serve these public sphere functions by giving all data to the public, providing groups in society with a public voice, and, more generally, providing representations of different and common sides in ways that guarantee public deliberation.

And, finally, the third class. It means that non-profits might serve institutional functions, by providing the voice within the institutions of government, means of resistance in case when formal representation breaks down. It also provides some alternative scenes of governance.

Simply listing these functions let us understand that there are no kind of non-profit which could serve every possible democratic role. There will be no one-size-fits-all policy that will enhance all the democratic functions. Different organisations can provide different capacities, depending on their field of society.

Warren's classification is not easy to use. This is because the majority of non-profit organisations combine resources from public authorities and trade industry while achieving their goals. They use the complex of resources, unique for each one. Many public authorities assign public tasks to the third sector.

When talking about an idealised conception of the three sector classification, we can say that the state is focused on power, trade and industry on money, and voluntary work on norms.

Social innovations ought to be singled out in a separate category. We can find this in the book

"Limits of Growth" published in 1972 by the Club of Rome. Their working group first gave the definition of social innovations. They singled them out in a separate category and stated that technological progress is not only powerless to solve the global problems of mankind, but even irritates them. Moreover, it leads to undesirable results that affect the well-being of people [5].

If we define social innovation as a tool for realizing the targets of sustainable development, so what in it is a tool for creating social innovations? In order to give the answer, we should find out what innovation is. Innovations are changes. To make any change, the desire of those who produce these changes is needed. So, stimulating the desire for improvement in people, developing in them the understanding that the situation on the planet, the problems of humanity are not a dogma, but rather are the consequence of how public relations are organized. This is the first and most significant goal of social innovation.

How can we lead individuals to understand that they can directly influence their lives, that they can effectively impact on the society? Firstly, we should give them the chance to feel that they can make the great changes by their participation. The system of representative democracy has taught people that what a little group of individuals takes the lion's share in deciding instead of us. This is the dangerous contradiction of the current democratic system. This system provokes common lack of involvement in civic activity. At present we have the increasing number of individuals aware of the pressing need for personal, direct participation in the life of society and the country. This is absolutely a very positive trend. This is what we call civic activity. The development of techniques for realizing civic activity, which empowers the thoughts and activities of individuals and groups of individuals, is done by researchers working in the social sciences and driven by the want to solve small and global problems of society.

How to explain the way how democracy contributes to the development and implementation of cognitive and institutional innovation? For what reason do democratic societies promote the development of the most dynamic technologies, forms of social life, scientific research?

I will try to explain this. Since the XVII century, Western and Northern Europe, primarily England, the Netherlands, Switzerland, the Venetian Republic, Sweden turn into the centre of world economic and scientific progress. These countries had the elective institutions of representative power, a significant part of the world's scientific, technical and economic innovations were concentrated.

The problem of the interdependence between the availability of democratic institutions and the dissemination of the principles of a market economy has long attracted the attention of researchers. But this issue still is not fully discovered. For example, the prospects of authoritarian market regimes in Taiwan and South Korea in the 1970s-1980s or Singapore and Malaysia today, remain theoretically poorly justified. The attitude of researchers to the method of transition to modern society used by these regimes varied depending on the current economic situation. It was varying from the positive to the negative during the global financial crisis of the 1990s. The problem really is very difficult.

A feature of a market economy is that competition generates pluralism, not only economic. Concentration of economic potential in the hands of competing entities in the market leads to the emergence of a certain type of political pluralism. Such pluralism, in turn, leads to the creation of a model of conflict resolution, primarily a system of constant negotiations on the rules of the economic game, and this already makes it possible to talk about the process of formation democratic practices in society. The market authoritarian regime contains elements of democratic procedures and is usually forced to some extent to institutionalize them. These elements are not less, but even more important for the development of democracy than general elections. General elections can lead (and often lead) to political instability and economic chaos.

But this is only one side of the problem. With an authoritarian regime, an established (even institutionalized) system of "intra-elite" negotiations does not prevent elite groups from practically completely appropriating the advantages created by the introduction of innovations. Meanwhile, as F. Hayek shows, the market economy is a constant search and use of innovations [2]. The question arises: what political conditions can support the flow of innovation at the level necessary for the functioning of a market economy? Innovations are possible only when there are certain social conditions for both the inventions themselves and for their implementation. This process is very capital-intensive, requiring an understanding of its remote prospects. The one who takes the risk naturally expects to benefit from the use of innovation.

But successful implementation spontaneously spread innovation, and the initiators who invested in its creation of intellectual and economic resources, lose control over innovative production and marketing, and therefore a significant share of profits. It would be logical to provide at least a

temporary monopoly on the use of the benefits of innovation for those who risked their resources, but this approach suffers society as a whole. How to find a compromise between the interest of society in maximizing the use of innovative capacity and preserving the incentive to the innovation activity associated with the social risk?

If for the sake of "public good" to reduce or eliminate the advantages of inventors and those who implement their findings, innovation activity will immediately fall. At the same time, excessive advantages for these categories can ultimately lead to imbalances in a society that violates the prevailing notions of "justice", which is fraught with revolutionary upheavals. Thus, it becomes obvious that the development and implementation of innovations is a serious socio-political problem, closely related to the development of democratic practices. For example, it is the system of negotiations that support an acceptable balance of power and the distribution of resources in society.

Conclusion

We can make a conclusion, that social innovations are that significant push factor, which shifts the focus in social entrepreneurship from technological progress to the development of human values. It shouldn't be concerned only on increasing prosperity and economic growth. The sense of sustainable development is alternative development of society, which does not necessarily have to be oriented toward technological progress. Social innovations are the powerful tool for achieving the goals of sustainable development and of developing democracy.

Entrepreneurs are the individuals who make changes and carry out the innovations. In this article we looked at the social innovations as at the power developing and maintaining democracy. There are the main points that should be singled out after all. Firstly, it is obvious that a political system of every country is static, while the innovations are dynamic. The political system is not transformative, and its representatives or government groups can't embody the idea of social innovation into reality. Only a single individuals, independent and free of political propaganda, can carry out the innovations and lead the society in a democratic direction.

Modern society needs a liberal education and new learning systems if we want to move to a true democracy. Many of us consider present static education and redistribution of wealth as a solution of the problem, but they are not. People by themselves should move the society and feel independent in making their decisions. Innovations are the driving force for a successful development.

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Анотація

Юлія Гакман

ІННОВАЦІЯ ЯК МЕХАНІЗМ ЗМІН В РОЗВИТКУ ДЕМОКРАТІЇ

Існує декілька ідей соціальної інновації. Найчастіше цей тип інновацій означає зміни в суспільстві, пов'язані з новими ідеями в структурі освіти, охороні здоров'я та довкілля, розвитку місцевих громад, заохоченні підприємництва, тощо. Іншими словами, соціальні інновації включають створення нового продукту або послуги, які принесуть ту чи іншу вигоду людям.

Соціальна інновація також має ще одну важливу рису. Вона передбачає створення нових зв'язків між людьми та нових видів взаємодії між ними. В цьому випадку інновація відіграє роль не нового продукту, а інструменту для людей, що допоможе їм створити цей продукт самостійно. Проте тема взаємозв'язку інноваційних механізмів та розвитку демократії в суспільстві все ще не повністю досліджена.

В цій статті ми проаналізуємо попередні роботи науковців в цій даній сфері науки та винесемо власний висновок.

Ключові слова: інновація; демократія; підприємництво; політична система; соціальний підприємець.

Аннотация

Юлия Гакман

ИННОВАЦИЯ КАК МЕХАНИЗМ ИЗМЕНЕНИЙ В РАЗВИТИИ ДЕМОКРАТИИ

Существуют несколько идей социальной инновации. Чаще всего, этот тип инноваций означает изменения в обществе, связанные с новыми идеями в структуре образования, здравоохранения, охране окружающей среды, развитии местных обществ, поощрении предпринимательства, и так далее. Другими словами, социальные инновации включают создание нового продукта или услуги, которые принесут ту или иную выгоду людям.

Социальная инновация имеет еще одну важную черту. Она подразумевает создание новых связей между людьми и новых видов взаимодействия между ними. В этом случае инновация играет роль не нового продукта, а инструмента для людей, который поможет им создать этот продукт самостоятельно. Однако тема взаимосвязи между инновационными механизмами и развитием демократии в обществе все еще не полностью исследована.

В этой статье мы проанализируем предыдущие работы ученых в данной сфере науки и сделаем собственные выводы.

Ключевые слова: инновация, демократия, предпринимательство, политическая система, социальный предприниматель.

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Affiliated Honorary Research Fellow Fil. Dr. Jan-U. Sandal Institute, Norway

achyutnepal1962@gmail.com

CAPITALISM OR SOCIALISM: WHICH REPLACES?

Human civilization has come across different stages of development. Social transformation and political economy are integrated. Social transformation toward each of the new progressive stage is a process of development. Transformation is basically spontaneous but political forces can make the pace of transformation faster. In overall, the world is in capitalist stage, however, there are exceptions. In a country level, capitalist and socialist ideological forces has replaced and changed each other in different times, but this is short term. But here, short term means an era that may extend to decades or even centuries. Ultimately human society moves toward progressive stage and the ultimate destiny is the democracy.

Keywords: Capitalism, Communism, Democracy, Socialism, Social Transformation

Problem Statement and Significance In the intellectual climate of thinking on political economy all over the world, thinkers have delved into the philosophical framework of the social evolution and development as the central theme of their work. Capitalism, socialism and even communism have greatly influenced utilization of the time of the great thinkers not only in the history but the work and contribution of the contemporary scholars are also revolving in the study of this social process.

The words capitalism, socialism and communism suggest distinct etymology. The popular meaning of the capitalism is that it is a form of the political and economic system where trade and industry are controlled by private sector with the motive for profit and not by the state. In contrast socialism is a form of social and economic system featured with stated ownership and control over the means of production.

Nepal, a south-Asian country very smaller than neighboring countries India and China but many times larger than few other countries in the south-Asian region like Bhutan and Maldives and more than two times larger than Srilanka, has undergone historic political change over the recent decades.

At the time when erstwhile Soviet bloc and east European countries after called as socialist bloc for about almost seventy years or so, are now advocating capitalism. China, named itself as communist country is not called as communist country even by the hard core communist scholars and further not by the scholars who advocates capitalism. Cuba and North Korea are there who still claim to be different from rest of the other practices.

On the verge of first parliamentary election of the federal parliament and the provincial legislature Nepalese society have had discussion over the election agenda of the current left-alliance. Even though the present constitution of Nepal mentions socialism as the guiding principle of the state, Nepalese society is on hype with the left-alliance

slogan of promoting socialist model of state. Nepalese society is also undergoing in the transformation process. After 2005/006 popular movement and comprehensive peace agreement with the then Maoist Communist Party, Nepal has adopted Federal Democratic structure of the governance and the constitution has accepted socialism as its guiding principle in its preamble.

“Being committed to socialism based on democratic norms and values including people’s competitive multiparty democratic system of governance, civil liberties, fundamental rights, human rights, adult franchise, periodic election, full freedom of the press, and independent, impartial and competent judiciary and concept of the rule of law and build a prosperous nation...”
[11, p. 6]

My understanding of Marxian philosophical frameworks is that it advocates the societal development of state from capitalism to socialism and lastly towards communism. What has found is that Nepalese communists are still strong believer of this development framework of the society and interestingly, at the same time when the other part of the world as mentioned remained in rule and practicing the so-called socialist model for a long time in the history are now advocating and adopting the capitalist model. Most emerging Nepalese powerful political forces are enthusiastically trying to dig the way for socialism. As a member of the general Nepalese civil society what came in my mind that is this right way Nepal can achieve its goal of replacing the current so-called capitalist society into a socialist society? What is the lesson learnt from the history around world mentioned above? In a nutshell, which replaces which: capitalism by socialism or socialism by capitalism? This is the central theme this article will delve into.

Analysis of Previous/Recent Research The most distinguishing feature of political economy is that its

laws unlike to those of natural science are not permanent and majority of them exist and operate for a definite historical period. The existence and operation of that historical stage give place to new laws, but the old laws are not abolished, instead lose their validity and depart from the scene giving place to new economic condition and new laws.

Generally adopted conclusion about the development of human civilization is that it has emerged from different stage of development. From the stone-age to agricultural and feudal to capitalist stage has been the conclusion of many of the philosophers/theorist. Except for the countries like USA which clearly has declared itself as capitalist country and generally understood and interpreted by rest of the world to be capitalist society and to remain as capitalist society, it can generally be found that political system of countries around the world has great volatility of adopting alternative political ideology from time to time by means of democratic election or otherwise.

The philosophy of socialism has been made most confusing. For many of the countries which are claimed as communist society and which have come to power from among the armed conflict have also claimed that they are in socialist stage but the direction is toward communism with leadership of communist party. There are many countries having political forces in power which claim to be socialist forces. In many European, African, Asian and South American countries political forces propagated as socialist have come to and gone from the power. The scene can be found in South Asian countries as well. In the biggest claimed democracy in the world, India, no political forces seem to have rejected socialism clearly and there is doubt that they are having the slogan just to gain the popularity among people who have been deprived of the basic humanitarian need and are in daily struggle to keep their breath going.

Most of the social scientist and philosophers argue the economic and social system and its development over the centuries ranges in different level. Among them capitalism and socialism is the common proposition of Marx and Schumpeter. The difference between them is that in Marxian view socialism is to be replaced by Communism whereas Schumpeter argues that Socialism is followed by Democracy.

Key focus in economics is the production function. Simply, by production function we mean physical output obtained out of the production process using the physical input i.e., the factor of production. The production function is a relation between the factors of production. Among the factors the relation between capital and the labor is most critical on which the great theories in political

economy have been delve into. Production function can be static and dynamic. While former denotes producing more of the same and leads to optimum and brings entrepreneurial profit to an end, the latter denotes the dynamism of production function that gives society new possibilities and open up for new product services and market [17].

The Schumpeterian trilogy that divides the technological changes process into three stages is to provide a useful taxonomy. In the first, the invention process encompasses the generation of new ideas. In the second stage, which is the innovation process encompasses the development of new ideas into marketable product and processes. The third stage is the diffusion stage, in which the new product and process spread across the potential market [13].

Generally, three resources i.e. the land, labor and capital are regarded as the factor of production. Classical economists Adam Smith, David Ricardo focused on these factors. The neo-classical economist extended the concept by developing the alternative theory of value and distribution and introduced the financial capital, working capital, and technology. Recent authors have added entrepreneur human capital, intellectual capital. Entrepreneurship has been taken as the fourth factor by the recent economist.

Marxian philosophy considers labor as the key element of production and Marx's surplus value model of $M-C \dots P \dots C'-M$ which shows the circuit of money capital [10], where C and M are the money at initial stage put in place as capital. The dots indicate interruption in the circulation process. Similarly C' and M' indicate money with surplus through the production process and again used as capital.

There is almost consensus on defining the term capitalism. It can be found that it generally has been defined as political, social and economic system of governance. The main features of capitalism include features like individual freedom, open and competitive market, private ownership in means of production and property. General criticism observed against capitalist system is that capitalist system is handled by minority capitalist; workers who are in majority must work for wages from the capitalist who hold all the means of production. The state has limited role to play that may include the protection of state territory and defense matter, internal security and external relations. Etymology indicates capital seems to have its origin from Latin word '*capitale*' based on the word '*capute*' meaning owner of a property [9]

"For Karl Marx capitalism is quintessentially a class system distinguished by the specific economic form in which unpaid surplus labor is

appropriated from the direct producers. The accumulation of socially produced wealth as capital therefore presupposes the prior establishment of class relation"[12, p. 365].

Capital is the all dominating power of bourgeois society; only capital and labor is important in social relation; capitalist production promotes a degree of labor mobility never before approached in earlier form of society; capitalist society is characterized by a degree of labor mobility much greater than that prevailed in any previous form of society [21]. Reviewing the work of Ha-Joon Chang titled '*Bad Samaritan: The Myth of Free Trade and the Secret History of Capitalism*', Losnoc mentions:

"Bad Samaritan who preaches free market and free trade to the poor countries, taking advantage of other who are in trouble. Due to the historical amnesia and established double standards today's Bad Samaritans do not realize that their recommendations of free market and free trade are hurting the developing countries"[3, p. 535].

Before feudalism, feudalism, capitalism, socialism, communism and democracy are all the process of social transformation. Every new stage of development evolves at the end of the previous stage. Capitalism is the successor of feudalism.

We can find that work of economists have been mainly focused on discovering the general law of capitalism. Prediction of David Ricardo that accumulation of capital to termination in economic stagnation, inequality and greater share of national income accrued to landowners was followed by Karl Marx forecasting inevitable impoverishment of proletariats [1].

Classical economists Adam Smith, David Ricardo, James Stuart and other explained the origin, logic and other aspects including essential rightness of the capitalism. Sometimes economic theory gets more popularity on the basis of the choices of the political forces in the society. *Wealth of Nation* by Adam Smith was popular once the leaders found the book useful for promoting the political agenda to achieve their desired outcomes [16]. *"The seed of capitalism had been planted long before the age of classical political economy"*[16, p.369]. For Karl Marx the entire phase of social and financial structure was evolutionary. Capitalism was a phase in the evolution process evacuating the old agricultural economy and advancing toward private property and the class structure. Marx's economics aspects was just a section, however an essential part, of his everything exhaustive sociological and political theories. Marx hypothesized that the class structures of societies, their political frameworks and

their way of life were impacted by the way in which goods and services are produced in the society [2].

No theory has been brought from outside the society or the environment. Every theory exists as an abstract form before it has been dig and taken out in concrete form by the researcher or the theorists. Socio-economic theory inheritably exists in the society. Theories in actual are not created but found out. The great contribution of all the theorists is their scholarly work and study that they come with certain theory in concrete form capable of easily recognizable and understandable by everyone interested. Theories are not created but evolved out from the interaction of social and economic forces in the society. For the Marxist, human action is itself responsible for the changes which the society is undergoing and will undergo [21].

The theories of political economy are also the outcome of the study of the evolution, development and destruction of social and economic system by the scientists of the field. Adam Smith studied the rule of social economy that how it works. Marx extensively analysed the development of political economy and capitalism and project it to move towards socialism as rule of development towards communism. Schumpeter analysed the ending of capital through the process of 'creative destruction' to follow direction towards 'democracy'.

Introducing J. A. Schumpeter, Richard Swedberg has mentioned that up to the end of his life, Schumpeter was as yet persuaded that the primary proposition of Capitalism, Socialism and Democracy was right: capitalism was going to be replaced by socialism [20]. Excellently different and interesting to mention is *"capitalism is bound to disappear not because of its failure but because of its success"*[20, p. ix].

Over the development process, spontaneous change in the production function occurs and established patterns of production system. New and more efficient ways of production opens new markets and changes the rule of competition. The entities unable to change themselves along the process of new development come to an end, and this is the creative destruction[18]

Development in technology has great influence over the change in the society. Paul Mason, a writer and broadcaster on economics and social justice call the current state of society as "Post Capitalism". In the Guardian, he mentioned *"as with the end of feudalism 500 years ago, capitalism's replacement by post capitalism will be accelerated by external shocks and shaped by the emergence of new kind of human being. And it has started"* (14, p. 2). Paul elaborates on abolishment of capitalism and the dynamism behind, he mentioned:

"Without us noticing, we are entering the post capitalist era. At the heart of further change to come is information technology new ways of working and the sharing economy. The old ways will take a long while to disappear, but it's time to be utopian. Capitalism, it turns out, will not be abolished by forced-march techniques. It will be abolished by creating something more dynamic that exists, at first, almost unseen within the old system, but which will break through, reshaping the economy around new values and behaviours" [14, pp 1-2].

Eillie Anzillottie, an Assistant Editor in the FAST COMPANY quoting one of the America's foremost Marxist economists, Richard Wolff mentioned *"Americans are getting closer and closer to understanding that they live in a economic system that is not working for them, and will not work for their kinds"*[4, p.2]. Anzillottie further mentioned *"but that might be mean we're looking in the wrong places* [p. 3] and clarifies by quoting Wolff's saying *"I don't want people to think in terms of Russia and China"* [4, p. 3]. Referring to the current trend in the US society Anzillottie quoting Wolff mentioned:

"In the U.S., businesses converting to cooperative workplace models are the functional equivalent of those runaway serfs. Around 10 cities across the U.S. have, in recent years, launched initiatives specifically to support the development of worker co-ops, which have been especially beneficial in creating job and wage stability in low income neighborhoods. Because worker are beholden to themselves and each other, rather than a CEO and a board of directors, the model parts way with the capitalist structure and advances something that more closely resembles a true democratic system"[4, p. 4].

Wolff, as quoted said the above, as the beginning of the end of capitalism.

To correlate Schumpeter's idea with idea of writers of this era, even a very thin line of difference is difficult to identify. To quote him:

"The capitalist order tends to destroy itself and that centralist socialism is with the qualifications mentioned above – a likely heir apparent. Marx was wrong in his diagnosis of the manner in which capitalist society would break down; he was not wrong in the prediction that it would breakdown eventually"[20, pp. 423, 431].

Emergence of a new one or renaissance of the old order of society may be due to the different causes.

Poverty, injustice, inequality, discrimination with the ground of culture, language, ethnicity, nationalism and many more causes have had played role in emergence of new or renaissance of the old order. For example, Russian revolution in the early 20th century might have been due to the reason like inequality, injustice etc. but the collapse of the USSR had been the renaissance of nationalism. To quote Mark R. Beissinger:

"The role of nationalism in the collapse of communism in the late 1980s and early 1990s, arguing that nationalism (both in its presence and its absence, and in the various conflicts and disorders that it unleashed) played an important role in structuring the way in which communism collapsed"[6, p. 331].

Dogmatist view point of the theory of social development cannot be applicable and even not sustainable. Lenin also was of the view that saying of Marx, Engels and Lenin himself must never be taken as dogma or as a panacea. As quoted by Xue Muqiao Lenin also said:

"We do not regard Mark's theory as something completed and inviolable on the contrary, we are convinced that it has only laid the foundation stone of the science which socialists must develop in all directions if they wish to keep pace with life"[15, p. vi].

The historical Chinese framework of socialism is basically the Marxist framework. *"Socialism is the necessary stage of transition between capitalism and communism. The period of socialism may last several hundred years and covers the transition from capitalism to socialism and from socialism to communism"*[15, p. xiii].

The Chinese model is deficient in some basic respect, and easily replicable in other context. Countries which attempts to follow Chinese Prime Minister Xi's invitation to emulate china would not succeed because of their different organisational history. So the development with Chinese characteristics is really only for China [5].

Democracy denotes individuals and their elected representative within the framework of governance of the society with norm where everyone shall have the same right/opportunity to influence the process, system and themselves[18]. Democratization is an on-going process [7].

Richard Swedberg mentioned *"Schumpeter admired Marx's sociology very much but was more sceptical to his economics very much. He credited Marx for introducing the dynamic element in analysis of economic theory something that Schumpeter tried to do through his theory of entrepreneur"*[20, p. xv].

An entrepreneur is a person who undertakes the responsibility for carrying out new combinations of the means of production. A social entrepreneur is a person who is specialized in starting and running a business in the social sector of the economy. Similarly a social entrepreneurship is a special form of management which purposed is to run a production function in such a way as to ensure increased value for all the participating parties in that function [18]. The important feature of social entrepreneurship is with making innovative combination of production means for making a justifiable profit its process leads the society in a democratic direction.

Democracy is the form of a system for governing a society. It consists of the individual and their elected representative and its basic norms are everyone shall have the same right (and opportunity) to influence the collective decisions that influence the system and themselves. In a democratic society everyone has right to express themselves pragmatically in the social system [18]

Purpose and Objectives The general objective of this article is to review the literature on the evolution process of the development of political economic system. The specific objectives are:

- i. Does the rule that capitalism is to be replaced by socialism actually prevail?
- ii. Does the current phenomenon of Nepalese society indicate that socialism is the future course of action of overall Nepalese political system?

The method of the study includes review of the great philosophical literature on political economy and development, taking opinion of the national political scientist analyzing the current political agenda of Nepalese society. With the collection of this information, discussion and analysis of the information and drawing a conclusion on the study will follow. The philosophical view as 'pragmatists' view according to John Creswell [8] can be seen in this article.

Which Replaces? Marxist analysis of the societal stages of human civilization are stone age, slavery age, agricultural age, capitalist age, socialist age and ultimately the communist age. Schumpeter's analysis is not different from the stages of the above except the stage of democracy instead of communism in Marxist philosophy.

Marx introduced dynamic elements in economic theory which is something that Schumpeter analysed through the social entrepreneurship. The inherent force to drive the societal change towards new stage of civilization from the old one, according to the Marxist view is the conflict between the labor (proletariat) and owner of capital which is reflected as class struggle. Marxist still believes that such

dynamic social transformation needs leadership of a communist party.

World movement of social transformation does not showed that the older stage that was replaced by a new one. But this seems valid up to the stage of capitalism. Because from the stage of capitalism, transformation of society to socialism and/or communism (Marxist) or democracy (Schumpeter) has been replaced one another over the political system changes in countries. The erstwhile USSR became disintegrated and the main dominant power of union, Russia now seen neither a socialist nor a communist.

Most of the then East European communist countries have collapsed and now practicing different system. China the most populous country which adopted communist system in the forties of the twentieth century has remained in its original form for around forty years only and in the eighties of the twentieth century onward its political system significantly departed toward the capitalist development with documented state policy of socialism under the leadership of a communist party.

One common thing among the communist labeled countries all had seemed assumed that communism is the destination of transformation of society from that onward no specific stage has to enter. However, there can be different stages of development within the communism itself as a general rule. Also another common philosophical proposition of these countries has been that the journey towards communism starts from the stage of socialism under the leadership of a party which believes in communism.

Society is facing many new problems, had no experience, little knowledge and few means to solve the new problems. Internationalization and rapid development create new situation and everyone in the society wants to take a part in the change. But the challenge is how to change the world[18]. Social entrepreneurship has great role to play in social transformation.

Social entrepreneurship is a special form of management which purpose is to run a production function in such a way as to ensure increased value for all the participating parties in that function[18]. Social Innovation is integral to the process of social entrepreneurship whereby the individual makes free and independent decisions concerning the combination and use of factor of production, with the aim of introducing a social service which improves people's lives and has not been on the market previously [18].

Prof. Sandal, quoting Joseph A. Schumpeter has given five areas of innovation; a new good, a new method of production, opening of a new market, new source of input materials and carrying out of

new organization of any industry. A social entrepreneur runs a social enterprise, which focuses its business in social sector of the economy making a business profit and social value [18]. With respect to contribution of social entrepreneur in social transformation process Prof. Sandal mentions:

“Successful social entrepreneurs are strong individuals and their methods are genuine and independent. They never work side by side, they do not copy others work and their motivation is to succeed with their tasks. Unlawfulness is not a part of their process but their achievements changes society by moving borders and giving new opportunities to many” [19, p. 48].

Transformation of society is a process of social development. Even if nobody works for transformation knowingly, the process keeps going. But in a situation of emergence of some social forces/power from among the society, the transformation becomes faster. History indicates forceful changes in the society with changes in political system may collapse or will not be sustainable. That can only be a legal façade. But spontaneous transformation process can bring sustainable change in the society that can pave the way of the final destiny, the democratic form of the society. According to Prof. Sandal, the basic norm of a democratic society is the same right to everyone to influence the collective decisions that influence system and themselves.

Conclusion:

Transformation of society into a direction which ensures equal opportunity to all to develop is inevitable. Social transformation passes through various stages. In this diverse world, any step of social transformation cannot come simultaneously at once in different and diverse society (country). It's a matter of time which may be hundreds or even

thousands of years time span. Importantly, for the short time horizon it is not necessary that society cannot revert back to the old system but the long term direction of transformation is always towards progressive transformation to socialism and to the democracy. In other words, ups and down within the adopted social system or between the systems may delay the transformation process but cannot stop the society to be transformed progressively from old to new system. The transformation process definitely proceeds from capitalism to socialism. Ultimately the society enters into democracy. For Marxist ideologist the ultimate stage of social transformation is towards communism.

The present left-alliance government of Nepal has taken the state programs in a direction to drive the society towards socialist direction. The important point in Nepal is that all the major parties do advocate socialism. Even the Nepali Congress Party which pleads itself to be number one democratic has also taken socialism as its philosophic framework of social transformation of Nepalese society.

Last but not least, in a situation of fusion of left-alliance and democratic forces to speed up of the pace of social transformation towards socialism and if they are honest to abide themselves by the Nepali constitutional provision, Nepali society can move towards socialist transformation gradually. But their failure will lead to winning ground for the powers who directly and indirectly wishes to push back the process of transformation. But the pushing back attempt would be a short term phenomena because the idea of the great thinkers and philosophers in review of the literature and history of social transformation process indicates transformation process is keeps going with many ups and downs according to the activities of the political power in promoting their political agenda to achieve their desired outcomes.

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Анотація

Ачют Непал

КАПИТАЛІЗМ ЧИ СОЦІАЛІЗМ: ЩО ПЕРЕМОЖЕ?

Цивілізація людства пройшла різні етапи розвитку. Соціальні перетворення та політична економіка є взаємопов'язаними. На політичній економіці відображаються різні аспекти соціального процесу, включаючи підприємництво. Важливою особливістю соціального підприємництва є створення інноваційної комбінації виробничих засобів з метою обґрунтування прибутку для ведення суспільства в демократичному напрямку.

В статті використано літературу з економічної історії, еволюційного процесу політичної трансформації та розвитку політичної економічної системи. Аналіз розвитку в непальському контексті аналізується разом з економічною історією. Наступна методологія полягає в зборі інформації та аналізі, формуванні висновків. Навчання в основному оберталося навколо думки "прагматиків" щодо філософії досліджень.

Соціальні перетворення та політична економіка інтегровані. Соціальне перетворення, що починає кожну нову прогресивну стадію - це розвиток. Трансформація в основному спонтанна, але політичні сили можуть пришвидшити її. Капіталістичні та соціалістичні ідеологічні сили заміняли і змінювали один одного в різні часи, але це короткострокова перспектива. Зрештою, людське суспільство рухається до прогресивного етапу, а кінцевим результатом є демократія. Поєднання лівих та демократичних сил в непальському суспільстві може поступово наближати до соціалістичної трансформації. Навіть їх невдачі щодо темпів прогресу, яким вони повинні йти, не можуть зупинити процес соціального перетворення в довгостроковій перспективі. Адже історія показала, що процес трансформації продовжує рухатись з багатьма підйомами та спадами відповідно до діяльності політичної влади, їх політичної програми.

Ключові слова: капіталізм, комунізм, демократія, соціалізм, соціальна трансформація

Аннотация

Ачют Непал

КАПИТАЛИЗМ ИЛИ СОЦИАЛИЗМ: ЧТО ПОБЕДИТ?

Цивилизация человечества прошла различные этапы развития. Социальные преобразования и политическая экономика взаимосвязаны. На политической экономике отражаются различные аспекты социального процесса, включая предпринимательство. Важной особенностью социального предпринимательства является создание инновационной комбинации производственных средств с целью обоснования прибыли для ведения общества в демократическом направлении.

В статье использована литература по экономической истории, эволюционному процессу политической трансформации и развитию политической экономической системы. Анализ развития в непальском контексте проводится вместе с экономической историей. Следующая методология заключается в сборе информации и анализе, формировании выводов. Обучение в основном вращалось вокруг мысли "прагматиков" по философии исследований.

Социальные преобразования и политическая экономика интегрированы. Социальное преобразование, которое начинает каждую новую прогрессивную стадию - это развитие. Трансформация в основном спонтанная, но политические силы могут ускорить ее. Капиталистические и социалистические идеологические силы заменяли друг друга в разные времена, но это краткосрочная перспектива. В конце концов, человеческое общество движется к прогрессивному этапу, а конечным результатом является демократия. Сочетание левых и демократических сил в непальском обществе может постепенно приближать к социальной трансформации. Даже их неудачи по темпам прогресса, с которыми они должны идти, не могут остановить процесс социального преобразования в долгосрочной перспективе. Ведь история показала, что процесс трансформации продолжает двигаться со многими подъемами и спадами в соответствии с деятельностью политической власти, их политической программой.

Ключевые слова: капитализм, коммунизм, демократия, социализм, социальная трансформация

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omarovvelvin@gmail.com

Simon Kuznets Kharkiv National University of Economics, Kharkiv, Ukraine.

Fil. Dr. Jan-U. Sandal Institute, Kløverveien, Norway;

EVOLUTION OF SCIENTIFIC APPROACHES TO MANAGEMENT OF CONSUMER BEHAVIOR

Different theoretical directions suggest and substantiate the number of significant factors influencing consumer behavior. By putting them all together more or less detailed list of consumer choice system's elements could be received, which, taking into account the ontological prerequisites, as well as provisions on the dynamic nature of consumption, allows direct modeling of such system. Special attention in such analysis deserves the factors traditionally falling out of the field of view in economic theory, such as numerous irrational determinants of demand. With their help, it is possible to explain such phenomena as impulse purchases and purchases "out of habit". To the same group of "undervalued", all factors beyond the individual analysis of the consumer should be considered. In this category, for example, it is possible to distinguish various kinds of behavioral (and in particular consumer) orientations toward other members of small and large groups into which the studied individual is included. It can be confidently asserted that social attitudes are no less important than individual ones, and therefore can not be ignored in the study of consumer behavior. Thus, despite the complexity of application, only an integrated approach to the problem posed, taking into account all the most significant factors, can lead to meaningful conclusions.

Keywords: consumer behavior, economic theory, management, sociology, psychology.

The behavior of each individual consumer is unique, as there are a lot of nuances that depend on each individual's physical and psychological characteristics, social environment and status, past experience, as well as the circumstances of specific buying situation and consumer's condition at particular moment. However, not all of these nuances have decisive influence on the final result of purchase decision. For the absolute majority of products sold, the number of consumers is large enough to make it impossible and even pointless to study the behavior of each of the consumers in detail. Therefore, the task of the manager is to identify the key features of behavior characteristic of a large (statistically significant) consumer groups. Through the definition of such features, common models of behavior inherent to the studied market are identified and described.

In economic theory, it is customary to consider consumers as extremely rational subjects who have complete information about the consumption object and who make exceptionally economically viable decisions. On practice, consumer behavior is far from ideal economic models. The consumer very seldom possesses exhaustive information about all offers on the market and can qualify it expertly; moreover, consumer often takes far from the most economically expedient decisions.

Consumption is the usage of economic (limited) good's useful properties for satisfaction of person's personal needs, during which the cost of this good is expended (destroyed), so it is withdrawn from production, distribution and exchange [3].

For a long time in economics and sociology was not given much importance to consumption and it was regarded as the secondary process, depending on production (exchange, distribution). Nevertheless, at present it is one of the most relevant topics in economy and sociology, it carries out both applied research (the study of consumers from the angle of marketing) and more fundamental sociological studies (studying the various social functions of consumption, its impact on human life and society).

Initially, in the framework of economic approach, consumer behavior was explained in terms of "economic man" model [6], i.e. main factors of consumption were price and income: the lower price and the higher income, the higher consumption becomes.

However, already in XIX century the foundations of sociological approach to individual consumption, which views consumption from the side of individual pursuing his or her conscious interests, were reestablished. The first attempts to develop a theory of consumption are connected with the number of key figures in social science of the 19th-20th centuries. K. Marx advanced the idea of commodity fetishism, formulated the law of needs exaltation during the process of needs satisfaction [12]. American scientist T. Veblen at the end of the XIX century proposed theory of demonstrative (prestigious) consumption: choice of a more expensive product is made in order to confirm consumer's high status, "maintaining the brand", matching his/her social stratum [24]. German sociologist G. Simmel put forward a number of key

ideas in fashion theory; German sociologist and economist W. Sombart proposed the concept of luxury, another German sociologist M. Weber formulated the concept of status groups and protestant ethics [22].

Consumer behaviour is the general concept for the factors and processes that determine economic actions of the consumer in the context of acquisition and consumption of studied products or services. Thus, study of consumer behaviour becomes main source of information about the market for the manager, as only through understanding the behaviour of consumers manager can come to the correct evaluation of the positioning and prospects of company's products and the desired directions of their development.

Usually this concept includes (in whole or in part, depending on the depth and purpose of the analysis):

- Determination of the initial needs of the consumer, that can be satisfied with the product or service;
- The process of making purchase decision;
- Factors that determine consumers' choice of studied products;
- The process and methods of consumption (usage) of the product;
- Factors that determine subjective assessment of consumer satisfaction with the product directly in process of usage, as well as after its consumption.

Obviously, consumption is the complex socio-economic category, thus the study of consumer behaviour is part of the research problems of various sciences. The whole set of approaches to understanding consumer behaviour can be conditionally divided into three main groups: economic, sociological and marketing.

Economic approaches to the study of consumer behavior.

In the early 70's of XIX century founders of marginalism - K. Menger and L. Walras, W. Jevons, etc. have dedicated their researches on consumption process. The basis of their approaches was the principle of marginal utility [21], under which useful object is the one, which either causes pleasure out of the benefit already available, or out of expectation of its future usefulness. And the main goal of individuals' consumer activity is the desire to maximize utility. When the individual acquires any good, the utility of each new unit of this good for him/her decreases. Finally, person comes on the verge of doubt whether he/she should spend money on purchasing another portion of this good or not. This last purchase is called the marginal purchase, and its utility is the ultimate utility. The problem of the individual's choice of certain consumer goods, that is, the definition of his/her preferences, is the

direct object of the theory of marginal utility and is resolved with the help of two approaches. Quantitative approach involves the possibility of quantitatively comparing the utility values of offers, while ordinal involves the possibility of comparing different sets of products and services based on consumer's preference.

Followers of the Austrian school L. von Mises and F. Von Hayek have expanded the subjective approach to understanding human in economic theory [10]. From their point of view, human is an activity creature. He/she has intentions, pursues certain goals, uses the means to achieve them, and builds plans of his/her behavior. These goals and means are not given to human from outside, but are created by himself/herself. Thus, individual appears as a creative person and center of economic system, and not just in role of economic processes' active subject, but in the role of a consumer. L. Von Mises writes [14, p. 95]: "Consumers, not entrepreneurs are paying salaries earned by any worker, whether he/she is captivating movie star or cleaner. Consumer's consumption of each cent determines the direction of the whole process of production and processing of the organization in all business activities".

While developing the ideas of the Austrian school, M. Rothbard [4] proposes and justifies demonstrated preference as the only possible concept. This concept prescribes to exclude the very possibility of measuring preferences, that is, to reject both quantitative and ordinal approaches to the problem of the individual's choice of specific products or services. In the author's opinion, the analysis of preferences itself is the psychology, which is not permissible in economic science. The concept of a demonstrated preference implies that human preferences are revealed on the basis of actual choice, i.e. are understood on the basis of what individual chooses, while implementing certain actions. For economic analysis, the preference itself is sufficient and there is no need to measure it, which, among other things, according to Rothbard, is erroneous or irrelevant. In accordance with the concept of demonstrated preference, economic science deals only with the preferences that reveal themselves in real action, and such understanding of preferences is the basis of logical analysis in economy.

In the end of the last century, economists K. Lancaster and G. Becker have put forward "new theory of consumption" and K. Lancaster proposed the concept of "technology of consumption" [22]. On his opinion, objects of preference, utility or well-being are not the goods themselves, but their characteristics. These characteristics are directly related to the interests of consumers. In addition,

each product has not one, but a number of interrelated characteristics, for example, apple has characteristics of taste, juiciness, pulp, etc. Different types of consumer activities form a consumption technology that links products and their characteristics. In other words, technology of consumption is a conjunction of goods consumed in certain combinations that depend on the needed by consumer characteristics. In well-developed economies with abundance and variety of products technology will be complex, while in less developed economies technology will be simpler.

At the same time, G. Becker focuses on the analysis of alternative usage of time [23]. The main idea of his theory is considering each family as a mini-factory, which, with the help of production factors, such as market goods, time of family members and other resources, releases basic consumer goods. Consumer goods can be produced with the help of various technologies: can be repaired by the consumer himself/herself or in the car service, education can be received at home or at university. The choice of technology depends on the income of the family and the value of relevant production factors. At the same time, Becker considers expense of human time, value of which can be the value of lost earnings, as one of the key factors. Such kind of approach approximates the traditional theory of consumption, which operates exclusively on the categories of price and income as the analyzed variables, to reality. Becker also makes an attempt to consider tastes and habits as variables in the economic analysis of consumption. According to the scientist, "tastes can be successfully considered as stable in time and similar for different people" [9, p. 125] and interpret them as "proceeding from the generalized principle of utility maximization and calculations based on it, without resorting to a restrictive reservation about the invariability of tastes" [9, p. 141].

Thus, the economic approach to consumer behavior focuses its attention on the acquisition act and studies how consumer choice is realized, leaving behind the analysis other components of consumer behavior and direct consumption. In this case, a person acts as a rational utility maximizer, limited only by its own income and the market price of the product.

Sociological approaches to the study of consumer behavior.

Before starting to analyze the sociological concepts of consumer behavior, some specific features of the sociological approach to the consumption should be noted. First, in sociology consumption is analyzed as a process in its specifically historical context, and not in the constructed world of the "ideal market", as, for

example, in the economical approach, and is considered at the level of social groups and society as a whole. Secondly, consumption is explored as a cultural phenomenon of society, explaining the meaning and significance of the process of consumption in society. Thirdly, the very concept of consumption depends on the concept adopted by the researcher.

One of the most popular modern approaches to the study of consumer behavior is the concept of a "consumer society", the founder and one of the main ideologists of which is J. Baudrillard [1]. Consumption society is a combination of social relations in which individual consumption, mediated by the market, plays the key role. J. Baudrillard [1] defines consumption as a systematic act of manipulating signs and sees the system of consumer goods through the prism of the code of signification (meaning) exercising control over both predecessors and individuals. Consumed goods are part of the sign system. At the same time, the mythology of the surrounding world is taking place, the meanings laid down by means of marketing and advertising replace reality for consumers. The product is perceived according to its symbolic characteristics, its material and functional nature is lost and its value is formed not by useful properties, but based on its sign value.

In this model, consumption operates as a form of social control, which generates coherence in society by the fact that individuals are understanding that it is in their interest to play by the rules of consumer society. Through the consumption of specific signs, individuals are likened to a certain group consuming similar signs, and, on the contrary, become distinct from groups that do not use these signs. Thus, consumption becomes the basis of social stratification, both vertical and horizontal.

The issues of social identity acquire special relevance in consumer society. Social identity (aspects of identity) are aspects of individual self-consciousness, resulting from belonging to social categories and identifying with them, becoming noticeable in those contexts where these social categories are important. In other words, this is the awareness of the individual's identity and place in society, as well as referring oneself and others to specific social groups. At the same time, identity is not limited to definition or self-determination, but implies a certain way of life in accordance with this definition and, among other things, a certain pattern of consumption in accordance with the expectations of others and one's own idea of how to live, eat, dress, etc.

Simultaneously with the development of the concept of mass consumption society, the cultural (in the Western literature anthropological) approach to the study of consumption is widespread, founded

by the sociological anthropologists M. Douglas and B. Isherwood [13]. This approach can also be defined as anti-economic, since according to its authors, consumption begins where the market ends. Within the framework of this approach, consumption is defined as the process of using goods, and the very essence of consumption is revealed through the definition of its functions. The authors distinguish two main functions of consumption:

- Consumption stabilizes the categories of culture and makes them visible. In contradistinction to the economic approach to consumption, which assumes the individuality of the consumer and his/her independence in decision-making, authors go to a new level of analysis, in which the benefits not only show us which specific social categories are relevant in a given culture, but also make these categories stable in some specific way;

- Consumption of goods is necessary for the formation and support of social ties. Instead of an individual consumer, considered by economists, authors are dealing with the variety of different relationships – friendly, domineering, family, etc.

Within the framework of the cultural approach, main function of consumption lies in its ability to create meanings, and not to satisfy needs. “Forget that the consumer is irrational. Forget that the benefits are suitable for eating, forget about their usefulness and try instead to agree that the benefits are used for comprehension; treat them as a non-verbal means of people's creative abilities” [13, p. 1406].

Synthesizing the ideas of cultural approach and the concept of the consumption society, British sociologist S. Miles proposes to divide the concepts of consumption and consumerism. According to S. Miles, consumption is “a set of social, cultural and economic practices that, in conjunction with the ideology of consumerism, are called upon to legitimize capitalism in the eyes of millions of people” [14, p. 148]. From this position, the category of consumerism is more interesting for studying than consumption as such. Consumerism is a broader and more complex category than the routine process of buying and consuming goods and services. The study of consumerism should bring the researcher closer to understanding and resolving the complex relationships that underlie consumption. So, if consumption is an act, then consumerism is a way of life and a cultural expression and the embodiment of the everyday act of consumption.

Thus, sociological approaches consider consumer behavior as a cultural phenomenon, and consumption itself as a process of sign manipulation, a factor of social stratification and social control, a process of constructing social identity.

Marketing approach to the study of consumer behavior.

During the second half of XX century in Western countries marketing revolution is taking place, which results in the market orientation of companies, which in practice manifests itself in the fact that producers' activities are centered on consumers. The marketing approach assumes the study of consumer behavior from the point of view of the company operating on the market, hence from the point of view of how to sell as many goods as possible to as many consumers as possible.

American economists R. Blackwell, P. Miniard and J. Angel [4] are defining consumer behavior as the actions people take when acquiring, consuming goods and services and getting rid of them. Most modern economists are similar in opinion that the key to understanding consumer behavior is the study of cultural, social, personal and psychological factors that have a direct impact on it.

On the opinion of A. C. Erasmus [7], in order to understand the behavior of consumers, it is necessary to focus on the purchase act. Not always, the buyer and consumer of the product or service is the same person, but at the time of purchase both buyer and consumer experience the same indicators, for example price, quality, packaging, etc. R. Bagozzi et al [2] have offered a conceptual model of consumer behavior that represents the relationship between consumer decisions on purchasing and factors that determine these decisions. The starting point in her study of consumer behavior is the study of the lifestyle, since the consumer buys and consumes the goods in order to maintain or improve his/her lifestyle.

Most authors, whose work is devoted to the study of consumer behavior, argue that the buyer, making the best choice and relying on rational motives, carries it out quite consciously. At the same time, the classical model of the buyer's purchasing decision process includes the following stages [25]:

- Emergence of need. Consumer is aware about his/her need in a product or in certain brand;

- Data processing. This is the process of identifying and understanding and interpretation of marketing incentives and their subsequent memorization;

- Evaluation and purchase of the certain product. Consumers, while processing information begin to evaluate competitive products that can meet their needs. They correlate the characteristics of the brand with the desired merits;

- After purchase evaluation. After buying the product consumer evaluates its quality and usefulness and compare them with expectations.

Marketing approaches to the decision-making process of product or service purchase can be

divided into three groups: classical, traditional and neoclassical approaches. Description of these approaches is shown in the figure 1.

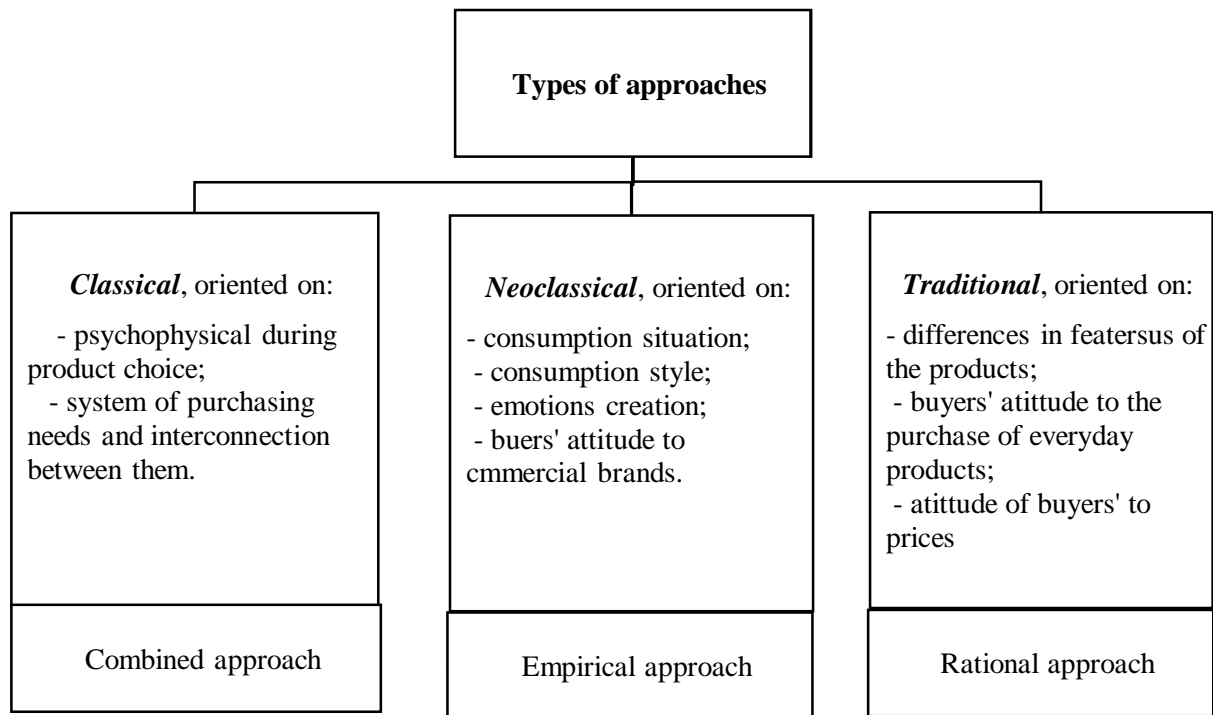


Figure 1. Marketing approaches to the process of purchase decision making.

Basing on the classical approach, trade enterprises should maintain such a product assortment, which is able to interest consumers and provide them with a choice. Basing on the approach oriented on attitude of customer to the price, two main types of clients are distinguished: sensitive to price and insensitive to price [15]. However, some studies [8; 18] are showing that the perception of prices is never objective, but consists out of set of criteria and factors. So, the perception of prices can be affected by mood, time and place of purchase, attitude to the brand, atmosphere in the store, etc.

The founder of approach focused on the situation of consumption, V. Packard formulated eight basic types of needs [5]: selling emotional security, confirming value, self-thankfulness, creativity, objects of love, sense of power, sense of devotion to traditions, eternity. These “invisible exhorters” are the primary sources of buyer’s emotional experience, which can be strengthened by means of empirical marketing with the aim of influencing consumer’s choice during his decision to purchase.

Approach oriented on the style of consumption is based on the segmentation of customers on psychographic basis. Approach oriented on emotions creation implies that sales of goods increase, if their demand already exists subconsciously in a hidden form. Therefore, using visual techniques can

stimulate needs, not only hidden, but also real. In this case, it is advisable to enterprises avoid impulse purchases, since the buyer may later become disillusioned with the trading enterprise that “inflicted” him/her the purchase. Nevertheless, visual provocation can help the buyer motivationally. The application of this approach makes it possible to increase the loyalty of customers to a particular place of sale (and, accordingly, lead to the sales increase), because it has empirical elements of the purchasing decision-making process.

Approach oriented on customer’s attitude to trademarks supports the idea that buyers identify brand with themselves, being ready to pay a special price premium for its availability. Buyers prefer one or other brand, but from the point of view of buying behavior, it can change. Each of the approaches to the purchasing decision-making process carries in itself both empirical (emotional) and rational aspects of purchasing behavior.

In the classical approach, decision-making process is the situation of selection of goods, psychophysical factors and the system of customer needs. In the neoclassical approach it is the situation of consumption, psychological conformity, the style of consumption, the visualization of goods. In the traditional approach it is the kind of products purchased and the standardization of thinking, which

leads to such hedonistic needs as diversity, novelty and entertainment. In addition, traditional approach studies the attitude toward prices (the influence on it is exerted by the mood, atmosphere of trading place, merchandising, etc.), and the attitude of buyers to the commodity brand (where the brand is the physical aspect and the aspect of sensations).

One of the main tasks of modern consumer behavior research is to study the contradictions that characterize the system of determination of individual's consumer behavior. In the process of creative activity, people create more and more new products and services that provide a variety of satisfaction of their material and spiritual needs. Modern person cannot exist without a versatile, multi-elemental by its content system of consumption. Most important feature of which is that for many people consumption goes beyond all necessary for life food and industrial products.

Almost all natural impulses of consumer behavior are replaced by the system of social impact that determines the content of specific need and interest of the individual. This trend extends to both basic necessities and those by which a person increases comfort level of his/her life [17]. Thus, the interconnectedness of consumer goods and their constant renewal contribute to drawing person into the constant and increasingly accelerating consumer race, caused by constant lack of needs' satisfaction, while in the zone of consumer attention there are always objects that could be more attractive than just purchased ones. The processes of socialization, adaptation, self-realization, communication, identification, formation of human potential are beginning to be considered through the prism of consumption.

Differences in consumption also depend on the level of income [20], but the dependence is not linear. Consumption is also experiencing constitutive influence of cultural capital accumulated in the process of practical knowledge socialization, which allows person to recognize strategies and principles of other people's action. This effect is manifested, for example, in the fact that with the growth of economic opportunities, the scale of individual's consumption does not necessarily increase. On the contrary, in the upper classes of society special tastes related to unconstrained self-restraint and a kind of social censorship are created, this is expressed, for example, in abstinence from all sorts of rude pleasures, in observance of restrictions in food (enthusiasm for different diets), etc. [19].

According to D. Navarro-Martinez, et al. [17], consumer race is increasingly beginning to determine the rhythm of life and the nature of the relationships. In this regard, the number of those who want to improve their living conditions or

simply not to lag behind in consumption from others take loans for various goods and services. Thus, the transition from life on savings to life on credit occurred. And such social factors as reference groups, family, social roles and statuses, play a major role in this process.

Often, status features of the product are not recognized or masked by utilitarian judgments about the practical effectiveness of such choice (for example, buying more expensive goods is often justified by the fact that they are better – tastier, safer, healthier). Status motives explain why differences in consumption patterns often do not depend on the thickness of purses, as for consumer product choice becomes a means of joining to certain “consumption community” and simultaneously distancing from other communities. And objects of consumption are transformed from the objects of possession into joining to community (or, on the contrary, estrangement). People tend to get good that are bought, according to their estimates, by the representatives of their reference group. In certain sense, the nature of the acquired goods is determined not by who the person is, but whom person wants to appear.

However, not everything depends on individual preferences, as his/her behavior is controlled by his/her own group and other groups. Such groups, on the one hand force their members to maintain certain consumption standards, and on the other hand restrain their selfish and rival impulses (for example, recognizing their success), trying to protect group members from the destructive effects of envy and competition [8]. Thus, such stimulation of consumption should not be interpreted as its maximization, but rather as the maintenance of its socially approved level (excessive wastefulness also becomes an object of condemnation, as well as a neglecting status conventions).

Exactly these previously described factors compose the specificity of relative income theory described by J. Dusenberry [16]. If among the friends and acquaintances of an individual there are people who substantially surpass him/her in terms of income, and consequently, in terms of living standards and consumption level, then such individual must have a strong sense of deprivation and strive to approach the consumption level of these people as close as possible. In this case individual is forced to consume more than his/her real possibilities in order not to fall out of the social circle.

Thus, consumer makes decisions not just on the basis of price and quality ratio, he/she is also guided by considerations of maintaining or enhancing status positions endowed with a certain level of prestige. And status, which although is seriously affected

factor of solvency, still has relative independence. It does not grow automatically with increased consumption volume and does not immediately decrease with its decrease.

As the result, paradox arises: people are striving for a high standard of living, which means the possibility of acquiring a certain set of “necessary” products and services, at the same time people get into a kind of “cage”.

In order to pay for these goods individual need to have a permanent, well-paid job. And the consumer can no longer “leave the game” even for a short period of time (the associated losses are unacceptable). Accordingly, individual’s working time increases and, at the same time, free time gradually decreases, as the result, opportunities for consumption decrease. Receiving one (money) resource person loses another (time) resource. Thus, in order to consume person has to give up part of

his/her consumer claims. As the result, share of coercive elements conditioned by the initial consumer choice is rising in the structure of economic motivation.

In conclusion, modern market oriented society implies consumption process more as cultural phenomenon than an economic one. At the same time, the study of consumer behavior exclusively from the point of view of sociological sciences limits the research process to a considerable extent. In a modern, constantly changing world, the most appropriate approach to managing consumer behavior should be based on the intersectional concept of economics, sociology and marketing. Such approach should recognize that social relations impregnate economic processes taking place in society, and the shared by certain groups meanings and images, which are components of a particular culture, support the entire economic life.

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Анотація

Омаров Эльвін

ЕВОЛЮЦІЯ НАУКОВИХ ПІДХОДІВ ДО УПРАВЛІННЯ ПОВЕДІНКОЮ СПОЖИВАЧІВ

Різноманітні теоретичні напрямки пропонують і обґрунтовують цілий ряд значущих чинників споживчої поведінки. Звівши їх воедино, ми отримусмо більш-менш докладний перелік елементів системи споживчого вибору, який, з урахуванням зазначених вище онтологічних передумов, а також положень про динамічний характер і наявності пам'яті, дозволяє провести безпосереднє моделювання такої системи. Особливої уваги при такому аналізі заслуговують фактори, які традиційно випадають з поля зору економічної теорії, як-то: численні «нерациональні» детермінанти попиту. З їх допомогою можливо пояснити такі явища, як імпульсні покупки і покупки «за звичкою». До цієї ж групи «недооцінених» слід зарахувати всі фактори, що виходять за межі індивідуального аналізу споживача. У цій категорії можна, наприклад, виділити різного роду поведінкові (і зокрема купівельні) орієнтації на інших членів малих і великих груп, в які включено розглянутий індивід. Можна з упевненістю стверджувати, що соціальні установки не менш важливі, ніж індивідуальні, а отже, не можуть ігноруватися при вивченні споживчої поведінки. Таким чином, незважаючи на складність застосування, тільки комплексний підхід до поставленої проблеми з урахуванням усіх найбільш значущих чинників може призвести до змістовних висновків.

Ключові слова: поведінка споживачів, економічна теорія, менеджмент, соціологія, психологія.

Аннотация

Омаров Эльвин

ЭВОЛЮЦИЯ НАУЧНЫХ ПОДХОДОВ К УПРАВЛЕНИЮ ПОВЕДЕНИЕМ ПОТРЕБИТЕЛЕЙ

Различные теоретические направления предлагают и обосновывают целый ряд значимых факторов потребительского поведения. Сведя их воедино, мы получаем более или менее подробный перечень элементов системы потребительского выбора, который с учетом указанных выше онтологических предпосылок, а также положений о динамическом характере и наличии памяти позволяет производить непосредственное моделирование такой системы. Отдельного внимания при таком анализе заслуживают факторы, традиционно выпадающие из поля зрения экономической теории, как-то: многочисленные «нерациональные» детерминанты спроса. С их помощью возможно объяснить такие явления, как импульсные покупки и покупки «по привычке». К этой же группе «недооцененных» следует причислить все факторы, выходящие за пределы индивидуального анализа потребителя. В этой категории можно, например, выделить различного рода поведенческие (и в частности покупательские) ориентации на других членов малых и больших групп, в которые включен рассматриваемый индивид. Можно с уверенностью утверждать, что социальные установки не менее важны, чем индивидуальные, а следовательно, не могут игнорироваться при изучении потребительского поведения. Таким образом, несмотря на сложность применения, только комплексный подход к поставленной проблеме с учетом всех наиболее значимых факторов может привести к содержательным выводам.

Ключевые слова: поведение потребителей, экономическая теория, управление, социология, психология.

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katiaulizko@gmail.com

Yuriy Fedkovych Chernivtsi National University, Chernivtsi, Ukraine

Fil. Dr. Jan-U. Sandal Institute, Kløverveien 31, Finstadjordet, Norway

ORCID: 0000-0001-8320-9747

CRITICAL THINKING AS A DETERMINANT ECONOMIC DEVELOPMENT

The article is devoted to the definition of the essence of critical thinking as necessary component of human mental activity in the modern information society. The paradigm of determining the criticality of personality thinking is highlighted. The systematic approach to the problems in the outstanding concepts is analyzed.

For the successful development of the world economy, we must use the latest and most original approaches that will lead to predictable innovation changes. Access to a great deal of information opens up many opportunities, but often the media and government governments skillfully manipulate people's minds, so critical thinking is a kind of filter. Liberal education using critical thinking is deprived of stereotyped thinking. No political, religious or cultural prejudice prevents the control of the unbounded science and the process of thinking. Within the population of Ukraine, there is a persistent belief in the value of education, in its vital role for a full-fledged life. This is confirmed by a large number of students and higher educational institutions in Ukraine. But the problem is that a very small part of political parties and the media are thinking about educational issues. The educational system creates a lot of frameworks for both students and teachers and they are not capable of producing new knowledge effectively. The situation on both the world labor market and in Ukraine should be better, because most students do not acquire real skills, with which they can be flexible and easily handle any kind of activity. Of course, critical thinking faces a lot of criticism and requires more time consuming, but this is what leads to independent thinking.

Keywords: critical thinking, information society, turbulence era, economic development, liberal education.

Introduction

Today we can hear a lot about informational economy or about economics of knowledge. This type of economy can be characterized as creating, distributing and using knowledge for growth and competitiveness. All spheres of tangible and intangible production, industrial and social relations develop on the basis of dynamic growth and updating of knowledge.

The driving force of the modern information economy is human creativity. Creativity - "a process of becoming sensitive to problems, deficiencies, gaps in knowledge, missing elements, disharmonies, and so on; identifying the difficulty; searching for solutions, making guesses, or formulating hypotheses about the deficiencies; testing and retesting these hypotheses and possibly modifying and retesting them; and finally communicating the results"[11], according to the Ellis Paul Torrance - has become the main source of competitive advantage. Increasing attention to the creative sphere is also explained by scientists as a result of the integration of production (first of all, connected with the digital revolution) and social (social networks), resulting in a fundamentally new channel of mass marketing of creative products. Based on the forecasts of various reputable international organizations, in the next decade, the largest part of GDP will be created mainly due to creative components.

Methodology

This article utilizes the idea of free and independent science as talked about by Sandal (2016). The analysis is essentially a survey of writing on science and its free elements. The survey of writing likewise cover the ideas of development, specific issues, the right to speak freely, part of distributing in autonomous science and its connection to information age. We have endeavored to feature the association between the free and independent sciences with these ideas.

Theoretical part of critical thinking

At the current stage of the development of society's, critical thinking is broad recognition in various fields of psychology, sociology and pedagogy. The term "critical thinking" as a logical process of reflection of objective reality is perceived ambiguously in the scientific world practice. "Critical thinking being a process which requires research, intuition, logic, experience and universal values gives individuals the ability of recognizing one's own errors and biases as well as an efficient decision making"[5, p. 16]. In this respect, "individuals who have the tendencies of critical thinking can cause differences in economics and social studies having higher cognitive skills"[2, p. 159-160]. Critical thinking involves significant independence of thinking and a high level of education and human capital. However, it would be more beneficial with more studies on critical thinking, and for this reason studies on critical

thinking would contribute to the development of interdisciplinary researches.

A distinctive feature of creativity is that it may ultimately remain in the form of a plan, and innovations should give a tangible, beneficial effect. That is why innovation is the highest and most complex form of manifestation of creativity.

Probably only those companies that will master the science of creative management of socio-economic development in the conditions of turbulence of the economy will be the leaders of socio-economic, scientific and technological progress. The main feature of turbulence is unpredictability, which nevertheless opens up new opportunities, as people go beyond the limits, become more flexible. If a country grows leaders regardless of available resources, it will win in this competitive struggle. If the country does not do this, then again, regardless of the available resources, it will lose the irpositions.

The main principle of economic leadership began to be erased - responsibility, when debts under the old loan are covered by a new one. Thus, we want to capitalize without paying. As a result, Karl Marx wrote about this in the third volume of "Capital", pseudo securities, pseudo-money are created that grow into financial pyramids faster than institutions that can stop them.

Creative ideas form a global network economy, because in the creative economy, the interaction between carriers of "ideas" is mediated by broad network connections on a global scale (the emergence of the Internet as a new technological infrastructure of the economy).

The concept of critical thinking is dating back to Socrates, is described as "ethical power guiding to virtue" and "logical way of thinking which guides our attitudes". Having been defined as describing facts correctly today, critical thinking has many other definitions in the literature.

Glaser (1985), conceptualized critical thinking in three ways "an attitude based on foreseeing and solving problems", "having the capacity of deduction and reasoning", and "being able to put all these methods into practice in daily life" [3, pp. 24–27].

Dressel and Mayhew [1] have listed the following to display the importance of the concept of critical thinking:

- The ability is especially significant for transferring information that involves ethical and spiritual values and raising children.
- The ability creates knowledge which is not randomly produced, but relevant and promising.
- The ability plays an important role to solve problems and draw valid conclusions and judge the validity of inferences.

- The ability has a long term influence on knowledge retention.

Paul suggests critical thinkers to ask themselves the following questions [8, pp. 95–102]:

- What is the purpose of my thought?
- Is the question (problem) which I struggle to answer clear enough?
- In what kind of point of view should I think about?
- What concepts or ideas constitute the center of my thought?
- What assumptions do I try to put forward?
- What knowledge will I use (data, truths, observation)?
- How should I comment on this information?
- What conclusions have I reached?
- If I accept the outputs, what about the applications? If I put my thoughts into practice what consequences will I face?

The above questions show that one may need all of the basic thinking skills for some higher order thinking processes such as critical thinking or problem solving. Critical thinking skills can be listed as follows: sorting, pairing, hypothesizing, comparing and contrasting, clustering, cause-effect analysis, forecasting, determining patterns and exceptions, planning, synthesizing, classifying, rating, deducting, reasoning, collecting data, evidence and knowledge.

According to Carl Popper's theory, any knowledge is always connected with the search for truth and the elimination of errors directly by criticizing theories and guesses - both their own and others.

Professor Ralph Johnson emphasizes the importance of critical thinking as a special kind of mental activity, which allows a person to make a sound judgment of the point of view or a model of behavior that emphasizes the role of critical thinking in solving issues and problems.

Critical thinking does not have to be completely original: the idea or the conviction of another person can be taken as own conclusions, because it seems to confirm the chosen position in solving a certain issue. A person who thinks critically can divide someone's point of view, but bases his choice on independent conclusions. Independence, therefore, is the first and, perhaps, the most important characteristic of critical thinking.

Thus, one can clearly formulate the notion of critical thinking as reflexive, that is we mean, thinking that examines, analyzes oneself, where knowledge is the starting point for the use of cognitive techniques and strategies, leading to a probabilistic assessment and logical conclusion. In the discussion part, we will look at how we can use

critical thinking to gain competitive advantages, and the goals of the decision-making process.

Discussions and Analysis

In the presence of a large amount of information it is often difficult to find in it real facts. Informatization combined with individualistic ideals gave the following ambiguous phenomenon: a large stream of judgments (indicating the use of the right to publicity and the promotion of freedom of speech), which in many cases are fragmentary, inaccurate, false and even sometimes dangerous to others.

At the same time, critical thinking can act as a negative factor, because excessive criticism that is not based on arguments can be of a threatening nature. Therefore, we need human resources that could ensure the productive development of society, taking into account the current trends of informatization.

The same state educational standards, educational requirements, educational programs and standardized educational institutions - all this is the result of industrialization. One of the highest qualities of the educational system in the world should be development that corresponds to changes in time. So, thanks to constant and timely innovation, modern education can be demanded and effective. The concept of education, which is based on a critical approach to learning, and the promotion of the use of critical thinking, with a high probability, can be the basis for future reforms. Using critical thinking, a person always ponders, looks for causation, tries to understand it, and not just perceive information. In this way, autonomy and mental activity, stimulated by critical thinking, can be an effective educational tool at the beginning of the twenty-first century.

Global principles of informatization and individualization reorient educational institutions to search for innovative teaching and education systems that would stimulate personal development according to the information age of society. In modern university education, there is a change of emphasis from learning the amount of information to the development of independent, critically reflexive thinking.

The main goal of encouraging students to be more rational is their own benefit (this is a step towards their independence), and not at all for the benefit of ourselves - the benefits of society. It is clear that in the information society there is not enough information, but lack of knowledge on how to use it in a proper way.

Skills-based learning has become very requested in an age that is driven by technology and globalization. The vast majority of representatives of the political elite, businessmen and educators view

these skills as the only way to preserve the country's competitive position. It prevents students from dreaming and makes them think from a purely practical point of view that is devoid of creativity. An open study of knowledge is leveled and recognized as a weakness.

In this era, the majority chooses mostly precise sciences, because there is a high probability that humanitarian education will not be high-paying. But liberal education plays an important role, because it is the ability for the mind to range widely and pursue interests freely.

Education enables to create and develop new authoritative people who do not have the purpose of obtaining political power, examples can be Mark Zuckerberg, Jeff Bezos, and Jack Ma. Their activities are deprived of propaganda of certain political ideologies. After returning to history, we know that many radical regimes that used pseudo knowledge could easily manipulate people and impose their ideology. Now people are more critical of the official leaders of their states and they are in a position to cast doubt on the decisions.

We have been told that the modern educational system manifested in the Bologna Decree will take care of, and largely solve both the university transformation and labor market dilemma in Europe (and elsewhere). However, the truth is that no governmental programs can ever introduce, or pave the way for any successful innovation or independent science. Individuals carry out innovations, as independent science, and governments cannot do that. The process of innovation as well as the process of independent science are based on judgmental decisions. Only individuals can make decisions, while corporate bodies and governmental agencies arrive at decisions by aggregating votes[10].

Innovation causes a shift in the technological, economic and political situation and is defined as development. Development is understood as the transformation from one static society to a new static society on a higher level.

In independent science, as well, the scientist follows the same logic and prerequisites as the independent Schumpeterian entrepreneur. Independent science means to create new knowledge – the scientific truth, to give something that previously did not exist in our knowledge base. Independent science does not build on already known facts, like the research process. Research means development by small steps and indicates a static formula. The independent scientist does not take orders, remunerations or directions from any superior master[10].

According to the UNESCO, the number of students in higher education has increased to 207

million, a special increase occurred between 2000 and 2014(+107 million) [13].

It is also very important to analyze how educational attainment affects participation in the labor market. Approximately 84% of adults after graduation are employed by OECD countries. It depends on the field of activity: the employment rate is 81% for arts and humanities, social sciences, journalism and information graduates; and 88% for information and communication technology (ICT) graduates.

In Ukraine, the number of students graduated from higher educational institutions in 2017 amounts to 359,9 thousand people. Number of graduates who received an assignment to work in 2017 totals 58,858. However, very often you can observe a situation when students start to work not in their specialty. On the one hand, this is an advantage, because free choice is a sign of a democratic society, but on the other hand it is a significant loss of highly skilled resources. So this situation requires further investigation and confirmation of its statistical data in order to eliminate this problem [12].

The transition to the Bologna Process in Ukraine is a definite advantage on many criteria; one of the most important is mobility. This criterion fosters cross-cultural thinking and helps to communicate better with different nationalities. Perhaps it is exactly what we need in the future. However, Ukraine must be careful with the exact copying of foreign education systems. For example, testing does not raise creativity, critical thinking and problem solving at all. Education should enable students to feel free to experiment and enjoy the learning process.

The ultimate goal of critical thinking is to produce innovation and independent science. The systematic and holistic nature of innovation leads the economy to continuous growth and most importantly - to meet the needs of the population. Critical thinking is constantly looking for problems (especially in the economic sphere), to solve them, thereby promoting society to new achievements. The concept of "innovation" should not only be considered as a process of creating something new and its result, but also as a way of thinking that goes beyond the traditional perception of reality and allows us to adapt to the changes of the modern world.

Conclusion

In this article we have considered the era of informatization and its main features, among which the important role is disturbed by turbulence. We came to the conclusion that turbulence leads to the creation of new and more effective ways that lead to economic growth. One of the effective ways can be the use of critical thinking, especially in educational

institutions, in particular, institutions providing higher education.

The prerequisites for encouraging the use of critical thinking in learning are the social processes of informatization and the development of the idea of individualism, as well as changes in educational standards. Critical thinking has been proven to be an effective educational tool and, in addition, an important factor in social development and an instrument for the formation of a worldview. Critical thinking also places considerable danger upon the inept presentation of ideas and methods of critical thinking, which requires detailed research and systematic implementation. Education is one of the main sources of the ability to think critically, it has the most advanced set of knowledge and practical measures designed to introduce the principles of critical thinking into life. The combination of opportunities for critical thinking and the tools of modern education creates significant prospects for individual and social development.

Significant bureaucratization leads to a static and non-innovative learning process. If the system is not successful, it needs to be changed, the only solution for the owner of the university system (which is usually the government) is to invest more money, more resources, and more effort in the system than hiring more staff, both academically and non-academically, number of programs, creating new places, expanding university networks both at the national and international level, and so on. These measures will promote the spread of problems and represent a huge amount of money and resources. A dynamic, innovative learning process is constantly under pressure for survival rather than through traditional competition, since no such competition exists under the influence of innovation, but rather because the refusal stimulates less costs and improves the quality of the management of information about the service. Liberal education means liberation; be free. No one can do this for another person, but educational systems have better or lesser approaches to freedom than one that can be justified by individual talent and individual potential. Dynamic, innovative teaching methods are exactly what is needed in order to unite more people into a substantial existence.

The era of informatization is supported by the fact that graduates of the specialties of information and communication technology (ICT) are 7% more than representatives of the humanities. Our time dictates the new conditions of the movement of social development. Transformation and achievement of scientific progress are leading to changes in the economic and social order, which usually leads to changes in the world economic order. Man must be ready for restructuring, where it

becomes necessary to participate directly in the processes of reformation. Therefore, the prospect of having a critical thinking of a citizen is unconditional. It should be noted that it would be expedient to consider the function of critical

thinking in the modern economic paradigm of society, as well as determine its essence and role in shaping the economic and responsible position of society.

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Анотація

Катерина Улізько

КРИТИЧНЕ МИСЛЕННЯ ЯК ДЕТЕРМІНАНТА ЕКОНОМІЧНОГО РОЗВИТКУ

Стаття присвячена визначенню сутності критичного мислення як необхідної складової психічної діяльності людини в сучасному інформаційному суспільстві. Висвітлено парадигму визначення критичності мислення особистості. Проаналізовано системний підхід до проблем найпопулярніших концепцій.

Для успішного розвитку світової економіки необхідно використовувати останні та найбільш оригінальні підходи, які призводитимуть до передбачуваних інноваційних змін. Доступ до великої кількості інформації відкриває безліч можливостей, але зазвичай засоби масової інформації та державні установи вміло маніпулюють розумом людей, тому критичне мислення виступає своєрідним фільтром інформації. Ліберальна освіта з використанням критичного мислення позбавлена стереотипного мислення. Жодні політичні, релігійні або культурні упередження не дозволяють контролювати незалежну науку та процес мислення. Серед населення України існує стійке упередження щодо цінності освіти, її важливої ролі в забезпеченні повноцінного життя. Це підтверджується великою кількістю студентів та вищих навчальних закладів в Україні. Але головна проблема полягає в тому, що лише невелика частина політичних партій та засобів масової інформації дискутують щодо питань освіти. Навчальна система створює багато рамок для студентів та викладачів, і вони не здатні ефективно продукувати нові знання. Ситуація як на світовому ринку праці, так і в Україні повинна бажати кращого, так як більшість студентів не набувають реальних практичних навичок, з якими вони зможуть бути гнучкими та легко виконувати будь-який вид діяльності на ринку праці. Звичайно, критичне мислення стикається з великою кількістю критики і вимагає більше часу, але саме це веде до незалежного мислення.

Ключові слова: критичне мислення, інформаційне суспільство, ера турбулентності, економічний розвиток, ліберальна освіта.

КРИТИЧЕСКОЕ МЫШЛЕНИЕ КАК ДЕТЕРМИНАНТА ЭКОНОМИЧНОГО РАЗВИТИЯ

Статья посвящена определению сущности критического мышления как необходимой составляющей психической деятельности человека в современном информационном обществе. Освещено парадигму определения критичности мышления личности. Проанализированы системный подход к проблемам самых популярных концепций.

Для успешного развития мировой экономики необходимо использовать последние и самые оригинальные подходы, которые будут приводить к предполагаемым инновационным изменениям. Доступ к большому количеству информации открывает множество возможностей, но обычно средства массовой информации и государственные учреждения умело манипулируют умами людей, поэтому критическое мышление выступает своеобразным фильтром информации. Либеральное образование с использованием критического мышления лишено стереотипного мышления. Никакие политические, религиозные или культурные предубеждения не позволяют контролировать независимую науку и процесс мышления. Среди населения Украины существует стойкое предубеждение относительно ценности образования, его важной роли в обеспечении полноценной жизни. Это подтверждается большим количеством студентов и высших учебных заведений в Украине. Но главная проблема заключается в том, что лишь небольшая часть политических партий и средств массовой информации дискутируют по теме образования. Обучающая система создает много рамок для студентов и преподавателей, и они не способны эффективно продуцировать новые знания. Ситуация как на мировом рынке труда, так и в Украине должна желать лучшего, так как большинство студентов не приобретают реальных практических навыков, с которыми они смогут быть гибкими и легко выполнять любой вид деятельности на рынке труда. Конечно, критическое мышление сталкивается с большим количеством критики и требует больше времени, но именно это ведет к независимому мышлению.

Ключевые слова: критическое мышление, информационное общество, эра турбулентности, экономическое развитие, либеральное образование.

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v8.mary@gmail.com

Yuriy Fedkovych Chernivtsi National University, Chernivtsi, Ukraine
Fil. Dr. Jan-U. Sandal Institute, Kloveervein 31, Finstadjorder, Norway

ORCID: 0000-0002-2502-6755

EQUITY FINANCING OF ENTREPRENEURIAL UKRAINIAN AND NORWEGIAN STARTUPS

The situation of Ukraine and Norway in international ratings by the number of start-ups and possibilities of attracting financial resources to them is highlighted in the article. The concept of "startup" is considered; the main features and the main sources of their financing are revealed: private capital, money of relatives and friends, business incubators, business accelerators, venture funds, business angels, crowdfunding platforms and government grant and subsidies. The strengths and weaknesses of each financial source are discovered. The essence of these sources, their development in Ukraine in the conditions of instability of the national economy and features of functioning are revealed and their development in Norway in a socialist political system. In addition, data are provided on investing innovative projects in recent years and interest rate. Comparison of ease of access to startup financing in the explored country.

Key words: Startups, business-angle, venture capital, Ukraine, Norway

Introduction

The key to the successful development of any state is the availability of innovations that can simplify and ease the lives of individuals as well as of society as a whole. The basis of innovation is the idea, which under certain conditions can turn into a market-demanded product. One of the factors of such a transformation is financial support for the implementation of the idea. Therefore, issues related to the search and attraction of financial resources for the support and development of creative and, besides, risky business structures - startups, especially due to the rapid growth of the number of Ukrainian start-ups and their demand, are becoming particularly relevant.

Business enterprise has come to be seen as a motor of monetary and social advancement all through the world. Enterprise and advancement assume a fundamental part in the financial improvement, as expressed by Joseph Schumpeter right on time in the most recent century. The startup consolidates highlights that enable it to work ideally in the troublesome states of the advanced market. The accomplishment of the startup relies upon a blend of three components: thoughts, entertainers and financing. Without a doubt, the most imperative factor is the way toward drawing in monetary ventures. Financing new companies is one of the key themes for understanding business and reinforcing general monetary proficiency.

The most original idea does not always survive on the market and finds financing for development. Developers of startups need to make a lot of effort to find at least one source of funding, not to mention three or more.

Theoretical presentation

The expression "startup" has been utilized famously finished the previous couple of years to

depict useful firms, which have just a couple of business people with energy to accomplish something new. Then again, the colossal technological organizations can be characterized as new companies. What is the meaning of the definition "startup"? We have to look to renowned researchers and business people, who carried on for a long time and today.

Steve Blank is a scholar and entrepreneur from Silicon Valley, California and had said about startups: "A startup is a temporary organization used to search for a repeatable and scalable business model" [16, p. 3].

"A startup is a company working to solve a problem where the solution is not obvious and success is not guaranteed," says Neil Blumenthal, cofounder and co-CEO of Warby Parker [17]

Joseph Alois Schumpeter particularly stresses the part of new organizations in making developments that intrude on the roundabout stream. New firms "do not arise out of the old ones but start producing beside them" [12, p. 85]. Schumpeter additionally contends, "The entrepreneur is never the risk bearer. The one who gives credit (that is, gives the important capital) comes to grief if the undertaking fails. Even though the entrepreneur may risk his reputation, the direct responsibility of failure never falls on him" [12, p. 86].

Knowledge generates innovation and then innovation is creating economic growth [1]. However, startup rates could be significantly differing between countries and within regions of the same country. By contrast, there is a much smaller theoretical literature attempting the formal modeling of the start-up process within a region [5].

Startup costs and nonattendance of capacities are two of the essential troubles that representatives need to go up against when starting up new interests

[11]. The basic piece of “people” in the foundation of any meander cannot be under-assessed [13]. The rate of big business can be evaluated statically as the autonomous work rate or logically as the start-up rate of business firms. The start-up rate is continuously being seen as comparably, if not progressively, basic than the advancement of existing firms. Firms will presumably create with a particular ultimate objective to make new occupations and to progress new and versatile definitive structures [5]. If you are producing incomes underneath \$20 million, have under 80 representatives, and remain steadfastly responsible for the organization you began, you are likely running a startup [5]. Similarly, on the off chance that you have quite recently set up a minor revenue driven venture and are determined to it ending up sufficiently enormous to assume control over the world – regardless of whether you are as yet working from your room – you are most likely a startup originator.

It should be noted that Ukraine ranks 39th in the world, from the 151st, by the number of startups included in the international ranking compiled by the Startup Ranking service and with the index of 204 startups overtook Norway, which ranks 47th with the index of 134. Examples of successful Ukrainian startups are ModnaKasta, Depositphotos, Terrasoft, TemplateMonster, Coursmos, Clickky, Augmented Pixels, GitLab, Petcube, Grammarly, etc [15].

Analyses and discussion

The generic problem in startup companies is the lack of financing. How to ramp up initial operations into such level that it can operate? Each step will require money and very soon, the startup company is knocking on all the possible doors to get money for surviving and evolving. Only very few startup company can make money without aid from investors.

Risking everything on one endeavor is never a good business strategy. This is especially true when

it comes to financing the new business. First, the best way of financing is private capital, which include personal investment. Second source, is loan in the bank or other organizations such as spouse, parents, friends, family etc. In addition, venture capital and business angels can be sources of financing. Third way is applying for government grants and subsidies. This analysis intend to consider all three ways more detailed in cases of Ukraine and Norway.

Private capital used at the stages of origin and formation, when the idea of a product, service, technology, as well as a business plan of the startup are under development, and to offer third-party investors is simply nothing. Friends and relatives can act as financial assistants when there are already costs, but no profit, and as the first users of the product or service. The main advantage of such a financial source is the lack of debt and the receipt of all profit by the startups. However, the volume of home and family funds invested in startups is, in most cases, insignificant.

In addition, in the current conditions of economic and political instability in Ukraine, friends` source of financing startups is more theoretical than practical, as the solvency of the population is at an extremely low level. The disadvantages of this kind of financing can also include difficulties in distinguishing between friendly, family and business relationships.

Loan is one of the most undesirable types of financing for a new project. This is explained for obvious reasons, namely: startup is a high-risk company that is often difficult to calculate; it is also difficult to determine the level of profitability of a project. Today, getting a loan for a startup is still quite difficult even with the availability of collateral, guarantor and well-calculated business plan, since bankers often prefer working with a business.

Table 1.

Loan interest rate in the banks` Ukrainian and Norwegian

| | Minimal interest rate in banks for small business | Maximum interest rate in banks for small business | Average interest rate |
|--------------------------|---|---|-----------------------|
| Norway commercial banks | 6.49% | 26.90% | 16.7% |
| Ukraine commercial banks | 17.82% | 27.78% | 22.8% |

We can see from table 1 [8;7] that the average interest rate is attractive and less in Norway then in Ukraine. That Norwegian entrepreneur have more source for them activity and for beginning entrepreneurship.

Small businesses and startups in Ukraine have served predominantly by the largest banks in the country. In the structure of the Ukrainian credit system, including on a regional scale, there are no

specialized institutions serving small businesses and startups. In the banking practice there is no preferential taxation and lending to banks serving small businesses and startups. For lending to small businesses in Ukraine, funds from international financial institutions and funds are widely used. In Norway, it is much easier to get a loan to open a small business due to active state support. In this

case, the loan amount is from 50 to 80% of the total amount of the startup.

Banks are reluctant to issue loans to young and non-registered businesses, since the risks of non-return of cash are high. Much more likely to get a loan from small and medium-sized businesses, which operate at least 3-6 months. To pay off possible risks, banking structures raise interest rates and reduce the number of such loans. Beginning entrepreneurs in turn are very difficult to obtain a bank loan and it is very difficult to pay it. It turns out a kind of vicious circle, which without the intervention of the state simply cannot be resolved.

The venture companies come to help the entrepreneurs. The venture has called private capital funds, which invest in companies that are in the early stages of its development. Venture companies are consciously at risk of investing in a business idea or project in order to get high interest on a relatively small amount of investments.

Many venture funds put in the scheme of work the possibility of full or partial write-off of invested funds. As a compensation for high financial risks, they claim the profitability of the invested projects from 50% to 100% per annum. The usual term for a venture investment is 3-5 years, and in some cases, the term can reach 7-8 years. Typically, venture investments are investments in high-tech industries and other industries with high potential for development, so it is unlikely to attract funds for creative startups in this way [18].

Such venture company operate in Ukraine: TaVenture, Chernovetskyi Investment Group, AVentures Capital, Vostok Ventures. Moreover, in Norway we have Nordic Venture Network, Viking Venture, Venture Scandinavia, The Hub, Alliance Venture.

Business Angel is an individual who is ready to invest in a startup at a zero or an initial stage, in exchange for a share in the future enterprise. In addition to investing money and getting a company share, business angels invest in human capital: share their experience and business knowledge, use their personal relationships and participate in making decisions.

Business angels tend to invest their own funds unlike venture capitalists who manage the money of third parties united into venture funds. Angels manage not only the opportunity to multiply their investments, but also personal interest in the startup, in which they are invested.

The main disadvantage of working with business angels is its direct intervention in project management, which may not coincide with the startup's vision, as well as the threat of termination of funding at any stage of the project's development.

It was with the support of business angels that started projects such as Twitter, Google, PayPal, Facebook, and Skype. Examples in Ukraine: Association of Time Investors of Ukraine, 908.vc, UAngel, UAban. Examples in Norway: BAN, Oslo International Angels, Norwegian Industrial and Regional Fund (SND).

European Private Equity and Venture Capital Association's 2013 May report states that private equity-backed companies have more focused in their innovation efforts and deploy better management of innovation processes than their peers. These companies account for less than 6% of total private sector employment in Europe, yet they account for up to 12% of all industrial innovation, while their spending on research and development (R&D) accounts for 8% of all industrial spending on R&D [3].

In addition to the improved productivity that arises from higher levels of innovation, private equity contributes to creating an enabling environment to enhance the levels of productivity in the economy as a whole. It does this by increasing the finance available for capital investments, supporting companies through periods of commercial or financial distress, and by increasing the operating performance of portfolio companies. Some evidence points to private equity companies being less likely to fail than companies on average are, with some studies suggesting that private equity-backed companies are up to 50% less likely to fail than non-private equity-backed companies with similar characteristics are. Private equity backing improved the operating performance of portfolio companies by 4.5% to 8.5% during the first three years after investment. Private equity participation leads to improved productivity as measured by earnings before tax, depreciation and amortization per employee of 6.9% on average. Private equity participation can lead to more sustainable employment [3].

Business incubators provide infrastructure (office, office equipment and communication), participation in trainings and thematic events, consultants or mentors for entrepreneurs who have an idea for startups. They help to carry out market research, to make a business plan, to develop the project to a level where potential investors may be interested. The conditions in which to participate in the business incubator differ in different structures. This can be a free entry for the participant with the subsequent provision of the share of the business incubator in the working project. At the same time, the package for which the incubator claims can vary from 5% to 25%. The second option is the payment for a package of services provided by the business.

In this case, the incubator does not become a co-owner of the business [2].

There are more than 20 business incubators operating in Ukraine, the most powerful among them are business accelerators of IT technology. Examples: iNub, WannaBiz, Polyteco, Happy Farm, Founder Institute. There are more than 30 business incubator operating in Norway, the TOP of 5 most important for social entrepreneurship [9]: Startup Norway, InkubatorSalten, Industriutvikling vest, Oslo Cancer Cluster Incubator AS, Alliance Venture.

Business accelerators are a model for supporting business at an early stage, which involves intensive project development as soon as possible. Participation in the accelerator is a time-limited paid educational program for entrepreneurs who come to the accelerator with an already formulated idea and team. In the process of such a program, the team receives mentor and expert support, assistance in business development. There are several models of accelerator work: some only provide assistance in the development of social capital, some provide initial funding of the project in exchange for a share in the company (4 - 10%).

Crowdfunding is an internet platform on which participants are registered - people who want to join in the implementation of innovations, but who do not have enough personal funds to invest in projects as a business angel or venture capitalist. Startups that attract funding create promotional videos that highlight the idea of the project, its goals, and the amount of investment required. The required amount is determined, the collection of money is limited in time, and as a thank you for the contribution to the project, starters offer different rewards, one way or another related to the project. Often, of course, thus, money is collected for the creation of musical albums, filming, and book publishing, social and charitable projects.

Due to the crowdfunding in startups, it is possible to raise money with minimal expenses. Of course, each platform has its own payment systems, but on average, it is only 3% to 9% of the amount involved.

In addition, the crowdfunding platforms help to get an answer to the question - is it necessary for the future product, and does it has a market and the future.

Initial financial support, on a rather loyal basis, can be provided by grant organizations to startups as compared to other investors. The essence of the activities of grant organizations is to provide financial support to young creative people with progressive ideas. When one of the funded projects becomes successful, the organization receives a "good name" and a free PR.

Ukrainians grant organization: Lviv Young Project, Microsoft Seed Fund, Global Technology Foundation, TechPeaks.

The Norway Grants support 23 program areas under five priority sectors and funds [9]:

- 1) Innovation, Research, Education and Competitiveness
- 2) Social Inclusion, Youth Employment and Poverty Reduction
- 3) Environment, Energy, Climate Change and Low Carbon Economy
- 4) Culture, Civil Society, Good Governance, and Fundamental Rights and Freedoms
- 5) Justice and Home Affairs

Government agencies design competitions to attract promising startups who are seeking funds to advance their technologies to commercialization. These competitions not only apply the internal scientific and technical capabilities of public agencies, but also draw very prestigious external review partners that can better inform the process [6].

Business enterprise arrangement in Norway is essentially the duty of the Ministry of Trade and Industry, and the Ministry additionally organizes the Government's development approach. The Ministry of Local Government and Regional Development has a noteworthy part in advancing business with a local point of view. About the structure conditions, the Ministry of Finance, the Ministry of Labor and the Ministry of Education and Research are additionally critical players. On the operational level, most subsidizing and instruments are focused around three organizations [7]:

- 1) Innovation Norway, which is in charge of advances, gifts and guidance for business and provincial improvement,
- 2) The Research Council of Norway, which is in charge of most R&D related instruments,
- 3) SIVA, the Industrial advancement Cooperation, which goes for solid provincial and modern bunches through foundation, venture and information systems and instruments.

As a rule, in Ukraine thinking about finding a source of financing for the project, the entrepreneur, in the last resort, refers to the state and the support it can provide in the development of its business. Of course, there are reasons for this: because, unfortunately, the Ukrainian state does not pay much attention to small entrepreneurs and startups, and a lot of effort is needed to get material assistance from it.

Conclusions

Thus, the analysis of sources of financing startups has shown that the main resources to support and promote the development of innovation projects are venture companies that invest a lot of money

both in the initial stages and at the stages of development and expansion of projects. The volume of financial resources coming from business angels and business accelerators is smaller, and is mainly directed at the initial stages of project implementation. Due to the economic instability in the Ukraine and the high risk of projects that are practically untapped in the financing of startups, there are banking institutions and the state.

Every year, the number of innovative ideas and progressive people who are ready to embody these ideas is growing. Ukraine have great innovation potential in the world, but it has more problems, which cannot allow developing entrepreneurial startup, for example an unstable political environment, unwillingness to mobility change of the direction of business and disinclination to invest in a sharp business environment.

Despite the protracted military actions and the continued decline of the national economy, from 2014, Ukraine has a tendency to develop venture

capital investments in IT start-ups. The total volume of venture investments in this area exceeded \$ 10 million US.

Norway, unlike Ukraine, has a problem related to a lack of entrepreneurial awareness and low-level innovation and technologies in their startups, because local entrepreneurs focus on the traditional business sector.

Ukraine and Norway have common issue in a seemingly low activity business-angel activity. In order to increase angel investment activity, entrepreneur could find out more about opportunities to benefit from startup financing.

Disinclination to mobility change of the direction of business is common feature of Ukraine and Norway. Investors are getting their money in traditional project, afraid of losing resources. It is imperative for them to take risks for economic development and well-being both for society as a whole and for individual interests.

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ФІНАНСУВАННЯ ПІДПРИЄМНИЦЬКИХ СТАРТАПІВ НОРВЕГІЇ ТА УКРАЇНИ

В статті висвітлено позиції України та Норвегії в міжнародних рейтингах за кількістю нових компаній та можливостями залучення фінансових ресурсів для них. Розглянуто поняття "стартап"; виявлено основні особливості та основні джерела фінансування стартапів: приватний капітал, гроші родичів та друзів, бізнес-інкубатори, бізнес-акселератори, венчурні фонди, бізнес-ангели та державні гранти та субсидії. Виявлено сильні та слабкі сторони кожного джерела фінансування. Розкрито сутність цих джерел, їх розвиток в Україні в умовах нестабільності національної економіки та особливості функціонування та їх розвиток в Норвегії в соціалістичній політичній системі. Крім того, надаються дані щодо інвестування в останні роки інноваційних проектів та відсоткових ставок. Порівняння легкості доступу до фінансування стартапів в досліджуваних країнах країни.

Ключові слова: стартапи, бізнес-янгели, венчурний капітал, Україна, Норвегія

Аннотация

Марина Величко

ФИНАНСИРОВАНИЯ ПРЕДПРИНИМАТЕЛЬСКИХ СТАРТАПОВ УКРАИНЫ И НОРВЕГИИ

В статье освещены позиции Украины и Норвегии в международных рейтингах по количеству новых компаний и возможностями привлечения финансовых ресурсов для них. Рассмотрено понятие "стартап"; выявлены основные особенности и основные источники финансирования стартапов: частный капитал, деньги родственников и друзей, бизнес-инкубаторы, бизнес-акселераторы, венчурные фонды, бизнес-ангелы, государственные гранты и субсидии. Выведено сильные и слабые стороны каждого источника финансирования. Раскрыта сущность этих источников, их развитие в Украине в условиях нестабильности национальной экономики и особенности функционирования и их развитие в Норвегии в социалистической политической системе. Кроме того, предоставляются данные по инвестированию в последние годы инновационных проектов и процентных ставок. Сравнение легкости доступа к финансированию стартапов в исследуемых странах страны.

Ключевые слова: стартапы, бизнес-ангелы, венчурный капитал, Норвегия, Украина

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SOCIAL ENTREPRENEURSHIP

JEL Classification: L31, O35

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loREALS007@gmail.com

University of Modern Knowledge, Kyiv, Ukrainian,

Fil. Dr. Jan-U. Sandal Institute, Kloverveien 31, Finstadjordet, Norway

ORCID: 0000-0001-7595-0260

SOCIAL ENTREPRENEURSHIP AS AN INNOVATIVE LEGAL BASIS FOR A DEVELOPMENT OF AN ECONOMY OF THE MODERN STATE (THEORETICAL ASPECT)

The theoretical aspects of the definition of social entrepreneurship as the innovative and legal basis for the economic development of the national economy, through an analytical comparison of entrepreneurship, innovations and characteristics of the modern state and legal regulation of economic processes are considered in the article. Sustainable economic development requires economic progress. The entrepreneur is the one who introduces innovations and, regardless of the economic cycle (rise or fall), turns regression into economic progress. Social entrepreneurs, acting on a legal basis, are innovators of economic development. Assuming a high mission of developing and maintaining social values, they are constantly searching for and relentlessly implementing new opportunities associated with this mission, for a positive change in society as a whole. One of the problems of the development of social entrepreneurship is the interference of politicians in this process, with the aim of channeling it in the right direction. Also, the institution of social entrepreneurship is often reduced by some scientific researchers only to a narrow solution of everyday social problems. A widespread phenomenon is the development of legal doctrines of the legal regulation of social entrepreneurship and public-private partnership in this area. This is due to certain misunderstanding and delusion in the interpretation and application of the definition being studied. The task of social entrepreneurship today is more significant. The modern economy is capable of successfully developing due to the introduction of innovations and free competition by social entrepreneurship in the presence of an optimal legal regime.

Keywords: public-private cooperation, innovation, legal regulation, entrepreneur, social entrepreneur, social entrepreneurship, economic development; social change; sustainable development; social change; scaling up.

Introduction. In the conditions of decentralization of the local government taking into account the aggravation of social problems the difficult political situation and the financial crisis, the promotion of the formation of social entrepreneurship as an innovative legal basis for sustainable economic development is extremely urgent for modern Ukraine. The task of developing a social rule of law and the formation of civil society requires institutional, legal, social changes that support social innovation.

The purpose of a research is to study individual current problems of social entrepreneurship, to theoretically and methodologically examine and substantiate certain aspects of the definition of a social entrepreneurship and to identify foundations of the concept of its innovative and legal role in the development of an economy for the progressive development of modern society.

Research methods: comparative legal analysis and synthesis, logical method, generalization, economic and legal method.

Formulation of the problem. Social entrepreneurship carrying out important constructive functions of economic activity is an effective mechanism for increasing the level of economic development and state structure. From a legal point

of view domestic social entrepreneurship does not exist because of the lack of an appropriate legislative framework. However, there are some problems of social entrepreneurship related to its legal regulation, some interference of politics and the state in its formation, diminishing its role in the scientific community due to a reduction to the solution of narrow social everyday problems of various categories of the population. For the most part they relate to the misuse of the terminology of social entrepreneurship in practice as well as the insufficient level of domestic scientific research of this definition and poor knowledge of this phenomenon of society. The article outlines some theoretical approaches to the definition of social entrepreneurship shows its innovative and legal essence and the importance of the right approach for developing a legal concept for ensuring the formation of social entrepreneurship.

Social entrepreneurship is a new opportunity to participate in the process of creating a democratic society for an ordinary person, without being elected as a representative [15, 96]. Social entrepreneurship, by and large, accumulates in itself the passion of social mission with the image of business discipline, innovation and determination. Undoubtedly, our time has already been formed for entrepreneurial

approaches to social problems (Dees,1998/2001). Many government and philanthropic efforts far from justify our expectations. Large institutions of the social sector are often perceived as inefficient and do not meet the requirements of modern society. The community sees the prospect of social entrepreneurs in creating the advanced institutions of the new century. The definition of social entrepreneurship may be new to contemporaries, but this phenomenon has existed for a long time. In fact, social entrepreneurs have always existed, even if we did not call them. Initially, they created the basis for many categories, which we now perceive as ordinary phenomena. The meaning of the new name is significant in the sense that it implies the removal of the boundaries of the segment. Social entrepreneurship can manifest itself in various ways, such as social business enterprises, such as commercial banks for financial incentives for communities, and hybrid organizations that combine commercial and non-profit elements such as homeless educational shelters. The new name helps to expand the boundaries of the playground. Social entrepreneurs are constantly looking for the most effective tools for realizing their social goals. Nevertheless, although the concept of social entrepreneurship is becoming more and more in demand, it gives rise to different views for different people. This somewhat leads to a certain misunderstanding and misunderstanding of the terminology. Most perceive social entrepreneurship only as non-profit organizations. Others see businessmen as businessmen, who associate their activities with the social responsibility of business.

Many modern individuals want to have the image of a social entrepreneur or adjust to him for different reasons, not understanding the true essence of this definition. First of all, it concerns politicians and officials, for whom social entrepreneurship is an attractive design. Politicians and statesmen, as a rule, see themselves as key figures that provide opportunities and create rules, promote and invest innovation and social entrepreneurship. They are constantly trumpeting voters about what positive changes should come and how the social order should develop, promise great social initiatives, etc. Thus laying a large number of "non-entrepreneurial" components in social entrepreneurship. Their privilege is to promise the public a high standard of living and reap the benefits of successful projects. But politics and entrepreneurship are incompatible categories in practice. As SANDAL, Jan-Urban [14,242] pointed out, "politicians often speculate and play on taxpayer money, which often leads to disastrous results." Instead of investing the taxpayer's money in infrastructure, building kindergartens and schools, roads, libraries and

healthcare facilities, which is the main of taxation, very often officials commit acts that fall under the signs of crime, spending and thinking about ridiculous and uncontrolled projects that have nothing to do with the responsibility. The big danger is that as a result of policy intervention, the true spirit of social entrepreneurship can be lost. As long as the promise of politicians does not reach the result, because too many "non-entrepreneurial" efforts are included in the definition, then the social Entrepreneurship will fall into disrepute, and on this basis, it is necessary to clearly distinguish the notion of social entrepreneurship with other activities. What is the true essence of "social entrepreneurship"? The answer begins with an understanding of the term "entrepreneur"[3,4].

The concept of entrepreneurs has a long history in the field of business. Its main attribute was the formation of value based on innovation [5,108-111]; [20]. Austrian economist Joseph Schumpeter founded this fundamental concept of value creation, contributing to what may be the most influential idea of entrepreneurship. Schumpeter defined in the entrepreneur the force necessary to stimulate economic progress if the economy does not become static, structurally immobilized and prone to corruption. Enter the *Unternehmer*, Schumpeter's Entrepreneurial Spirit, which identifies a commercial opportunity - whether it's a material, product, service or business - and organizes an enterprise to implement it. Successful entrepreneurship, he argues, triggers a chain reaction, encouraging other entrepreneurs to repeat and ultimately spread innovation to the level of "creative destruction," a state in which a new enterprise and all associated enterprises effectively provide existing products and services, and business models are outdated. Schumpeter sees the entrepreneur as an agent of change in a larger economy[10].

What is social entrepreneurship?

In our opinion, the clearest definition of social entrepreneurship is provided by SANDAL, Jan-Urban. It comprehensively and capacitively reflects the true essence of social entrepreneurship. Social entrepreneurship[14,237] is a new way of participating in the process of developing the democracy for the common person. This is the true essence of social entrepreneurship.

Nevertheless, there is still a huge gap between theory and practice. The most characteristic problem of the modern development of social entrepreneurship is the interference of politics in social entrepreneurship in order to subordinate it to certain established rules. However, as recent world events show, many citizens, including our compatriots, today do not want to stay away from

political processes. They want to take an active part in the common life of the society be active in the electoral process. As soon as they learn about new opportunities for active participation in social development they are motivated by the desire to devote their ideas and forces to the innovative process to turn ideas into productive projects. And certainly all of them are pouring changes into social development, which significantly raises the standard of living of society. Social Entrepreneur [16],[19, 215-222],[22] is a free person man or a woman whose mental health allows him or her to do business as a social entrepreneur when the business gives a surplus of costs and a person who represents his private property for production means and controls the process development as a social entrepreneur and motivated by personal and internal stimulus, conducts social entrepreneurship without any dictation from outside forces, leadership or control by the central authorities.

Thus, they contribute to economic progress, which is the driving force behind the development of democracy. It is these individuals who are the true entrepreneurs and innovators[14,239].

When it comes to entrepreneurs, those that are aimed at developing, we see that they do not form a specific social class [22]. These people are strong people, they act by themselves, and not as a group of people, they do not copy each other, they have no common goals, and they do not unite as social groups, such as landowners, workers or capitalists. Entrepreneurs are not the result of political activity or do not depend on it, they do not have privileges or political power, and they are not elected or appointed. They only represent themselves [17].

The definition of social entrepreneurship and a social entrepreneur has traditionally been widely misleading not only among politicians and government officials, but also among academics. Some modern authors, echoing politicians, often justify the need to use the institution of social entrepreneurship as a legal mechanism for solving social problems and meeting the individual needs of citizens and legal entities. A number of researchers have justified the need for state support for social entrepreneurship, the creation of a legal framework for its legal regulation, and also sees public-private partnership as one of the key tools for the development of social entrepreneurship, etc. The most vivid manifestation of the doctrinal concept of civil means of meeting the personal needs of citizens in the social sphere through the development of social entrepreneurship is observed in the scientific circles of post-Soviet countries such as Belarus, Russia. Barkov A.V. Grishina Ya.S. [1, 272-275] and other authors believe that social entrepreneurship acquires a new level of

understanding as an intersectoral interaction of the state, business and civil society in solving various social problems using innovative technologies, the legal provision of which is carried out by the harmonious impact of private and public legal instruments[7, 9-18].

The best form of interaction between the state and private business in world practice is recognized by these and some other authors as public-private partnership (PPP). They see the vector of development and improvement of legislation on public-private partnership, taking into account advanced foreign law enforcement experience the value orientations of social entrepreneurship, not aimed at making a profit, but on ensuring the priority of social effect over the economy. The best form of interaction between the state and private business in the world practice is recognized by these and some other authors as public-private partnership (PPP)[1, 277].

Here it is necessary to pay attention to the following aspects of social entrepreneurship. Emphasizing the individualistic nature of the methods of pure theory, Schumpeter noted in his time that every researcher bases his scientific analysis, one way or another, on individual needs and their satisfaction. Such an approach, in his opinion, is conditioned by a twofold essence. First, because we need to know individual needs. Secondly, it is conditioned by the need to know individual wealth. At the same time, the initial for the theory is that each market demand is individualistic, and on the other hand, it is often altruistic or social. Society shapes individuals and directly affects their economic value, to give them a remote approach to the likeness. The scientist concludes that only free competition leads to such results, which can be represented by curves of social utility. Social entrepreneurship signals the imperative to drive social change, and it is that potential payoff, with its lasting, transformational benefit to society, that sets the field and its practitioners apart [10].

Therefore, we can assume that social entrepreneurship can not be oriented only at meeting the personal needs of citizens, because in this case it loses its essence and focus on innovative transformation of society. Social entrepreneurship is an innovation and legal force for modernizing the modern national economy as a whole. Since, by accumulating innovation, determination and social mission, it acts lawfully and purposefully in the interests of the democratic development of society.

There are serious doubts about the possibility of state support of social entrepreneurship, as well as the creation of public-private partnership in this area. Along with the foregoing positions of

researchers there are opposing points of view, which have a basis [14, 237-240; 9].

SANDAL, Jan-Urban rightly makes [14,241] a sound conclusion that Public and private cooperation (PPC) is a ridiculous phrase for mixing private and public interests, but public funding for social entrepreneurs and projects is a waste of taxpayer money and is an obstacle to development. Political state decisions about what to produce give society more than what already exists while democratic development requires new attitudes and approaches that produce new products, services and provide new working opportunities and improve the quality of life for all and not only a certain group of supporters and beneficiaries of the system. Any attempt to take control of the process of social entrepreneurship by politicians, government officials or the knowledge industry etc. will be a failure. No one can create social entrepreneurs - they are self-created and self-motivated. With this approach you can fully agree [16].

In other words state intervention in the development of social entrepreneurship the introduction of strict legislative support for it and the strengthening of state-legal regulation of the economy, as a rule, lead to negative results. Therefore, it is difficult to agree with those researchers who see in the absence of a legislative framework on the legal regulation of social entrepreneurship as one of the reasons for its inadequate spreading on the domestic expanses. It should be very cautious approach to the issues of legislative regulation of modern social entrepreneurship. Since the role of lawmaking in promoting economic development is not always perceived unambiguously [6,7-20], [13, 2-10], [2],[11]. Certain publications of domestic researchers emphasize the importance of legislative regulation of social entrepreneurship and this, of course [8,81-91],[12,34-39]. According to Gorishna N. [12,35-38] activation of the development of domestic social enterprises requires the development and adoption of a legislative framework for their functioning, the introduction of effective mechanisms to attract commercial structures and non-profit organizations to create enterprises with a clearly defined social purpose. One of these mechanisms, the author believes, could be the introduction of new organizational and legal forms that reflected the organizational and legal status of a social enterprise and provided for understandable and favorable conditions for its taxation.

Because too often, a law *has been* painted as a villain frustrating the efforts of social entrepreneurs to create businesses aimed at making a profit for owners and benefits to society. Proceeding from this it is necessary to emphasize the importance of

having an optimal functioning legal and regulatory system for the development of an effective market economy and as a consequence harmful consequences that may result from improper regulatory frameworks for production, employment, investment activities, productivity and living standards.

Only reasonable legal regulation of business and entrepreneurship contributes to economic growth. This means not only an effective legal framework that encourages freedom of competition and entrepreneurship but also guarantees a reliable financial market infrastructure, including the simplicity of the business registration procedure as well as procedures that facilitate the closure of a sick business as well as the restructuring and restoration of potentially profitable enterprises. In this regard, coming out of the foregoing, it is important to emphasize that it is social entrepreneurship as legitimate activities for the benefit of society that is the innovation and legal basis for the development of the national economy [11].

On the other hand, it is considered that the "heavy" regime of legal regulation ultimately leads to the worst consequences from the standpoint of economic results. Since it is usually associated with inefficiencies in the activities of state structures, administrative delays, high costs of administrative formalities, lengthy legal proceedings, higher unemployment and a high level of corruption, low productivity and weaker investments. In this regard one should heed the opinion of SANDAL, Jan-Urban, who rightly emphasizes that an increase in the level of economic development efficiency can occur on the basis of economic incentives or as a result of radical changes in the political system of the state. Such a legal foundation for innovative development of the economy is the adoption and adoption of the rule of law on the human right to economic freedom and independent choice [14, 237-239].

Proceeding from this it is necessary to emphasize the importance of having an optimal functioning legal and regulatory system for the development of an effective market economy and as a consequence harmful consequences that may result from improper regulatory frameworks for production, employment, investment activities, productivity and living standards.

Conclusions. 1. Modern society constantly faces various obstacles in the development of democratic reforms. Social entrepreneurship is a real innovation and legal basis for the revival of the national economy and economic progress. Accumulating around the social mission of innovation, business discipline and determination, social entrepreneurs are able to make a positive contribution to the public

renewal by their efforts, constantly on the move and not stopping at the achieved. Therefore, it deserves fair criticism that a number of researchers identify the main role of social entrepreneurship in solving the narrow social and everyday problems of the population. Since such an approach borders on the wrongful imposition on social entrepreneurs of responsibility for failures and shortcomings of state social policy on the part of state bodies in addressing these issues.

2. The desire of some politicians to subordinate social entrepreneurship to certain rules of the game or impose their mission, as a rule, does not have a social effect, but only leads to undermining the true meaning of this innovative entity. Politics and social entrepreneurship are not compatible. Social entrepreneurs operate outside politics. Also in this regard the proposals of the state support of social entrepreneurship and public-private partnership in this area are very doubtful. No one can create social entrepreneurs - they are self-created and self-motivated [14, 240-241]. On this basis, the concept of social entrepreneurship with other activities should be clearly delineated.

3. The emergence of social entrepreneurship necessitates the development of a certain system of regulatory and legal regulation of this phenomenon. However, in this process, as in the state-legal regulation of the economy as a whole, extremes and over-regulation should be avoided. The regulatory and legal basis for the innovative development of the economy is laid by the assertion of the rule of law on

the human right to economic freedom and independent choice. Only a reasonable legislative regulation of commercial activities contributes to economic prosperity. This includes an effective regulatory legal system that guarantees freedom of competition and entrepreneurship, a stable financial market infrastructure, including the ease of registration procedures for business.

The author of this publication was tasked with covering only some aspects of the development of social entrepreneurship, which are set out above in full. Given the urgent need for a proper understanding of the role of social entrepreneurship in modern society, the subject of its promising scientific research as an innovative and legal basis for the development of the national economy can be the consideration of this legal category through the prism of the realization by entrepreneurs of the human right to economic freedom.

Today for our Fatherland the development of social entrepreneurship is a real opportunity to overcome the huge disparity between the poor and the rich to reconstruct the raw material subordinate economy into the production growth economy, reduce financial dependence on international funds and develop an effective strategy for sustainable social and economic development in order to achieve a high level of world recognition. That is why modern European advanced states chose entrepreneurship and education as the benchmark of their nation model.

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Анотація

Віктор Серета

СОЦІАЛЬНЕ ПІДПРИЄМНИЦТВО ЯК ІННОВАЦІЙНА ПРАВОВА ОСНОВА РОЗВИТКУ ЕКОНОМІКИ СУЧАСНОЇ ДЕРЖАВИ (ТЕОРЕТИЧНИЙ АСПЕКТ)

Розглянуто теоретичні аспекти ролі соціального підприємництва як інноваційної та правової основи економічного розвитку національної економіки. Однією з проблем розвитку соціального підприємництва є втручання політиків у цей процес з метою направлення його в правильному напрямку. Крім того, інститут соціального підприємництва часто орієнтований деякими науковими дослідниками лише на вузьке вирішення повсякденних соціальних проблем. Через аналітичне дослідження підприємництва, інновацій та особливостей сучасних проблем правового регулювання економічних процесів були зроблені висновки про невідповідність поєднання соціального підприємництва з політикою, або інформація про її роль перед рішенням соціальних програм домогосподарств. Населення. Замінюючи функції органів державної влади на реалізацію соціальної політики. Завданням соціального підприємництва є радикальне оновлення суспільства, засноване на використанні інноваційних підходів, накопичених навколо соціальної місії. Соціальні підприємці, що діють на правовій основі, є новаторами економічного зростання. Припускаючи високу місію розвитку і підтримки соціальних цінностей, вони постійно шукають і невпинно усвідомлюють нові можливості, пов'язані з цією місією, за позитивні зміни в суспільстві в цілому. Поширеним явищем є розробка правових доктрин правового регулювання соціального підприємництва та державно-приватного партнерства у цій сфері. Це пов'язано з певним непорозумінням і ілюзією в тлумаченні та застосуванні вивченого визначення. Завдання соціального підприємництва сьогодні є більш значимим. Впровадження інновацій на основі вільної конкуренції за наявності оптимального правового режиму дозволить економіці успішно розвиватися через соціальне підприємство.

Ключові слова: державно-приватне співробітництво, інновації, правове регулювання, підприємець, соціальний підприємець, соціальне підприємство, економічний розвиток; соціальні зміни; сталий розвиток; соціальні зміни; масштабування.

Аннотация

Виктор Серета

СОЦИАЛЬНОЕ ПРЕДПРИНИМАТЕЛЬСТВО КАК ИННОВАЦИОННО-ПРАВОВАЯ ОСНОВА РАЗВИТИЯ ЭКОНОМИКИ СОВРЕМЕННОГО ГОСУДАРСТВА (ТЕОРЕТИЧЕСКИЙ АСПЕКТ)

В статье изложены теоретические аспекты роли социального предпринимательства как инновационно-правовой основы экономического развития национальной экономики. Одной из проблем развития социального предпринимательства является вмешательство политиков в этот процесс с целью направления его в правильном направлении. Кроме того, некоторые научные исследователи часто ориентируют институт социального предпринимательства только на узкое решение повседневных социальных проблем. На основе аналитического исследования предпринимательства, инноваций и особенностей современных проблем правового регулирования экономических процессов были сделаны выводы о нецелесообразности сочетания социального предпринимательства с политикой или информации о его роли до решения социальных программ домохозяйств. население. Подменяя функции органов государственной власти на реализацию социальной политики. Задача социального предпринимательства - это радикальное обновление общества, основанное на использовании инновационных подходов, накопленных вокруг социальной миссии. Социальные предприниматели, действуя на законных основаниях, являются новаторами экономического роста. Предполагая высокую миссию развития и поддержания социальных ценностей, они постоянно ищут и неустанно реализуют новые возможности, связанные с этой миссией, для позитивных изменений в обществе в целом. Распространенным явлением является разработка правовых доктрин правового регулирования социального предпринимательства и государственно-частного партнерства в этой сфере. Это связано с определенным недопониманием и иллюзией в толковании и применении изучаемого определения. Задача социального предпринимательства сегодня более значима. Внедрение инноваций на основе свободной конкуренции при наличии оптимального правового режима позволит экономике успешно развиваться за счет социального предпринимательства.

Ключевые слова: государственно-частное сотрудничество, инновации, правовое регулирование, предприниматель, социальный предприниматель, социальное предпринимательство, экономическое развитие; социальные перемены; устойчивое развитие; социальные перемены; расширение.

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kris.rudko@gmail.com

Yuriy Fedkovych Chernivtsi National University, Chernivtsi, Ukraine

Honorary Research Fellow Fil. Dr. Jan-U.Sandal Institute, Norway

ORCID: 0000-0003-1640-2672

SOCIAL ENTREPRENEURSHIP AS AN INNOVATIVE MECHANISM TO SOLVE THE SOCIAL PROBLEMS IN UKRAINE AND NORWAY: COMPARATIVE ASPECT

In the context of the socio-economic crisis, issues about social stability of society are aggravating and their solution requires new approaches and tools. The answer to social problems in the whole world, particularly, in Ukraine, could be the development of social entrepreneurship as a socially oriented form of business, whose main mission is to achieve social prosperity. In our country this idea has appeared relatively recently, that is why for a better understanding there were researched the scientific approaches to the interpretation of the concept «social entrepreneurship». Social entrepreneurship in Ukraine is gradually developing, but there is a need for creating favorable legal and social environment to stimulate it. The paper offers a comparative analysis of social entrepreneurship in both Ukraine and Norway using analytical model. On the basis of the system of statistical indicators, a current state of social entrepreneurship in Ukraine and main types of activities were analyzed. Thus our purpose is to describe the state and peculiarities of social entrepreneurship in Ukraine and foreign experience of social entrepreneurship practice development in Norway.

Keywords: social entrepreneurship, social innovation, society, entrepreneurial activity, welfare state.

Introduction. In today's conditions there is an increase of public attention to the question of social responsibility of business structures that is because of the complication of public relations in Ukraine, caused by the protracted economic crisis, warfare, solving problems of internally displaced persons in Ukraine who are in need of significant amounts of budget financing.

In addition to all these problems, financial issues have been exacerbated, namely: growth of inflation process, decrease of the real level wages, pensions, financing the social sphere on the residual principle and so on. In the specified circumstances an idea of social entrepreneurship for Ukraine attracted the attention of scientists, practitioners, public organizations, entrepreneurs from all around the world, becoming a new paradigm in entrepreneurial thinking and activating social initiatives. In order to support the development of social entrepreneurship and social innovation in our country we have to understand the essence of this concept and to analyze the experience of highly developed countries. For a more successful development and implementation of social entrepreneurship in Ukraine, it is necessary to analyze the experience of countries with a sufficiently developed social sector. One of the most advanced countries in the field of social entrepreneurship is believed to be Norway, as a social-oriented state. That is why it would be relevant to compare its experience with the Ukrainian one.

The aim of the paper is to show that social entrepreneurship is a generator of socially oriented

economic development in Ukraine and due to a comparative analysis provides practical recommendations for implementation of the social entrepreneurship in Ukraine.

Body of the article. The term social entrepreneurship and its components are not sufficiently clearly defined in the scientific literature. Many social entrepreneurship researchers have adopted the notion and terminology used in business literature. The concept of social entrepreneurship comes combining Say, Schumpeter, and Drucker's ideas about traditional entrepreneurship with profit people can get, and charitable organizations designed to solve social problems and to promote positive social changes. The most widespread in foreign scientific literature was the definition of social entrepreneurship substantiated by American professor J. Gregory Dees [3, p. 4]. He was convinced that, any definition of social entrepreneurship should reflect the need for a substitute for the market discipline that works for business entrepreneurs, so Dees identified five factors to determine social entrepreneurship:

- Adopting a mission to create and sustain social value (not just private value),
- Recognizing and relentlessly pursuing new opportunities to serve that mission,
- Engaging in a process of continuous innovation, adaptation, and learning,
- Acting boldly without being limited by resources currently in hand,
- Exhibiting a heightened sense of accountability to the constituencies served and for the outcomes created.

According to G. Dees, the main objective of social entrepreneurship is the searching and realization of possibilities to identify and solve social issues and their changes and a social mission is fundamental to social entrepreneurship.

The European scientists J. Mair and I. Marti [7] summarized the concept of social entrepreneurship as a process of creating value by combining resources of the organization in a new way to create a social value, stimulate social changes or to understand social needs. This concept shows that social entrepreneurship is identical to traditional entrepreneurship but with different mission and objective.

J. Austin, H. Stephenson and J. Wei-Skillern [1] in their work «Social and commercial entrepreneurship: The same, different or both?» by means of a comparative analysis, they have proved that social entrepreneurship is an innovative activity aimed at creating social value, which can be carried out by non-profitable, profitable organizations and government.

A. Peredo and M. McLean [8] emphasize that social entrepreneurship is carried out when an individual and an organization seek to create social value in a new or already well-known way. It is

important to emphasize that social entrepreneurship prefers to create social values, rather than economic, created by other forms of entrepreneurship.

The sescientists believe that social entrepreneurship is presented in those situations where a person (or group of persons):

- a) is aimed at creating social value;
- b) shows the essence of recognition and use of opportunities for creating social value;
- c) uses innovations from the invention to the adaptation, creates and/or distributes social values;
- d) is ready to take risks above the average level in the creation and spreading the social value;
- e) is unusually inventive in conditions of insufficient amount of resources, engaging in social entrepreneurship.

After having analyzed the scientific approaches, we can define the social entrepreneurship as an innovative form of business, which successfully combines social aims and commercial practice. Due to this business model, we can create favorable environment for all who is in volved combining their concerns together. So, social entrepreneurship operates where the government cannot work due to the lack of funding, and the business does not want to because of low profitability (Fig. 1).

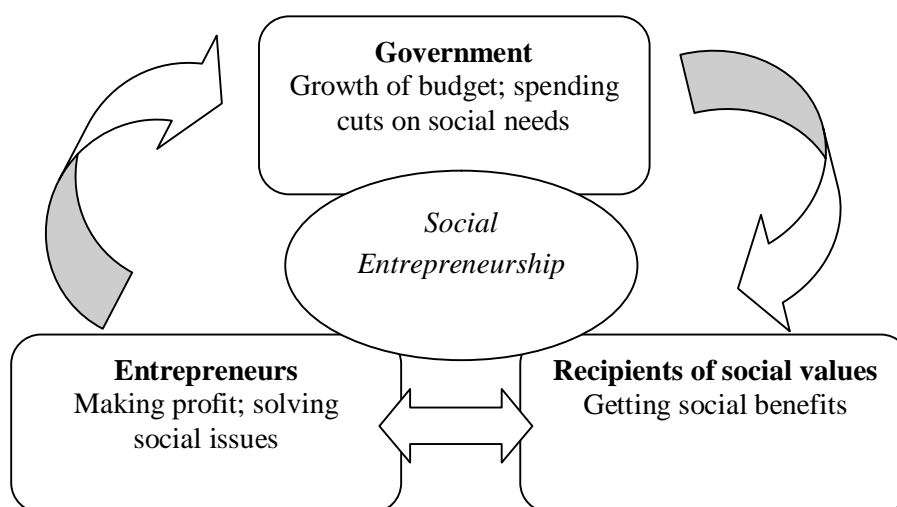


Figure 1. Concerns of all participants in social entrepreneurship

Considering the current state of the Ukrainian economy, it should be noted that hoping for the government to solve some problems at the expense of budget funds is almost unrealistic, so we have to take experience of developing a new economic level in Ukraine - social entrepreneurship. In Ukraine the terms «social entrepreneurship», «social enterprise» and «social economy enterprise» are not approved legally. Thus we can conclude that officially there are no social enterprises and social entrepreneurship in Ukraine. However, there are principles in

different regulatory and legal sources that allow creating enterprises that by international standards can be classified as social ones. Most social enterprises of Ukraine provide jobs for target groups with which they are connected by their main activity. The main purpose of their activities is achievement of positive financial and social benefits by investing. The interest in social entrepreneurship appeared in Ukraine in the early 2000s, but entrepreneurs still do not fully understand its potential for themselves and for solving social

problems. Table 2 shows the stages of social entrepreneurship development in Ukraine identified by A. Filipenko.

Table 1

Social Entrepreneurship development in Ukraine

| Years | Actions |
|-------|--|
| 1991 | Foundation of Ukrainian Society of the Blind and Ukrainian Society of the Deaf |
| 2004 | UCAN support (concluding training, granting funds for business start-ups) |
| 2010 | Through the promotion of the British Council in Ukraine, the consortium «Developing Social Entrepreneurship in Ukraine» was founded. It included the «International Renaissance Foundation», the «East Europe Foundation», «PricewaterhouseCoopers Ukraine» and «Erste Bank» |
| 2013 | All Ukrainian Forum of Social Entrepreneurs; the Catalogue of Social Enterprises of Ukraine |
| 2015 | Launch of credit programs for social initiatives |

Resource:[4]

Regarding the system of social entrepreneurship in Ukraine, we should start with the fact that there are in general two types of social enterprises. The first type includes social enterprises that are created specifically for the employment of people from vulnerable groups of the population. And the second type is based on the running their own enterprise in order to make profit and to implement a social mission with the help of innovative methods.

In Ukraine, the so-called British model is mostly used. According to this model, social entrepreneurship has four clear criteria:

- business;
- a social objective;
- those for which this business works;
- distribution of profit, where it is clearly defined the percentage for a social purpose or, for example, for reinvestment;
- democratic governance[2].

However, this model of social entrepreneurship will not be complete without the most important element - innovations, that is, extraordinary ways to solve social problems.

Ukraine does not in any way regulate the social entrepreneurship in our country, mainly because of the relatively recent launch of social entrepreneurship and, accordingly, there is no clear definition that would quite accurately characterize the concept of a social entrepreneur and enterprise as well. So, it is difficult for us to determine and analyze in detail the current state and possible trends of such a business model in the Ukrainian economy.

«Center of Social Sector Transformation» SOCIUM-XXI», interpreting social enterprises as organizations (regardless of organizational and legal forms), which solve social and/or environmental problems, created the «Catalog of Social

Enterprises», on the basis of which we can partly demonstrate trends in the development of this type of activity.

In Ukraine, according to rough estimates, there are about 150 social enterprises. Today only few companies publish reports on their websites, though a successful business starts with announcing results of its activities. Analyzing the development of social enterprises in Ukraine for the last few years we can say that there is a significant increase in the number of social enterprises from 2012 to 2016 from 5 to 34 unit syndicating the active development of this activity.[6] Such a situation is related to socio-economic shifts that have been in the country. That is why there was an urgent need to find alternative sources of financing and assistance in solving social problems of the most vulnerable categories of citizens.

In European countries this sector exists for a long time and is well developed. For example, there are about 100,000 social enterprises with more than 2.5 million employees in Germany. The number of social enterprises in the UK small business population is likely to number approximately 471,000 with 1.44 million people employed[10].

The Ukrainian legislation does not provide a special organizational and legal form for social entrepreneurship. However, this does not mean that there is no legal basis for social enterprise at all. After analyzing the social enterprises of Ukraine in terms of their organizational and legal form, we grouped them as follows: individual entrepreneurs – 37, private enterprises – 23, public organizations – 20, enterprises of citizens association – 19, limited liability companies – 18, agricultural cooperatives – 15, charitable organizations – 8, organizations of a public association – 4, farms – 2 [6].

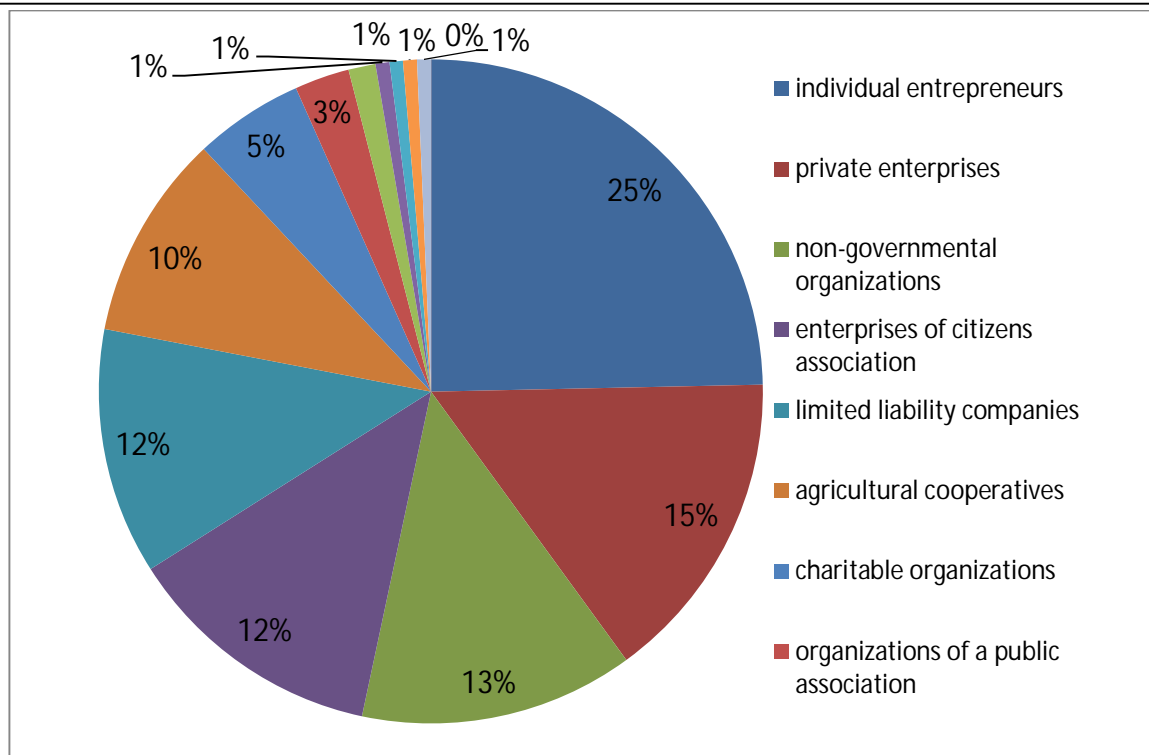


Figure 2. Organizational and legal status of social enterprises in Ukraine.

Resource [6].

According to the Catalog of social enterprises, the activity of Ukrainian social enterprises concentrates mainly in the sphere of services – almost 67.0 % of enterprises (education, sports clubs, tourism, tire servicing (as a rule, such activity does not require considerable financial investment in its starting up). The combination of production of goods and provision of services – 26.0 % follows (light industry and psychological assistance, production of Ukrainian souvenirs, vocational and technical training / activity of driver training schools, social assistance without providing accommodation for the elderly and disabled). Only 7.0 % of enterprises are engaged in production activities (nutrition, printing, agriculture) [6].

According to the survey, a social enterprise can perform several types of activities simultaneously. The largest number of social entrepreneurs registered in the Catalog of social enterprises answered that they are involved in employment of vulnerable groups of people (people with disabilities, ATO veterans, internally displaced people, etc.). A significant number of SEs generate profits to support organization's activities; generate profits to support services for specific groups of population; and finance certain types of services. Only 5 surveyed social enterprises indicated that they were engaged in environmental protection or solving ecological problems and 10 indicated "other" answer (see Figure 3) [6].

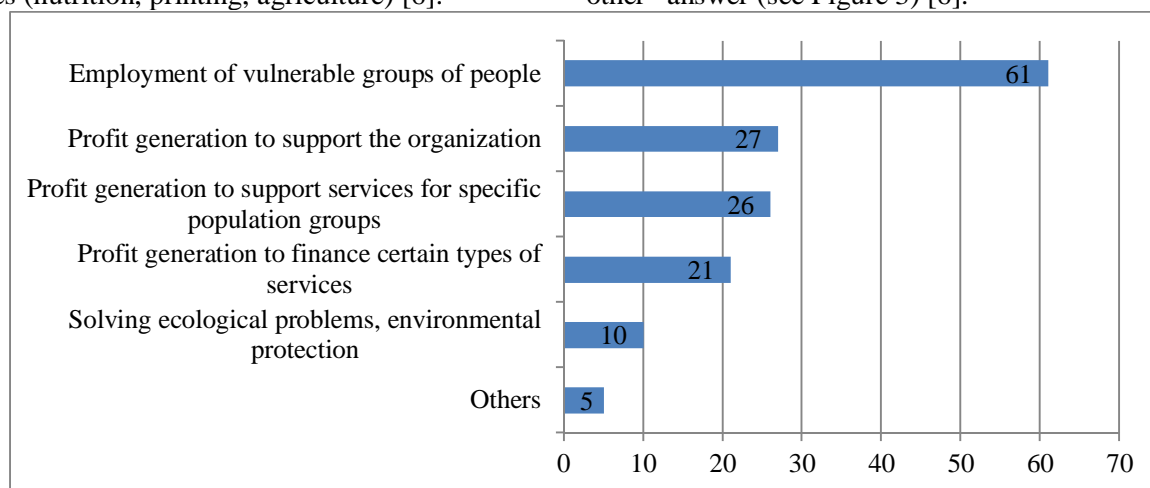


Figure3. Types of activities of social enterprises in Ukraine

Resource [6]

It should be noted that out of all registered enterprises, only 23 officially publish their financial reports.

Thus, the volume of profit received by 23 social enterprises in 2014 amounted to 924 128 UAH, in 2015 – 866 315 UAH, in 2016 – 889 564 UAH (EUR 28 304,6). So, entrepreneurial profit or the analytical period reduced by 3.74%. Typically, the profit of these enterprises is spent on reinvestment, social programs and activities or in part on first and second[6].

The funding sources of social enterprises in Ukraine might be: profit, grants, attracted crediting, sponsorships, etc.

The biggest problem in Ukraine is that social entrepreneurs are not able to compete for financial resources with other enterprises. As a rule, social enterprises do not have an initial investment.

Other barriers to establish and develop social enterprises in Ukraine are: lack of the law and regulation of social entrepreneurship, critical level of bureaucracy, lack of financial support from the state, corruption etc.

For a more precise illustration of the state and possible trends in the development of social entrepreneurship in Ukraine, we should carry out a comparative analysis.

Norway is considered to be one of the most successful and richest countries in the world in most due to its social welfare system. It is a social democratic country whose core values are: equality, solidarity, social partnership, etc. Norway has been known as state-friendly society. The high level of trust and social capital is largely due to balanced development between active, dynamic and cooperative societal sectors (state, market and civil society)[2]. One of the tools to accomplish their social goals is the social entrepreneurship.

The development of social entrepreneurship for Norway is a form of ensuring economic stability and social balance, which is aimed at mitigating or solving social problems.

Norway has been known as state-friendly society. The high level of trust and social capital is largely due to balanced development between active, dynamic and cooperative societal sectors (state,

market and civil society). So, Norwegian model of society is recognized as a model of the «welfare state».

Social entrepreneurship there has arisen to solve the problems of a large number of refugees in Norway by individuals, companies and investors. N. Prots saysthat there are two levels of social entrepreneurship development in Norway:

- government support;
- financial and resource support of large corporations[9].

Unfortunately, there is no law regulation or requirements of social entrepreneurship in Norway, so it is extremely difficult to find statistical data or at least some minimum of information on this subject. According to review on «Social entrepreneurship to tackle unmet social challenges» (November 2017), most of the enterprises in Norway have less than five employees, with an economic turnover of less than five million NOK per year (EUR 523 376). Only about half of the enterprises have had economic surplus within the last five years. Regarding the funding of Norwegian social enterprises, the family-owned investment company Ferd in 2014 provided funding of NOK 25 million (EUR 2,7million) annually. The state-owned Norwegian Labour and Welfare Organization (NAV) provided around 16 million NOK (EUR 1,7million) in 2017 [5].

In Norway, social enterprise is considered for boosting employment among socially disadvantaged groups. The problem is it would be more efficient if social enterprises in Norway included important areas such as social services, culture, education, the environment and health, providing new solutions to unsolved social challenges. So, Norway belongs to the first type of social entrepreneurship, which includes social enterprises that are established specifically for the employment of people from some groups of the population.

Comparing the social entrepreneurship of Ukraine and Norway we should say that not only the concept of «social entrepreneurship» in Norway is significantly different.

The detailed comparative characteristics of social entrepreneurship in Ukraine and Norway are presented in the table 2.

Table 2

Comparative characteristics of social entrepreneurship in Ukraine and Norway

| Comparison criterion | Social entrepreneurship in Ukraine | Social entrepreneurship in Norway |
|--|---|---|
| Mechanisms for the implementation of the social entrepreneurship | Individual entrepreneurs, private enterprises | Community-based organizations, government projects |
| Source of funding | Mostly private funds (sponsorship, donations) | Public funds |
| The role of government | Insignificant role of the government | The government is a key element in the development and financing of social entrepreneurship |

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| Comparison criterion | Social entrepreneurship in Ukraine | Social entrepreneurship in Norway |
|--|---|---|
| Legislative regulation of social entrepreneurship | No | No |
| Main scope of application | Education | Employment of socially disadvantaged groups of people |
| Innovations in social entrepreneurship | No information | No information |
| Entrepreneurial profit (2016) | (received by 23 social enterprises)EUR 28 304.6 | No information |
| Requirements for the establishment of social enterprises | no special requirements | no special requirements |

The comparative analysis of social entrepreneurship in Ukraine and Norway shows a certain polarity (difference) in the formation of mechanisms for the implementation of this type of entrepreneurship and a significant role of the Norwegian government. The similarity is in the direction of solving social problems.

Because of the lack of information on social entrepreneurship in the Scandinavian country, it is very difficult to determine the state of this activity. In the end, social entrepreneurship in Norway is to reduce unemployment among some groups of people, but it's hard to call such activities a real social entrepreneurship, since it has nothing to getting profit and innovating.

Conclusion. Social entrepreneurship in modern realities is aimed at accelerating positive social changes by means of innovative methods, providing social entrepreneurs with profit. Social entrepreneurship is characterized by such main feature as solving of acute social problems in society, contributing not only to their elimination, but also qualitatively new development of the population's potential. A comparative analysis of the experience of Norway in social entrepreneurship

showed that this activity does not fulfill its main goals, because it is aimed mainly at overcoming unemployment without an innovation component. It should be noted that since Norway is a country with a socialist-democratic model of development, most social projects are funded the state budget, therefore, social enterprises depend on government actions. In order to create a more prosperous picture of the system of social entrepreneurship in Ukraine we have to bring in a liberal model for social entrepreneurship development.

Based on the mentioned earlier, we can stimulate the development of social entrepreneurship in Ukraine by:

- adoption of the law on social entrepreneurship, which would define clear requirements for social entrepreneurship and create legal mechanisms for supporting social entrepreneurs;
- creation of special crediting programs for attracting financial resources at the initial stage of development of social entrepreneurship;
- launching entrepreneurial training programs for those who want to implement social entrepreneurship activities.

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Анотація

Катерина Рудько

СОЦІАЛЬНЕ ПІДПРИЄМНИЦТВО ЯК ІННОВАЦІЙНИЙ МЕХАНІЗМ ВИРІШЕННЯ СОЦІАЛЬНИХ ПРОБЛЕМ В УКРАЇНІ ТА НОРВЕГІЇ: ПОРІВНЯЛЬНИЙ АСПЕКТ

В умовах соціально-економічної кризи проблеми соціальної стабільності суспільства загострюються, і їх вирішення потребує нових підходів та інструментів. Відповіддю на соціальні проблеми у всьому світі, зокрема, в Україні, може бути розвиток соціального підприємництва як соціально орієнтованого виду бізнесу, головною місією якого є досягнення соціального процвітання. У нашій країні ця ідея з'явилася порівняно недавно, тому для кращого розуміння досліджувалися наукові підходи до інтерпретації поняття «соціальне підприємництво». Соціальне підприємництво в Україні поступово розвивається, але існує потреба у створенні сприятливих умов, правової та соціальної середовища для його стимулювання. Проведено порівняльний аналіз соціального підприємництва в Україні та Норвегії за допомогою аналітичної моделі. На основі системи статистичних показників проаналізовано сучасний стан соціального підприємництва в Україні та основні види діяльності. Таким чином, наша мета полягає у описі стану та особливостей соціального підприємництва в Україні та зарубіжного досвіду розвитку практики соціального підприємництва в Норвегії.

Ключові слова: соціальне підприємництво, соціальні інновації, суспільство, підприємницька діяльність, держава добробуту.

Аннотация

Екатерина Рудько

СОЦИАЛЬНОЕ ПРЕДПРИНИМАТЕЛЬСТВО КАК ИННОВАЦИОННЫЙ МЕХАНИЗМ РЕШЕНИЕ СОЦИАЛЬНЫХ ПРОБЛЕМ В УКРАИНЕ И НОРВЕГИИ: СРАВНИТЕЛЬНЫЙ АСПЕКТ

В условиях социально-экономического кризиса проблемы социальной стабильности общества обостряются, и для их решения требуются новые подходы и инструменты. Ответом на социальные проблемы во всем мире, особенно в Украине, может стать развитие социального предпринимательства как социально ориентированной формы бизнеса, основной миссией которой является достижение социального процветания. В нашей стране эта идея появилась сравнительно недавно, поэтому для лучшего понимания были исследованы научные подходы к интерпретации понятия «социальное предпринимательство». Социальное предпринимательство в Украине постепенно развивается, но существует необходимость создания благоприятных правовой и социальной среды для ее стимулирования. В статье предлагается сравнительный анализ социального предпринимательства в Украине и Норвегии с использованием аналитической модели. На основе системы статистических показателей проанализировано современное состояние социального предпринимательства в Украине и основные виды деятельности. Таким образом, наша цель - описать состояние и особенности социального предпринимательства в Украине и зарубежный опыт развития практики социального предпринимательства в Норвегии.

Ключевые слова: социальное предпринимательство, социальные инновации, общество, предпринимательская деятельность, социальное государство.

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jan-u.sandal@janusandal.no

Yuriy Fedkovych Chernivtsi National University, Chernivtsi, Ukraine

Honorary Research Fellow Fil. Dr. Jan-U. Sandal Institute, Norway

ORCID: 0000-0001-9018-6563

THE ESSENCE OF SOCIAL ENTREPRENEURSHIP IN TERMS OF IMPACT ON THE ECONOMY OF UKRAINE

The article focuses in the explanation of the phenomenon of social entrepreneurship and its potential impact on the Ukrainian economy. The subject of the topic was not earlier deeply discussed and needs a better attention, which could create larger perspectives in the future. In this work, the following methods were used: comparative, contrast analysis and synthesis. Moreover, the concept of "social entrepreneurship" and the examples of the functioning of social enterprises in Ukraine are given in this article. The research presents the role of a social entrepreneur as a non-political agent, for whom social entrepreneurship has innovative business efforts to solve social problems. This article shows that many more questions in the field of social entrepreneurship require further research and explanation, as well as explaining the impact social entrepreneurship can have on the Ukrainian economy.

Keywords: social entrepreneurship, social responsibility, innovations, social effect, social mission.

Introduction. We would like to start with the definition of social entrepreneurship. On the one hand, as the American researcher A. D. Kerlin signalize, in the pan-European scientific thinking, the concept of social entrepreneurship as a production activity of companies was delayed for the sake of achieving a social effect [7]. On the other hand, according to the definition of the professor of the Pontifical Gregorian University Z. Sveda, social entrepreneurship must be a means of developing a free creative personality, solidarity of the people as a whole [13]. In deeply convinced, that social entrepreneurship is a change in the basic business concepts. We consider, people can finally move away from the ordinary vision of entrepreneurship. They are able to do good things and to make a make at the same time.

Social entrepreneurship is more than a social responsibility of business. Social entrepreneurship is a social value and a business model in one package. Sometimes social entrepreneurship is identified with charity that does not correspond to reality. Furthermore, sometimes social entrepreneurship is said to be a purely non-profit activity that also does not correspond to reality. In fact, the criteria for the relationship of a business may differ. However, the essence is the same. Social entrepreneurship is about creating a social value, helping people, and solving major problems. If the concept keeps this important, then the paths and methods go into the background. Moreover, there is no single vision in the world regarding social entrepreneurship of today. That is why we believe that research on social entrepreneurship and the role of a social entrepreneur as a non-political agent is extremely important for Ukraine now, as it can create sustainable mechanisms for solving social problems,

and at the same time enable entrepreneurs to make money.

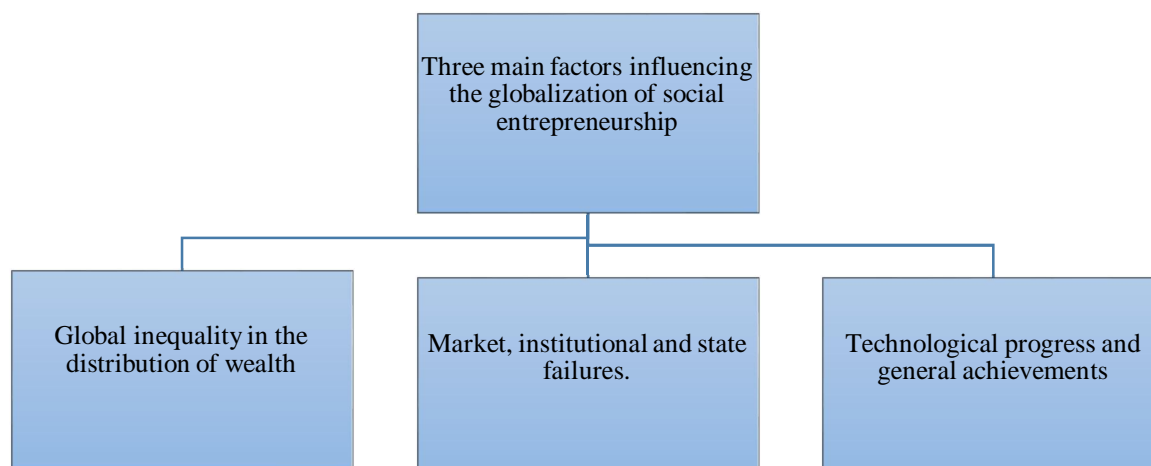
The body of article. To begin with, social entrepreneurship is a business. Therefore, the approach to it should be appropriate. Supposing someone wants to create a social enterprise. Then an entrepreneur would have questions like "Where to start? Is it obligatory to plan it?" The answer to these questions are also in the business area. None of the successful enterprises took place without planning and a preparatory work. This is often not a quick, sometimes boring process, but this process really increases the chances of success. By creating a business, a social entrepreneur as a non-political agent would like to have a clear and formulated instruction manual. Let us try to create a model that will help understand this in more detail. Therefore, the first step of our model is to identify the social opportunity or social problem that a social entrepreneur wants to solve. Most definitions of social entrepreneurship call this step a tool for solving social problems. However, this goal is not always the key to business. Sometimes the desire to make the world around us better. Therefore, it is already a good incentive for action. This step is determinative for social entrepreneurship and shows the difference between it and ordinary business. All starts with the desire of a potential entrepreneur to help. Where does this desire come from? We consider this question rather rhetorical. This issue can be influenced both by psychological and moral aspects. For example, someone can create a social enterprise that will deal with education in a microdistrict where this person has grown up. We think such a desire to change the world comes from childhood. Moreover, social entrepreneurship serves as a tool to overcome some injustice. It shows the union that is necessary for a successful business.

This is a very important step, because social entrepreneurs work in a market environment, as well as ordinary business. They also have to compete with ordinary business. This is rather difficult, so it is worth creating not only a business idea, but also a concept, that is, a single completed form. The concept should be the product or service that a social entrepreneur wants to sell or provide that can be competitive in the market. Then the social entrepreneur needs to prescribe a mission. This step is often neglected, saying that this is just a theory. However, in our point of view, the mission allows identifying problems and benchmarks for any business; it will help to assemble a team, and will clearly indicate whether the company is moving in the right direction. For social enterprises, the mission is an obligatory element, because it focuses on the reason for the creation of a business. After the mission comes the stage of business modeling. Business models not only describe the processes

enterprises, but also serve as a certain scheme of interaction of certain components of a social enterprise. Business logic and interconnections should be reflected in this scheme. Only after all these steps comes the stage of writing a business plan. A business plan is a very important document that should include everything that was described above. It also serves as the starting point for the business, the moment when it comes to moving from theory to practice. Many scholars are discussing the importance of writing business plans in a document. This document is the first serious step towards starting a social enterprise. This document is also something like a test for entrepreneur. If a person is not able to create a business plan, he or she should immediately think about whether they have enough skills to create a successful social enterprise or not.

Among the modern trends of social entrepreneurship, the problem of its globalization is coming to the fore.

Table 1.



One of the issues discussed now is the status of social entrepreneurship as an independent phenomenon in Ukraine and distinction of social entrepreneurship from the activity of organizations, charity, the socially responsible behavior of business, traditional entrepreneurship. Social entrepreneurship can exist in a variety of ways, depending on cultural and socio-economic conditions, goals and objectives.

In our opinion, the main disadvantage of social entrepreneurship in Ukraine is that social entrepreneurship's functioning is not fixed in the legislation. For example, the governments of Portugal [11], Greece [6], Belgium [1] and France [5] legislated the work of social enterprises in the form of cooperatives, the main feature of which is the democratic form of government and the mandatory division of the company shares among founders, volunteers and beneficiaries.

For example, in recent years, a social enterprise is also very actively developing in United States of America, and 44th President Barack Obama was the

first American politician, for which support of social entrepreneurship and innovation became the main component of economic policy.

Most important for the development of social entrepreneurship in the United States was the decision of President Obama in The White House Office of Social Innovation and Civic Participation [2], whose main purpose was to strengthen the role of entrepreneurship among public sector agencies and non-governmental organizations [10].

That is why the creation of a legally well-established basis for social entrepreneurship would be a good impetus for development, since the effect of such activity would be beneficial not only for the owner of the social enterprise, but also for the whole society. Therefore, the main purpose for the existence of a social enterprise is to create a measuring social value.

However, for effective existence entrepreneur should choose the organizational form of the enterprise, which would allow it to conduct its own business as efficiently as possible. That is why; at

this stage, the entrepreneur should make the right choice, which can lead to consequences that can affect the effectiveness of the social enterprise in future. For this reason, we would first like to find out in what organizational forms social enterprises work abroad - in Europe and the USA. The organizational form is selected according to the needs of a particular enterprise. A lot of business work is done in the form of NGO, or as a commercial enterprise.

Commercial enterprises can also be social, but then they should give a part of the profit for a social purpose, or a product or service; the social effect of which will be clear and measurable. Then entrepreneurs should choose the most relevant organization for the case. This may be a public organization or a charitable foundation, an individual entrepreneur or a legal entity. Interesting is the US experience that has introduced a special name for social enterprises, which is currently operating in thirty states. This form is called Benefit Corporation [3]. This form of activity involves a positive impact on employees, or the community as an addition to the main purpose of the activity - to make a profit.

The activities of such enterprises are subject not only to the influence on shareholders, but also to the influence on society and on the environment. The effectiveness of such enterprises is measured not only by the profit but also by the social consequences created by the enterprise. The requirement for the activities of such enterprises is the publication of annual reports and maximum transparency.

A very important factor for the activities of such enterprises is the absence of any privileges from the state. These enterprises must operate in market conditions, but they do not receive any bonuses for their social activity.

That is why, after receiving the status of a benefit corporation[4], entrepreneurs fix their intention to create a business that will have a major social mission. This is a certain sign of identifying social enterprises among others. These companies claim that their main goal is not to maximize profits; they want to act more responsibly. Then the following question arises: "What to do in the Ukrainian conditions?" The tax system in Ukraine has advantages and disadvantages. Nevertheless, we can say that the simplified system is an easy way out. If we tried to consider all possible organizational forms for social enterprises in Ukraine, we would divide them into two groups: 1) non-profit organizations, 2) subjects of entrepreneurial activity. For example, Western NIS Enterprise Fund, in partnership with a team of Ukrainian and international colleagues, conducted

research on social enterprises operating in Ukraine in 2016-2017[12]. It analyzed 150 social enterprises, of which 99 enterprises use only four organizational forms, which include physical persons-entrepreneurs, public organizations, enterprises of public associations and private enterprises.

That is why, in our opinion, there is no definite right opinion about what organizational form is necessary to choose; it should be chosen based on the specifics of the enterprise. The form is not the main thing for social entrepreneurship; the essence is the creation of social value. However, entrepreneurs cannot start any business without money and investment. That is why entrepreneurs face again the question raised: "Where to take money for financing of social enterprises?" Because in the beginning of the functioning of the social enterprise, the social entrepreneur as a non-political agent will be forced to look for some startup capital until he passed the breakeven point.

In the issue of attracting investment, social entrepreneurship has certain advantages: it is possible to look for money as business and in the area in which non-profit organizations work. Therefore, in other words, it is possible to apply for grants and assistance funds. Moreover, projects providing grants, will enthusiastically give money to projects and businesses that will be able to support themselves and to work in the future without any help. This, in our opinion, is the determining factor for social enterprises. On the other hand, nobody forbids social entrepreneur to go through the usual business. In other words, just giving the investors a percentage of their company. These two ways of attraction of investments have different expectations of investors. For example, if the classical investment from social entrepreneurs will be expected sustainable development and the generation of profits in case of cooperation with foundations that work with non-profit organizations, the key is creating a positive impact in the social sector, they will require very different performance indicators than the classic investors. The most important in investing is the aspect of what a social entrepreneur gives an investor in exchange for money. What a social entrepreneur is willing to give should be enough to convince investors of the correctness of his decision. In our point of view, this is the most important aspect, not necessarily profit, if we talk about creating social values. The main thing is to convince investors that the social entrepreneur really has enough skills, experience, and skills to create this good. However, there are other ways – searching creditors. All perfectly understand that now in Ukraine, unfortunately, it is not the best time for loans. In any way, entrepreneurs can go to special institutions with a request to invest funds for

social enterprises. Summing up, we would like to say that finding finance is an extremely important part of starting a business and functioning both as a social enterprise and an institution as a whole. Speaking about social entrepreneurship in Ukraine, we should give examples of the best of them. These enterprises have been functioning for a rather considerable time and bring about positive changes in the social sphere. The first example we would like to give is the Belgian chocolate studio Pan Chocolatier, which operates in the city of Nikolaev. The peculiarity of this social enterprise is that it is the first social enterprise that works in franchise. That is, the company has purchased a franchise from a Belgian chocolate company. This company manufactures handmade candy and transfers a significant portion of its profits to the charity fund "We are near", which deals with the rehabilitation of children suffering from cerebral palsy [8]. Another social enterprise, an example of which can be found - is the social bakery "Walnut House", which operates in Lviv. This social enterprise supports the operation of the Center for the Work with Women. The goal of the center is to implement a policy of equal rights and opportunities for women and men through gender equality in all spheres of public life, providing shelter for women and children who suffer from domestic violence[9]. This center carries out social-educational programs, courses, and counseling.

The third social enterprise, which we would like to cite as an example of successful functioning in Ukraine - the charity store "Laska". This store is in fact the first charity shop that began to work in Ukraine, in the city of Kiev. This store showed a good example that social entrepreneurship is also a real business that can be used to solve certain social problems. By the example of this store, similar shops were opened in other cities of Ukraine. This store has identified several important programs for them, which they finance. This is a "HappyPaw", "Children", "Amazing", and "Tabletochki" projects [8]. If we talk about some common features, then all these social enterprises are engaged in the introduction of certain innovations. Therefore, in this case, all these social enterprises have created certain resources that were not too interesting for the ordinary business, and they are all extremely interested in success and the result. These projects will increase the social standard of life of the country and the population, as they will have an extremely positive impact on them. Therefore, we are deeply convinced that these examples of social enterprises should be repeated in all regions of Ukraine.

Conclusion. Consequently, as we have already said, for social entrepreneurship income is not the

main thing. The main objective of the social enterprise activity is the social value that could be created as a result of the implementation of the mission. However, mainly, a social enterprise is a business. If the goal of the entrepreneur is to solve only social problems, which means the problems of others, then this is not a business but a voluntary torture. In addition, the profits of a social enterprise can be directed at business development, public affairs or the resolution of acute social problems. Each entrepreneur should have the possibility to have a family, children, wife, as well as their other needs. A modern entrepreneur needs to constantly study, and this is a need for time and money, the main characteristic of a social entrepreneur is the direction of the enterprise to create conditions for self-development of each employee. As well as giving everyone the right to become a co-owner of the company, this will enable the establishment of a social enterprise, based on which will be the corporate culture of partner management. Such an enterprise, in our opinion, will be able to survive in a globalized, crisis economy and will create a high level of demand. From the usual entrepreneur social entrepreneur is distinguished by their values and purpose of entrepreneur activities, which it serves. There is no clear interpretation of the existing traits inherent social entrepreneur, but most often, it is the person, capable to think creatively, to be active, innovate and challenge the existing system. In our opinion, the level of development of social entrepreneurship in Ukraine will depend on the establishment of cooperation between such key players in the relationship: public authorities and local self-government - business education institutions - public organizations. The fact is that social entrepreneurship in Ukraine first needs to understand what this phenomenon is. To do this, entrepreneurs need to analyze all types of companies that have acted in world practice and can qualify as social enterprises. Because of the analysis, we will deduce the tendencies in the development of entrepreneurship in the modern global economy. Then develop a strategy for development and mechanisms of social entrepreneurship in Ukraine. Only when the population, the state, participants in market mechanisms will understand what social entrepreneurship is and what kind of benefit it can bring - a large number of social enterprises will emerge. These social enterprises will contribute to increasing the social security of the population and the standard of living of the entire country as a whole. However, one should not forget that for this purpose, the government should create appropriate conditions. Then, when close cooperation between the state and social enterprise will take place, society will be able to gain its social value in the form of the

increase of incomes, the increase of standards of living in the country and in general will make the

world a better place for everyone.

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Анотація

Владислав Герасимів

СУТНІСТЬ СОЦІАЛЬНОГО ПІДПРИЄМНИЦТВА В УМОВАХ ВПЛИВУ НА ЕКОНОМІКУ УКРАЇНИ

Розглянуто феномен соціального підприємництва та його потенційний вплив на українську економіку. Вказана проблема раніше не була глибоко обговорена і потребує кращої уваги, що може створити великі перспективи в майбутньому. У цій роботі використовувалися наступні методи: порівняльний, контрастний і синтез. Крім того, у статті наведено поняття «соціальне підприємництво» та приклади функціонування соціальних підприємств в Україні. Дослідження представляє роль соціального підприємця як неополітичного агента, для якого соціальне підприємництво має інноваційні бізнес-зусилля для вирішення соціальних проблем. Ця стаття показує, що багато інших питань у сфері соціального підприємництва потребують подальших досліджень та роз'яснень, а також пояснення впливу соціального підприємництва на економіку України.

Ключові слова: соціальне підприємництво, соціальна відповідальність, інновації, соціальний ефект, соціальна місія.

Анотация

Владислав Герасимов

СУЩНОСТЬ СОЦИАЛЬНОГО ПРЕДПРИНИМАТЕЛЬСТВА В УСЛОВИЯХ ВЛИЯНИЯ НА ЭКОНОМИКУ УКРАИНЫ

Статья посвящена изучению феномена социального предпринимательства и его потенциального влияния на экономику Украины. Тема этой работы ранее не обсуждалась подробно и требует более пристального внимания, что может создать более широкие перспективы в будущем. В данной работе использовались следующие методы: сравнительный, контрастный анализ и синтез. Кроме того, в статье приведены понятие «социальное предпринимательство» и примеры функционирования социальных предприятий в Украине. В исследовании представлена роль социального предпринимателя как неополитического агента, для которого социальное предпринимательство предпринимает инновационные усилия для решения социальных проблем. В этой статье показано, что еще много вопросов в области социального предпринимательства требуют дальнейших исследований и объяснений, а также объяснения влияния социального предпринимательства на украинскую экономику.

Ключевые слова: социальное предпринимательство, социальная ответственность, инновации, социальный эффект, социальная миссия.

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krasnianskaya.yulia@gmail.com

Research Fellow at Fil. Dr. Jan-U.Sandal Institute

Fil. Dr. Jan-U. Sandal Institute

ORCID: 0000-0003-3463-6325

SOCIAL ENTREPRENEURSHIP DEVELOPMENT IN ALTERNATIVE ENERGY OF UKRAINE

The article deals with various definitions of the "social entrepreneurship" concept. It is proved that the introduction of the social entrepreneurship system in the alternative energy sector of Ukraine is relevant. The basic social problems that can be solved by the development of alternative energy sources in the state are determined. The experience of European countries in solving such issues using analytical data is analyzed. Practical examples of the implementation of the social entrepreneurship idea in alternative energy of the EU member states is illustrated. The main renewable energy sources advantages and disadvantages are determined. The recommendations on stimulating the alternative energy development based on the principles of social entrepreneurship in Ukraine are given.

Keywords: social entrepreneurship, energy sector, alternative energy.

The formulation of the scientific problem and its significance. Uninterrupted and effective energy sector functioning in Ukraine is an important condition for the development of its national economy. Currently, 96% of the energy supply sources in the state have traditional sources of energy, that are of concern to environmentalists. Renewable energy can radically change the trend of industry development as a whole. The implementation of social entrepreneurship in the alternative energy field, which meets the priorities of sustainable development, is relevant. Revitalization of production and popularization of energy from renewable sources can solve other problems, not only environmental issues. Currently, an important social problem in Ukraine is the lack of a basis for the practical development of scholars who, in search of the possibility of implementing ideas, go abroad. Alternative energy is a high-tech industry and opens a wide springboard for innovation. In addition, the development of this sphere is able to solve the urgent problem for the state of increasing unemployment by creating new jobs for different segments of the population: from specialists in the field of energy to representatives of the simplest professions. Renewable energy is a way for Ukraine to meet energy independence. This aspect is particularly relevant nowadays, in the period of deepening of crisis phenomena in geopolitics. Energy supply is a profitable activity that ensures stable operation and further development of the industry. Independence of the sphere's operation from external factors (export of fuel, military actions in the east of the country) helps to avoid fluctuations in prices for heat and electricity, which is important for the normal development of the economy and citizens comfortable life.

Currently, the development of social entrepreneurship in Ukraine is at an early stage. For the energy sector, such system of activity in the state was not used, despite the significant potential for its implementation. It is advisable to identify problems and perspectives of using the concept in practice, including taking into account the leading European countries experience.

Analysis of recent research on this problem.

Separate issues regarding the study of the prospects of alternative energy development in Ukraine and the study of potential positive results of its implementation were undertaken by such scholars as Shkarbetst F., Prutska O., Braginets A., Braginets S., Pivniak G., Bobrov Ye., and others. Features of the implementation of social entrepreneurship in the energy sector and the experience of different countries are given in the works of Dan van der Horst, Sören Becker, Conrad Kunze, Mihaela Vancea etc. J. Mair, J. Ostin, H. Stevenson, J. Sandal, A. Brooks, K. Banks, and others have made significant contribution to the definition of the term «social entrepreneurship» and the disclosure of the essence of this concept.

Formulation of the purpose and objectives of the article. Despite a large number of scientific papers on the development of alternative energy in Ukraine, many issues remain insufficiently highlighted and require further research. To date, the prospect of introducing social entrepreneurship as a system of functioning of the energy sector of Ukraine has not been considered.

The main purpose of this work is to study the problems and prospects of the social entrepreneurship development in the renewable energy sector of Ukraine.

Presentation of the main material. Now, in the period of the crisis deepening in the Ukrainian

economy, a new approach to the development is needed. This can be achieved through the introduction of social entrepreneurship, which can not only accelerate the development of the economy,

but also solve numerous social and environmental problems.

There is no single approach to the definition of "social entrepreneurship". Scientists offer the following definitions of the term (Table 1).

Table 1

The definitions of the concept of "social entrepreneurship» given by different scholars

| Scholar | Definition |
|---|--|
| Seelos, C., and Mair, J., 2005 | Social entrepreneurship creates new models for the provision of products and services that directly to basic human needs that remain unsatisfied by current economic or social institutions [19] |
| Mair, J., and Marti, I., 2005 | We view social entrepreneurship as a process involving the innovative use and combination of resources to pursue opportunities to catalyze social change and/or address social needs [13] |
| Austin, J. , Stevenson, H. , Wei-Skillern, J., 2006 | We define social entrepreneurship as innovative, social value creating activity that can occur within or across the nonprofit, business, or government sectors [2] |
| Mair, J. , Robinson, J. Hockerts, K., 2006 | The concept of social entrepreneurship (SE) is, in practice, recognized as encompassing a wide range of activities: enterprising individuals devoted to making a difference; social purpose business ventures dedicated to adding for-profit motivations to the nonprofit sector; new types of philanthropists supporting venture capital-like 'investment' portfolios; and nonprofit organizations that are reinventing themselves by drawing on lessons learned from the business world [14] |
| Sandal, J., 2007 | Social entrepreneurship is a «special form of management, which purpose is to run a production function in such a way as to ensure increased value for all the participating parties in that function» [17] |
| Brooks, A., 2007 | Social entrepreneurship is a much newer concept that commercial entrepreneurship. Social entrepreneurship addresses social problems or needs that are unmet by private markets or governments. Social entrepreneurship is motivated primarily by social benefit. Social entrepreneurship generally works with – not against – market forces [4] |
| Mulgan, G. 2007 | understood as the use of entrepreneurial skills to achieve a social purpose but not necessarily involving social enterprise [9] |
| Banks, K., 2016 | Social entrepreneurship is a a specific term to describe those driven, persistent, ambitious individuals working on innovative solutions to society's most pressing social problems [3] |

Note: the author's development

That is, the main features of social entrepreneurship are the social significance and innovation of activity. Such a system is suitable for implementation in the field of energy using renewable energy sources, since it is able to solve a number of social problems (Fig. 1).

Traditional energy's considered one of the largest pollutants in the world.

The structure of energy supply in the context of traditional and renewable sources directly affects environmental pollution. For example, emissions of sulfur oxides (the largest air pollutant by volume) into the atmosphere from entities operating in the energy sector in Ukraine are 977400 tons (90.8% of total emissions).It significantly exceeds the value of all EU member states (from 0 t in Liechtenstein to 409302 tons in Poland);the emission of sulfur oxides

in the energy sector in Norway is 4063 tones [5, 1].The introduction of alternative energy will contribute to reducing emissions of sulfur oxides and a number of other hazardous compounds: carbon monoxide, nitrogen oxides, methane, and particulates. In addition, the use of traditional energy sources negatively affects the lithosphere (the formation of waste heaps from coal mining, drilling of wells for oil and gas production) and hydrosphere (the use of large amounts of water for the operation of thermal power plants and nuclear power plants).Alternative energy is considered "friendly" to the environment. The development of social entrepreneurship in this area can significantly reduce the negative impact of the energy sector on the environment.

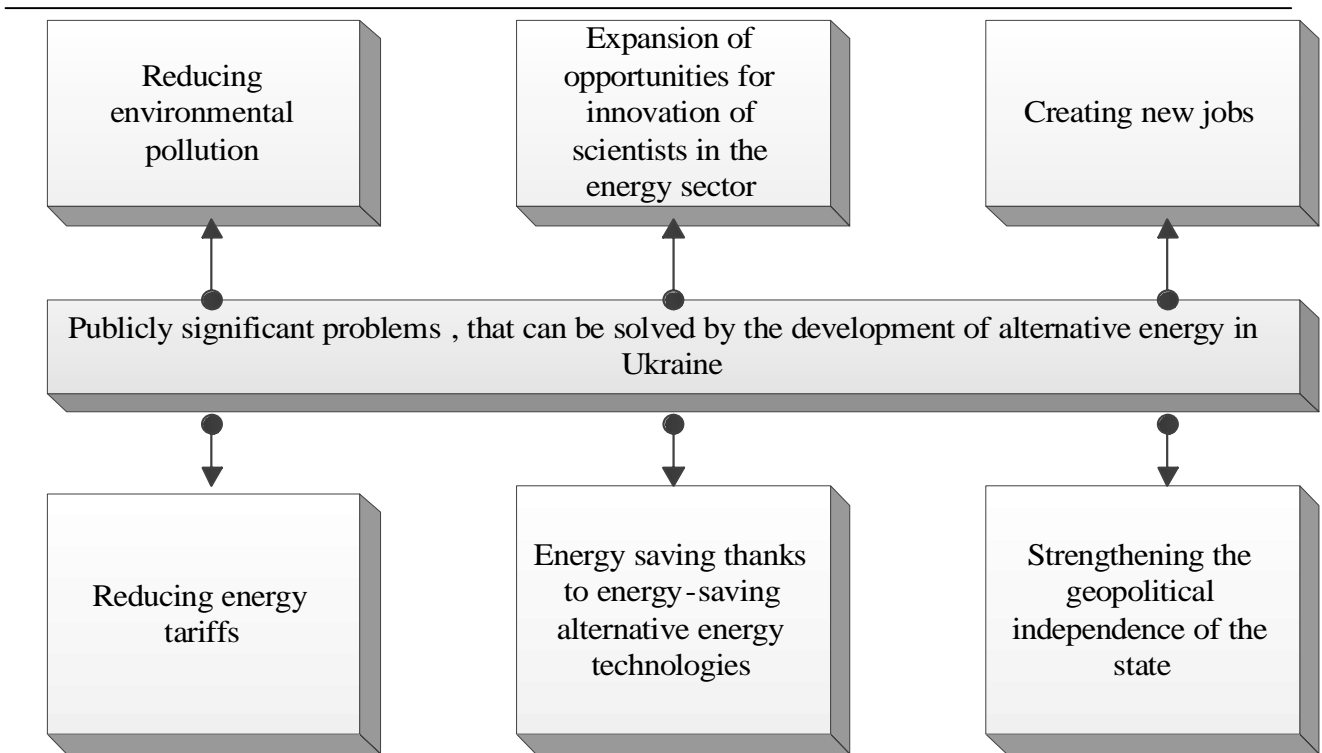


Fig. 1. Public problems that can be solved due to the development of alternative energy in Ukraine

Source: compiled by the author

In Ukraine, the energy sector is represented by more than 96% of traditional energy sources (Fig. 2). For comparison, in the EU, alternative energy

accounts for 13% of the final consumption of energy, in Norway 42%.

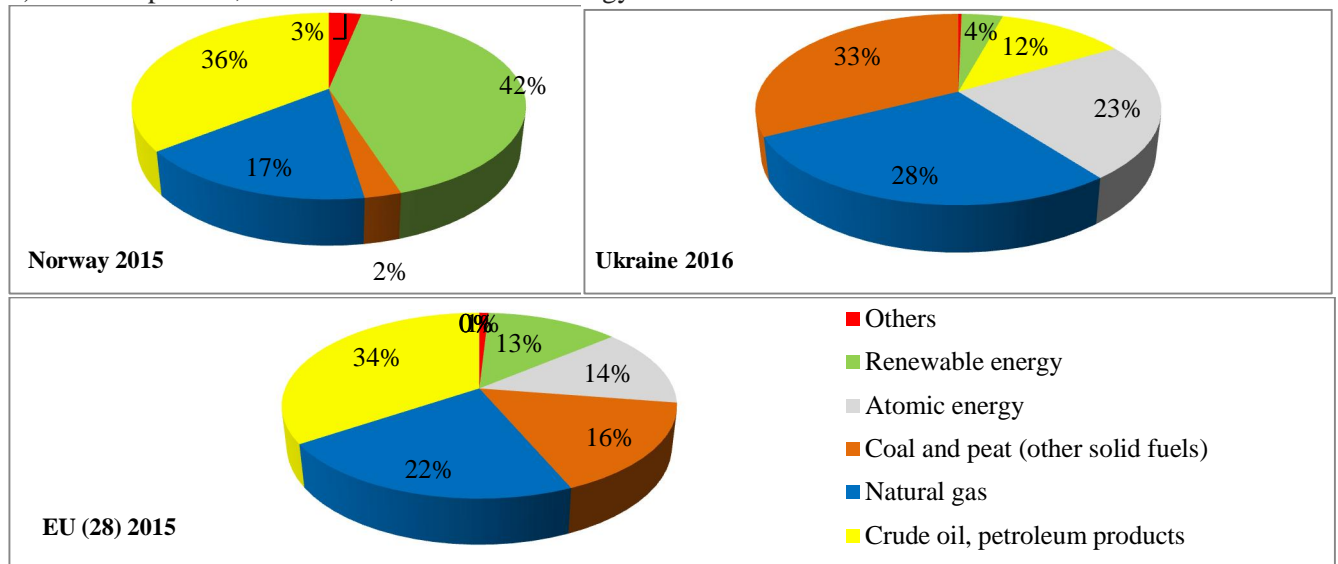


Fig. 2. The structure of gross energy consumption by type of fuel in Ukraine compared to Norway and the EU, %

Source: compiled by the author based [11, 6]

Implementation of renewable energy in Ukraine envisages broad prospects for creating new jobs. For example, in Germany, this sector provides work to 334 thousand workers, in France - 162 thousand, in the UK - 110 thousand, in Spain - 76,15 thousand, in the EU in total - 667 thousand people. According to the results of 2016 in the field of supply of

electricity, gas and steam, the status of the unemployed was 5.4 thousand citizens of Ukraine [16, 12]. That is, even at the initial stages of the development of alternative energy there is a possibility of a significant improvement of the situation on the labor market. In addition, the introduction of renewable energy sources will

stimulate increased demand for labor in other sectors of economic activity: agriculture (cultivating crops for biofuels), where the involvement of socially vulnerable groups or persons without a permanent place of residence is relevant; processing industry (production of generating installations, etc.); construction where it is possible to provide work for representatives of the simplest professions; transport and courier activities; financial activity (accounting of income and expenses, development of business plans); administrative service, etc.

Particular attention deserves the development of scientific activity in the energy sector, which is possible due to the introduction of alternative energy. Nowadays, renewable energy (except for hydropower) in Ukraine is not even represented as a separate specialty. The scientific branch "Electrical engineering" involves the research of atomic, thermal, hydropower and power engineering. In 2016, the structure of the scholarship direction was

as follows: 93 graduate students and 12 doctoral students. According to the results of scientific and applied activities in the field of electric power industry in 2016, 115 applications for inventions were filed [18]. Ukraine has a significant scientific potential for the development of alternative energy. Currently, a number of microelectronics companies in the state can provide a complete cycle of manufacturing the necessary devices for generation of energy using renewable sources. The availability of practical tools would contribute to the further improvement of the devices and would allow the creation of a competitive energy sector in Ukraine at the global level, while providing an opportunity to realize the scientific potential of domestic scientists.

The use of traditional energy sources is considered ineffective from an economic point of view in Ukraine. This is due to the lack of own minerals (Fig. 3).

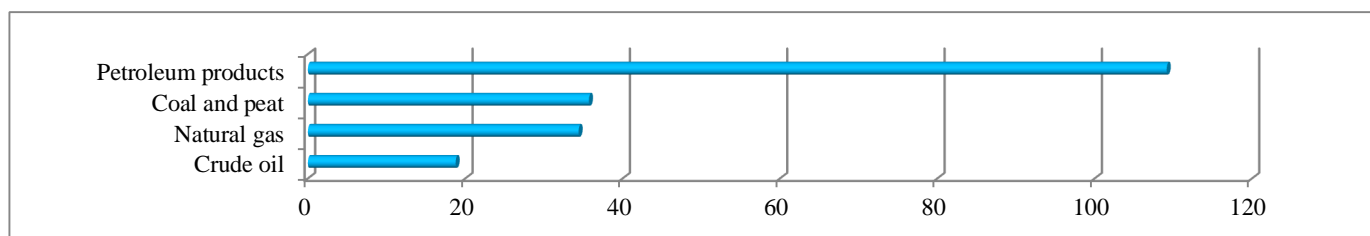


Fig.3. Share of imports of certain types of fuel in the structure of total supply of primary energy of this fuel in Ukraine in 2016, %

Source: compiled by the author based[6]

This situation leads to an increase in the geopolitical dependence of the state, which is confirmed by the downtime of the energy and, as a result, industrial enterprises in the period of exacerbation of relations with exporting countries. As a result of the production sector's downturn, there is a deepening of the economic and social (wage arrears, falling living standards) crises. The

development of alternative energy can solve this urgent public problem.

In addition, renewable energy, unlike traditional, allows you to lose less energy during transportation (in particular, thermal). This will reduce the energy intensity indicators in Ukraine, which are now critical (Fig. 4).

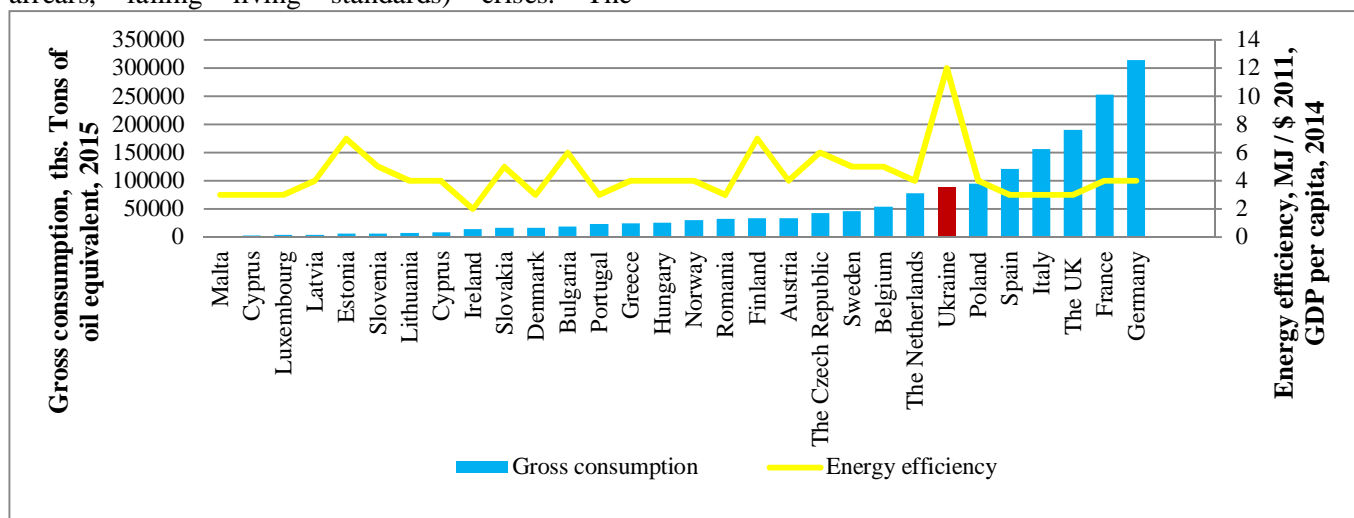


Fig. 4. Gross energy consumption and energy intensity in Ukraine, EU member states and Norway

Source: compiled by the author based[6, 20, 7]

Energy saved in this way can be used for the development of the national economy or exported, which is quite profitable. Expanding the supply of energy products will lower the prices for them [8].

The conducted analytical studies confirm the necessity and urgency of the development of social

entrepreneurship in the alternative energy field of Ukraine. Unfortunately, at this stage in our country there are no examples of such a system formation. In order to create a project for its implementation in Ukraine, it is expedient to study the experience of leading EU member states (Fig. 5).

| State | An example of the social entrepreneurship development in alternative energy |
|----------|--|
| Denmark | <p>Wind energy sources play a special role in the development of alternative energy. Social enterprises are formed of a general partnership / full liability company. The creation of such an enterprise is initiated by a local person, who is supported by other people, mainly farmers, on which territory, wind turbines are built. At the same time, the Danish Wind Guild Association, which is a nonprofit, independent organization that promotes such local partnerships, plays an important role in setting up a company.</p> <p>The country has a significant experience in stimulating social entrepreneurship in the field of supply of thermal energy. Local heating systems were established as social enterprises with the right to mandatory connection to them. The profit earned from their operation was reinvested.</p> |
| Germany | Social enterprises in the alternative energy sector of the country are formed as energy cooperatives. Their formation is facilitated by a number of state incentives, the most common of which is a fixed guaranteed tax and the obligation of network owners to buy energy from such social enterprises |
| Scotland | The Scottish Government has created the Community and Renewable Energy Scheme (CARES), which aims to provide special lending conditions for citizens (such as not requiring collateral) who wish to set up social enterprises in the field of alternative energy. |
| Norway | Funded by the Northern Periphery Programme, the SECRE project is aiming to foster sustainable and effective energy production alternatives especially in sparsely populated areas and to expand social entrepreneurship into bioenergy sector. SECRE is developing services that allow communities to apply renewable energy solutions in local economic development. SECRE consists of a transnational network of expertise on bioenergy and social entrepreneurship and the project includes 12 partners from Finland, Sweden, Norway, Iceland, Great Britain and Ireland. |

Fig. 5. Experience of some EU member states
in the development of social entrepreneurship in alternative energy

Source: compiled by the author based [10]

It is important to determine the types of alternative energy sources for which this project will be directed. The most environmentally friendly is solar energy. Positive is the virtually unlimited period of solar cells operation. Obstacles to use may require a large area for panel placement and their high price.

For along time discussion have been held on the use of hydro power, which at the initial stage soft he use of renewable sources was one of the ir most popular species. Of course, with the global problem of "greenhouse effect", hydropower, which does not actually affect the

thermal balance of the planet, is an ideal option compared to thermal and nuclear power plants. However, the community of ecologists has proven its negative economic impact (flooded territories could be used more effectively from a financial point of view, losses from impossibility of navigation), ecological (destruction of ecosystems due to flooding of territories and vibration-noise effects) and social (these territories could be used as recreational, many settlements flooded for the construction of hydroelectric power stations). This led to a significant reduction in the share of hydropower

use in the structure of alternative energy sources by EU Member States (from 25% in 2004 to 14% in 2015).

It is controversial about the expediency of using biofuels, which requires the cultivation of certain types of plant crops, whereas the territories could be used for food purposes or others – more profitable. However, its share remains rather significant, since emissions from the use of such fuel are almost half that of traditional fuel consumption (gasoline, gas).

The need to solve the problem of utilization of household and similar waste leads to the development of the use of such garbage as an alternative source of energy. Therefore, the amount of energy received as a result of its burning is constantly increasing, and the share remains in the EU for a decade in the level of 5%.

Wind energy is rapidly becoming one of the cleanest types of renewable sources. The only negative environmental aspect discovered relatively recently is the infrasonic noise that

negatively affects the flora and fauna within the radius of the wind generator. Wind power is relevant for use in the Carpathian region, thus solving one of its biggest problems – unemployment of the local population.

Geothermal energy and the energy of ocean tides depend heavily on climatic and geographical conditions, and are therefore historically used only by a number of EU member states. Without violating the thermal balance of the planet, they cause a negative impact on the components of the biosphere. In addition, the introduction of such renewable energy requires significant capital investments, while the possibilities for transporting energy are limited. In fact, Ukraine has no prospects for using these types of energy.

Currently, the development of alternative energy in Ukraine in terms of optimality of the structure does not correspond to environmental priorities in Ukraine (Fig. 6). The most "clean" types of energy occupy the smallest share.

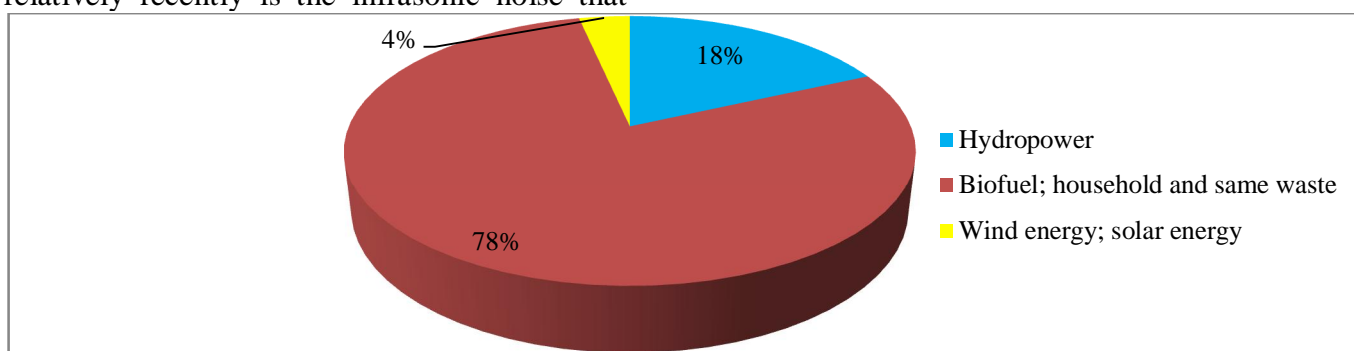


Fig. 6. Structure of energy supply from renewable sources in Ukraine in 2016, %

Source: compiled by the author based [6]

Leading countries set the desired values for the supply of energy from renewable sources. It is expedient to determine the optimal target structure for Ukraine. An example is the improvement of the structure in the EU (Figure 7).

Based on our research, we propose the following alternative energy development project in Ukraine (Table 2).

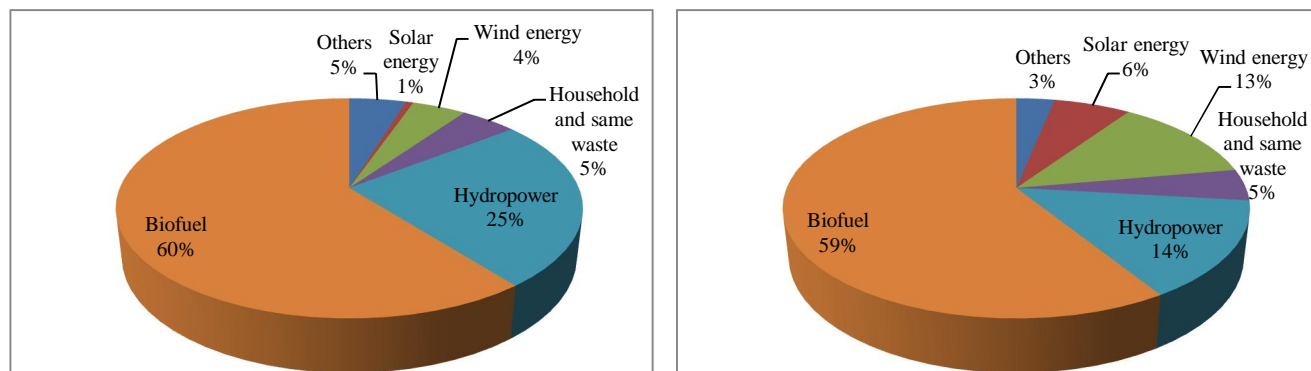


Fig. 7. The structure of the generation of energy from renewable sources in the EU in 2004 and 2015, %

Source: compiled by the author based [15]

Table 2

Basic principles of introduction of social entrepreneurship in alternative energy of Ukraine

| | |
|--|---|
| General purpose of the project | The development of alternative energy through the production of generating elements in the state (and not their export from abroad), their innovation improvement and the formation of an appropriate energy transportation network |
| Economic component of the project | Production of energy from alternative sources and its sale |
| The project's social tasks | <ul style="list-style-type: none"> - Reducing environmental pollution; - Development of scientific potential of the state; - Creation of new jobs, including for specific categories of population (inhabitants of mountain regions, people without a permanent place of residence, without education, etc.); - Strengthening of geopolitical independence of the state; - Implementation of energy saving technologies as an opportunity for future generations to exist; - Reduction of tariffs for products of the sphere |
| Mechanisms of stimulation | <ul style="list-style-type: none"> - Preferential taxation; - Special loan offers; - Legislative obligation of distributors to sell energy from alternative sources; - Public promotion of social enterprises |
| The basis for the development of social entrepreneurship | <ul style="list-style-type: none"> - Creation of a legislative framework that would clearly regulate the procedure for the establishment and operation of social enterprises in Ukraine; - Creation of a relevant state institution that would provide professional advice and support in the creation of such enterprises; - Establishment of the Institute of Social Entrepreneurship in the field of alternative energy; - Establishing interaction with a number of international organizations involved in supporting social entrepreneurship (FiBL, Argo Invest) |
| Requirements for the functioning of social enterprises of the sphere | <ul style="list-style-type: none"> - Permanent innovation activity through the involvement of specialists in the field of science; - Recruitment of vulnerable groups of the population or above mentioned categories of citizens; - Reinvestment of a fixed share of profits in order to continuously improve the industry |
| Organizational and legal form of creation of the enterprise | Arbitrary |

Note: the author's development

Conclusions. Taking into account, the main revealed signs of social entrepreneurship (innovation and social orientation) the implementation of this system in the alternative energy sector of Ukraine is relevant.

The conducted studies indicate, that our state has a significant potential for the development of alternative energy. The introduction of social entrepreneurship in this area can solve a number of important social problems analyzed in the work:

reducing the negative impact on the environment, creating new jobs (including for specific categories of the population), strengthening the state's energy independence, reducing energy prices, etc. In addition, the development of alternative energy will have a positive economic effect. A stable functioning energy sector is a guarantee of normal uninterrupted activity of the whole economy of the state. A profitable activity of the sphere is a source of significant income.

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Анотація

Юлія Краснянська

РОЗВИТОК СОЦІАЛЬНОГО ПІДПРИЄМНИЦТВА В СЕКТОРІ АЛЬТЕРНАТИВНОЇ ЕНЕРГЕТИКИ УКРАЇНИ

Висвітлено підходи різних науковців до трактування поняття "соціальне підприємництво". На прикладі держав-членів ЄС доведено, що актуальним є впровадження системи соціального підприємництва в сектор альтернативної енергетики України. Розроблено проект стимулювання розвитку альтернативної енергетики на основі принципів соціального підприємництва в Україні.

Ключові слова: соціальне підприємництво, енергетика, альтернативна енергетика

Аннотация

Юлия Краснянская

РАЗВИТИЕ СОЦИАЛЬНОГО ПРЕДПРИНИМАТЕЛЬСТВА В АЛЬТЕРНАТИВНОЙ ЭНЕРГЕТИКЕ УКРАИНЫ

Освещены подходы различных ученых к трактовке понятия "социальное предпринимательство". На примере государств-членов ЕС доказано, что актуальным является внедрение системы социального предпринимательства в сектор альтернативной энергетики Украины. Разработан проект стимулирования развития альтернативной энергетики на основе принципов социального предпринимательства в Украине.

Ключевые слова: социальное предпринимательство, энергетика, альтернативная энергетика.

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