

**ROLE OF HIGHER EDUCATION INSTITUTIONS IN SOCIETY:
CHALLENGES, TENDENCIES AND PERSPECTIVES**

Academic papers

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**AUKŠTŲJŲ MOKYKLŲ VAIDMUO VISUOMENĖJE:
IŠŠŪKIAI, TENDENCIJOS IR PERSPEKTYVOS**

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Visos leidinio leidybos teisės saugomos. Šis leidinys arba kuri nors jo dalis negali būti dauginami, taisomi ar kitaip platinami be leidėjo sutikimo.

THE PLACE OF SOCIAL ENTREPRENEURSHIP IN THE DEVELOPMENT OF SMALL AND MEDIUM ENTERPRISE AND SOLUTION OF MAJOR SOCIAL PROBLEMS

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Summary

For the successful operation of the company, we must have a strategy for the development, appropriate opportunities of the company, the environmental conditions, and the alleged innovative changes. Based on the theory of “long” opportunistic wave of business activity, which showed a new ability of output of the production system from the crisis; not associated with an increase in scale of operations, reduction of costs or increase in prices on the old products, but with the change in the economic process through the creation and implementation of innovations, the profit ratio would increase. According to Schumpeter, the company can, through innovation use the new competitive methods that are different from previous forms of price competition.

Keywords: social entrepreneurship, SME, innovation, Joseph Schumpeter, business development.

Introduction

In modern conditions of production, efficiency can be achieved primarily through the development of innovative processes, receiving final expression in the new technologies, and new types of competitive products. Creating and using innovation directly in enterprises is an urgent issue. The development of new technical, organizational and technological solutions, improving the basic management principles with respect to the specifics of the domestic, market creates the conditions for updating the reproduction processes in enterprises and provide additional impetus for economic growth. By their nature, innovations include not only technical or technological developments, but also any changes for the better in all areas of research and production activities. In this article the theory of Joseph Schumpeter will be the step stone for analyzes of business development in Ukraine, Russia and the USA.

Traditional theory of innovations

The Austrian economist Joseph Schumpeter is the founder of one of the most know the theory of innovation. The main idea of Schumpeter is economic development based on the introduction of innovations. According to Schumpeter, innovation is “the use of existing resources in new ways” (Schumpeter, J.A., 1926/1934/2008, p.65). Innovation can take place in one or several of this activities: new products, new technologies, new organization of industrial production, the opening of new markets, implementation of appropriate production reorganization. The source of the development are the internal processes, new combinations of production factors of land and labor, which is the pure definition of innovation.

Schumpeter identified five typical changes:

- the introduction of a new good;
- the introduction of a new method production;
- the opening of a new markets;
- the conquest of a new source of supply of raw materials;
- the carrying out of the new organization of any industry, like the creation of a monopoly position.

In accordance with Schumpeter’s theory, innovation is defined as the final outcome of innovation, where embodied in the form of new or improved products, introduction on the market of a new or improved technological process used in practice.

The methodology of system description of technological innovation in a market economy is based on international standards, according to which innovation is defined as the end result of scientific-technical activity that received the incarnation in the form of new or upgraded products, embedded in the market, a new or upgraded technological process, which is used in practice, or in the new approach to social services (Frascati Manual, 1963, Rev. 1993).

Thus, it can be argued that innovation, when it is embedded in enterprise activities in order to increase the effectiveness to meet the specific needs of the public in a better way, the profit will certainly increase. It should be noted that under the performance of entrepreneurship it is to be understood that certain economic, industrial, social, environmental and other results originate from the introduction of innovations.

Ukrainian thinking about entrepreneurship and innovations

According to Ukrainian author N. Krasnokutskaya (Krasnokutskaya, 2003: p. 8-10) whose thinking is that innovation, which examines the patterns of development processes, the formation of innovations, innovation as such, changed management mechanisms, contribute to overcoming the resistance to innovate, adapting them to the person in question, and the use and dissemination of innovation, represent the entrepreneurs impact on the scope of competition on the development of society as a whole.

Unlike natural, spontaneously emerging changes, innovation studies the mechanisms initiated and controlled changes that occur because of rational-voluntary actions.

It should be noted that in Ukrainian literature the concept of innovation appeared only with the establishment of the independent Ukraine. During the Soviet Union, this term was not used, experts used the term scientific and economic progress, and the problems of innovation was seen only in the introduction of new techniques in production.

Innovation is the result of the practical mastering of innovations, a firm engaged in the dynamics, the effectiveness of which is estimated not only economical, but also in social effect. The term "innovation" are marked with all the innovations in the industrial, commercial, and financial life, but also in marketing, administration and other areas; any changes and enhancements to ensure social progress, cost savings, profitability are included in the understanding of the terminology.

Analysis of modern innovation development testifies to the accelerating changes in industry technology, structure, scope, territorial arrangement and organization of production, and in cooperation with the countries of the world, the overall form of which becomes the international energy technology transfer. Country share innovations in the process of holding international conferences, seminars and exhibitions. During the discussion and exchange of views and experience between scientists, innovation got new content, more strength and weight in society, covering a larger area and science. Having provided the creation of a single world market of scientific and technological knowledge, any new technology (f. ex. the Internet, a new car etc.) can be achieved as a new economic resource.

It should be noted that in these conditions a fundamental reassessment of the role of the "human factor" was created. The modern, innovative changes related to creativity, intelligence, and knowledge, it is the innovator, as the human factor, which is the main carrier of innovative ideas.

According to the basic principles of the economic activity of Ukraine (The Verkhovna Rada Of Ukraine, the Ukrainian Parliament) economic activities carried out to achieve the economic and social results, and for the purpose of profit, is business, and subjects of entrepreneurship-entrepreneurs. Economic activities can be carried out without any purpose of profit (non-profit economic activities).

Russians thinking about entrepreneurship and innovations

Traditionally, according to the Main Development Institutions of Innovations in Russia (Theory Innovation, 2012), all the innovations are divided into two main categories: technological and non-technological. Most researchers accordingly are paying the highest attention to technological innovation; it is the direct production characterized by high intensity. These include all of the changes affecting the means, methods, technology, determining the scientific and technical progress.

Accordingly, organizational, administrative, legal, social, environmental attribution is to non-technological innovation. Classification of innovations according to the criterion of significance in the development of the productive forces of society presupposes their division into the following groups:

Firstly, the basic innovation - these are innovations that implement the major inventions and become the basis for a revolution in technology, the formation of its new directions, qualitative changes of the technological system, the creation of new industries. Such innovation requires a long period of time and large expenditures for development, but provide a significant level and scale of economic effect.

Secondly, the major and fundamental innovations is the innovations that have arisen on the basis of comparable rank of inventions, scientific and technical advice, as a result of which there is a change of generations of technology within this area or the appearance of new technologies, while maintaining the original fundamental scientific principle.

Established primarily because of applied research and development of new equipment and technology it has a high technical and economic indicators to meet the new requirements. Innovation of these projects takes place in a shorter time and at lower cost, but also the leap into the technological level and efficiency is much lower.

Thirdly, small and medium inventions and innovations are combinatory use of various combinations of compounds constructive elements. Realizing the average level of inventions and knowledge, these innovations make it possible to create a base for the development of new models and modifications of the generation equipment, to improve the existing technology, improve the basic technical and economic indices of production.

Fourthly, small and combinatorial innovation in which innovation that arise on the basis on small inventions, innovations and production experience. They are necessary to maintain a technical and economic level of basic or secondary improvement of technical and economic parameters of equipment and technology, improve product parameters, which contributes to more efficient production of these products, or improve the efficiency of its use.

In order to improve the functioning of the enterprise innovation, activities should provide:

- the most complete and timely satisfaction of needs;
- the company's competitiveness in terms of product quality and production efficiency, achieving a balance between stability (control of traditional technology) and the efforts to implement the new technology. Keeping the traditional productive technology, it is necessary to direct part of the resources at the same time to introduce the new technology, thereby diversifying set of technical means;
- the organization of interaction of internal and external elements of the system, are the main factors which information system innovations market, selection of projects from among alternatives and mutual interest (Theory Innovation, 2012).

Currently, the strategies of many companies there is a certain reorientation. The transition from the full use of the economic effects of large-scale production of a more focused innovation strategy. Innovations are essential tools to ensure the stability of the economic operation, the functioning and competitiveness. There is a strong relationship between the competitive positions of the enterprise efficiency and innovative potential. The effectiveness of enterprise operation can be achieved by improving the quality of products, the implementation of resource conservation policy, the issuance of new, competitive projects, the development of viable business projects.

According to the Russian theory entrepreneurship is an integral part of the economic activities of enterprises, managers and specialists of commercial and financial organizations. However, until very recently, this essential function of economic management was covered not only in Russian but also in foreign literature. Science party toured this active form of human activity, giving it at the mercy of folk art.

Soviet science in the past generally bypass issues of entrepreneurship. "This word you won't find even in the explanatory dictionary of Russian language" (Ozhegova S., 2002). Soviet social scientists viewed the enterprise as a purely class phenomenon. Although in everyday life and business practice, most people (and certainly managers) in varying degrees of contact with the practice of entrepreneurship would use the word. Entrepreneurship is running an economic enterprise, but denied complacency, represented stagnation, and imposed self-righteousness and profligacy.

Business Manager, not an entrepreneur, is a bad worker, day laborer, who is serving in the service of regulated clocks. Entrepreneur seeks and finds ways of development and increasing production efficiency, improving the quality of the work, increasing the profitability of the enterprise regardless of whether he is the owner of the business or salaried employee (Vidjapin, 2012, p. 245).

The term "social entrepreneurship" is relatively new to the Russian practice and allows for broad interpretation. Social entrepreneurship takes an intermediate position between traditional business and Philanthropy. First, it has its own objectives focusing on social changes, resolving social problems. Second, commercial nature of the activity, where goals are achieved and not by ad hoc bailouts or through the Organization of entrepreneurial activity. The following definition of a social entrepreneur is subject to be aware of some social problem and to use entrepreneurial principles to organize and manage the enterprise with a view to solving the problem or produce social change (Moscow A., 2011: p. 112-125).

American thinking about entrepreneurship and innovations

According to Ro Khanna (Khanna, R., 2002: p. 10) manufacturing is essential for American innovation. Mr. Grove says, "New products are likely to be invented in the places where current ones are being made" (Khanna, R. 2002: p. 20). The service sector may have more innovation per dollar invested than entrepreneurship, since business has high capital costs. Innovations is unmoving in the culture of chose collaborations between designers and producers within businesses that encourage experimentation and that this culture is worth preserving for American economy (Khanna, 2002: p. 13-14).

Proved the need for state intervention in the economy and have proposed a set of measures of its regulation, J. Keynes, in his work *The General Theory of Employment, percent and money*, "explained the need to stimulate the growth of aggregate demand as a means of achieving full employment" (Keynes, J. 1936:, p. 72). The main role in this investment was that in his opinion one is able to cause a significant amplitude fluctuation in aggregate employment and income.

For increased investment, J. Keynes proposed a series of measures for macroeconomic regulation, including lowering rates percent on loans, the expansion of public investment by government procurement of goods and services, and increase of efficiency of investment. Although directly investing in innovation is something else. After all, investing in effective processes when providing productivity growth is what happens

primarily by ensuring continuous updates on products and technologies that are just oriented innovative entrepreneurship (Keynes J. M., 1999: p.41-56).

On the dominant role of technological change in comparison to the capital and taken in economic growth point, representatives of the theory of technical innovation and increasing demand, E. Denison, D. Kendrick, R. Solow, proved that the United States GNP is growing mainly due to technological change.

According to Gregory Dees, an entrepreneurial culture that promotes seeking out opportunities for cooperative strategies increases your organization's chances for success. Identifying potential partners, developing an action plan, and establishing a negotiation team as appropriate are the main cores. At the same time, a social entrepreneur is characterized by a strong commitment to the positive social change and sense of personal power to effect that change. A social entrepreneur has a social mission.

Business enterprise board emphasis on generating earning income in the independent sector has increased over the last decade. As a result, more and more social enterprises are focused on revenue-generating businesses. As long as the revenue-generating service or product is directly related to the mission of the enterprise, it is still tax exempt (Gregory Dees, 2002: p.60; 105; 162).

Innovative entrepreneurship is about intensive production development factors that contribute to the use of the achievements of the activities, according to Robert Solow, (the 1986 Nobel Prize laureate). Only ETP can prove to provide a level of prosperity that is continuously growing (Seligman, 1968: p.95). Thus, the company can only be successful by applying innovation, and thereby be above the development of competitors.

Of great importance in the development of innovative entrepreneurship has been played by consumers with innovative products. Moreover, in many cases, their role in the creation and dissemination of innovation is not lower than the role of the direct producers. So, in a study conducted by employees of Massachusetts Institute of Technology it is shown that innovation often originate from the consumer products that require new or better products. The scientific instrument-making industry to consumers accounted for 77% of innovations, and some sectors of the plastics manufacturing had 90%. In research notes, we find that the ratio of the innovations brought about by new consumers and new technological capabilities, is 3:126. While on stage, the establishment of a market economy, when the future market for small and medium size business, there will be a pressure of producers and the economic interest of the entrepreneur are not very involved with the concerns of consumers.

So, actually the economic progress and development of innovation entrepreneurship serving as a prerequisite for social transformation and social development in general (Burmistrova, 1992: p.53-61).

Development of Business in Ukraine

It is no secret that Ukraine today is facing great economic challenges. The economic instability in Ukraine is caused by many factors, of which the most significant are: the differentiation of incomes and slowing business activity. Also very important is the decline of GDP in 2014, which fell by 6.6% and in 2015 by 9.9%, the reduction of the General Level of Static Power that fell to 7.91 points in the period from 2014 to 2015. These figures show that the falling of the economy rate is significant and leads to major social problems in many areas of human life. The funds attracted from international financial institutions may not reduce unemployment, but is the way we can see the declining living standards of the population.

To secure the transition to growth of the economy of Ukraine we need to develop small and average businesses, namely SAB. In most economic developed countries of the world, SAB is the basis to sustainable economic growth. However, the indicators showed that SAB development in Ukraine does not have flatten the growth. According to the Global Competitiveness Index, Ukraine ranked 79 place out of 140 countries in the world, after Guatemala. Among the indicators the worth position have such indicators as security, availability of venture capital and the quality of the supply of electricity. Global Competitiveness Index indicates that Ukraine is not a thriving environment for growing businesses that is why enterprise cannot cooperate or compete among themselves. According to the index, Ease of Doing Business in Ukraine, Ukraine took the 80th position with 190 in the ranking of World Bank (The World Bank).

Let us pay attention to the interesting aspect: in terms of the Ease of Opening Business in Ukraine is set on the 20th place. However, despite this, experts from the Center of the Public Examination determined that the main problems faced by SAB in the Ukraine are corruption at various levels and in various forms, excessive regulation of business activity and the absence of effective deregulation, ineffectiveness of judicial protection and complex administration of taxes. These factors influenced on the indicator of International Trade of Products in 2016, which is amounted to 23.3 billion euros, that is 8.7% less compared to the same period last year.

Currently in Ukraine, there are registered 1.7 million of the SAB, in neighboring Poland this number is 8.9 million. The Volume of Sales per one employed in SAB is 37 units, but in the European Union, this figure is 163 units. This is also a proof, that SABs in Ukraine is characterized in significantly lower volume and efficiency

of production. Not much comfort for SAB also when the average sales volume per one of the subject SAB in Ukraine is 124 units, compared with EU, which has 655 units.

Concerning other indicators, the situation is more positive. The Share of SABs in the Implementation of Production in Ukraine is 52%, which is 4 percentage points less than the EU average of 56%. Similarly, the Share of Employment in SABs in Ukraine is 60% and 7 percentage points lower than in EU. The positive trend with respect to the index of Industrial Production is the increase by 2 points for 9 months in 2016 (while in 2015 it was down 10.1 points).

Analyzing the deregulation of SABs, USAID outlined over 200 problems for SAB in 2014, among which 22 are fixed in 2015 and 53 are at the stage of resolving. The largest among of their merits Government authorities consider to the implementation of a simplified, transparent and fair tender procedure. This innovation solves many corruption problems and have already saved 16% of public funds. According to the Representatives of Business Associations, the most interesting in the development of the SAB sector is the local government. After all, the greater share of taxes from SABs goes to the local governmental budget.

The most important economic implications for SAB development are:

- the creation of new jobs;
- filling of budgets;
- enhancing the competitiveness of the economy;
- the diversity of high-quality products and services;
- space for innovation;
- economic development in general.

The Group of experts of USAID has identified that general need of SAB are improving the macro-economic situation and restructure the banking sector, which are almost never performing its functions now. According to estimates of the European Bank for Reconstruction and Development, Ukraine needs about 100 billion euros for the development of SABs.

Practical obstacles in the creation and development of SABs are the factors which weight graphically depicted in Figure 1:

- the war and the unstable political situation;
- lack of demand against the background of high competition;
- corruption caused by complicated and burdensome regulation;
- the lack of skilled workers and upgraded facilities;
- problems with the power supply;
- taxes and administration against frequent changes in the legislation;
- general limited access;
- currency regulation and inflation;
- the inefficiency of the State apparatus.

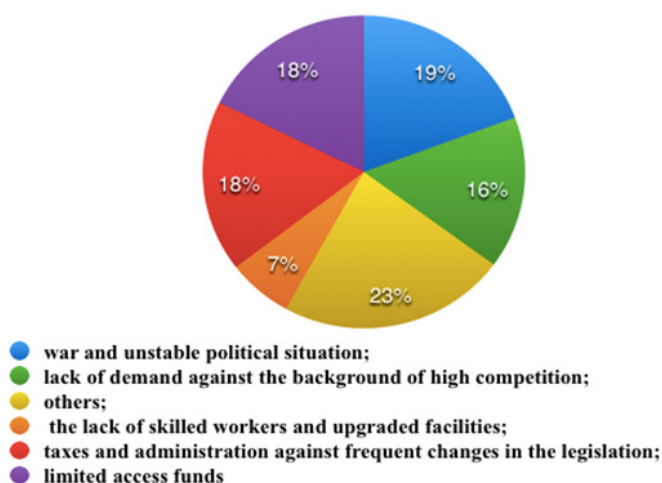


Fig. 1. Percent effect of negative factors on the creation and development of SABs. Made by the author according to the USAID.

No less important at the present stage is the social sphere. There must be found a solution of a number of tasks, that have a primary importance for the development of the economy and a positive impact on the main productive forces of the society. The social active person is of a high importance at the present stage in the social sphere. Solving these problems have a positive impact on the main productive force of the society, especially on the person, namely:

- achieve a decent level of material well-being and living conditions of the people;
- maximize productive employment, improve the quality and competitiveness of the workforce;
- ensuring the rights and social guarantees to families;
- support social burdens imposed on segments of the population;
- improving fertility and mortality of the population, increasing life expectancy (Cooke, 2014).

Social sphere conditionally can be divided into two parts: social-household and social-culture. Among the social-household major challenges are public service, transport and communications, health care and social security.

Therefore, the only one way, in my opinion, that would be able to stabilize the economic situation and overcome the problems of the social sphere is to create a favorable environment for the existence of small and medium businesses, which is inherent in the solution of specific social problems. After all, businesses cannot only bring profits and make new life-giving resources in the economy of our country, but also solve major social problems with benefit for themselves. This is actually what Harvard Business School have examined, and they found something fascinating. According to the research, \$1 invested in companies would accumulate the equivalency capital and profit of \$14.48 after 20 years. In contrast, investment in portfolio companies, aimed at the solution of major social problems will bring \$28.32, almost twice the amount (Audrey Choi, 2016).

This study shows us that social enterprise is not only useful for society, but also more profitable than others are. That is, on the one hand, because they resolve major social problems that cannot be solved by state organs. On the other hand, these enterprises show significantly higher indicators of growth, liquidity and profitability.

In the last two decades, entrepreneurship has been viewed as a tool that can fight poverty and unemployment. That is why in economically developed countries social entrepreneurship comes to the forefront of the economy.

Success or failure of modernization of the economy is determined on not only the effect of innovative processes and the presence of the required investment, but also as the adequate reaction of socio-humanitarian protection and willingness to socio-cultural transformation of psychology of the broad population and the elite structure. As a priority, we should provide the projects, which will provide separation in the relevant field by the criterion of ability to compete on the domestic and foreign markets. A prerequisite is the arrangement of cooperation between business and research institutions. They shaped development institutions that use innovative mechanisms of interaction between society, government and business that will have authorities at all levels through networking, clustering, the corporate model, public-private partnerships and alliances of business associations.

Innovation create the main preconditions for economic development. In this context, the significant and important experience from foreign countries is valuable, especially the United States, because it reveals common patterns of socio-economic transformation and allows us to specify the location and stage of evolution of each country in the course of civilization development.

Social entrepreneurship allows us to support the population in resisting the danger of social exclusion and the predominantly takes of development in areas such as education, environmental protection, the fight against poverty and for human rights. It should be considered that the status of social entrepreneurs as innovators, which uses innovative ideas and accumulated resources for solving social problems, lead activities to stable positive social changes in the society (Darden-Phillips, 2012:, p.123).

Therefore, we can say, that confidence of the social direction in the SAB development can provide a way out of the economic crisis in Ukraine.

Ukraine has just started to create social enterprises. In 2010, based on analytical Association of NGOs "Socio-Economic Strategies and Partnership of Social-Economic Strategies and Partnership" that is the support center for social entrepreneurship, it is said that there are 700 social enterprises according to the data of to the NGO "Social Entrepreneurship in Ukraine", among which "Benefits", "Consent", "Walnut House" and others. However, in fact, according to USAID in Ukraine that are 48 social enterprises. This gap was due to different interpretations of the theory of the social entrepreneurship. The NGO "Social Entrepreneurship in Ukraine" was founded, based on the Russian theory of social entrepreneurship, and the USAID study was based on American theories about social entrepreneurship. That is why we see such a large gap in the calculations on the amount of social enterprises in Ukraine, which is caused by the fact that Ukrainian theory of social enterprise are not well developed yet.

Development of Business in Russia

Recently, Russia developed a basic standard of international quality, based on developed market economy elements of the system of state support for small and average entrepreneurship. However, difficult economic conditions of management and existing problems of development of small and average enterprises

showed that state measures support are ineffective. Also quite essential for the recession of entrepreneurship development is the decline of GDP in 2014, which fell by 10.8% and in 2015 at 40.7%, (calculations were made in United States dollars, The World Bank).

Although the Russian Government gives big support for small and average enterprises, the Russian Government's main goal is support of SAB to aim risk reducing of small business. Due to the insufficient resource availability, the state must support small businesses in the following basic areas:

- financial support;
- logistical support;
- advisory and information support;
- the creation of a market infrastructure.

According to the Global Competitiveness Index, Russia ranked 43 out of 140 countries in the world, before Panama and Indonesia who have 4.5 points. According to the World Economic Forum, major hindrances for doing business in Russia are inflation, tax rates and corruption. Index of Global Competitiveness refers to the ability of the country and ensure stable economic growth, which would be sustainable in the medium term of Russia. According to Ease of Doing Business in Russia, the country has taken the 40th position out of 190 countries. This term have declined indices such as access to Electronic Networks, Registering Property and Obtaining Credit. One of the worst decline have indicators Obtaining Building Permits and Trade Across Borders (The World Bank).

According to the information of Resource Center Small Business, the total number of enterprises that are registered and operated in the Russian Federation are 4.5 million. The amount of small and average businesses, which employed more than 18 million man, constitutes 25% of the total employed in the economy of the Russian Federation.

During the period 2010-2014, the number of enterprises in the sector of SABs demonstrated positive dynamics, only for categories of small and average businesses. Although for the last 2 years, the growth rate in this segment is significantly raised up, (see Figure 2). Therefore, the number of small and average enterprises for 5 years has increased by 28% with 1644.3 thousand and in 2010 to 2103.8 thousand. In 2014 the number of Microenterprise in 2014 has increased by almost a third and reached 1868,2 thousands, compared with the year 2010. The results after 4 years, the number of enterprises increased by 459.5 thousands. The number actually engaged in the sphere of individual businesses increased by 499.5 thousands people during the period 2010-2014. All these indicators show significant development of small and average enterprises in Russia. The most popular field of small and average business in Russia are wholesale and retail trade, real estate, renting and construction (Small Business Resource Center, 2015).

Table 1. Main economic indicators of small and average enterprises 2010-2014 years. Made by the author according to the Rosstat.

	2010 year	2011 year	2012 year	2013 year	2014 year
The number of enterprises (end-year), thsd.	1644,3	1836,4	2003,0	2063,1	2103,8
Average number of employees without externally. Teachers, thous. man	9790,2	10421,9	10755,7	10775,2	10789,5
Turnover, bln. rub.	18933,8	22610,2	23463,7	24781,6	26392,2
The average monthly gross wage of 1 employees, rub.	12367	15743	16711	17948	19201

According to the index of the Rapid Shallow Briefing Index (RSBI), business activity today is 44.6 points. Quarterly, the Sales Level Measurement show staffing changes, availability of financing and investment in small companies that allow us to predict the mood of business in the next three months. A figure below 50 points indicates that we have fall in business activity. In the fourth quarter of the year 2014, for example, the index reached minimum, to 39.8 points. The decline in sales, price increases and cost has a negative impact on company profits (State support for small business in Russia, 2015).

The Ministry of Economic and Development of Russia has developed the concept of long-term social-economic development of the country. In accordance to them, the provisions of this document, until year

2020 main goal of small and average businesses, have the following indicators:

- the proportion of small businesses in GDP in Russia will occupy 30%, and the total proportion of small and average businesses will occupy half of the total GDP of the country;
- the percentage of small businesses among all business entities will be 80%;
- number of employed persons in the small business sphere will increase to 60% of the population.
- a qualitative change in industry structure occurs, etc. (The Civil Code of the Russian Federation, 2013).

Nevertheless, in practice, the SABs in Russia are faced with problems, such as:

- unprofitable to produce;
- excessive control by the various State structures;
- technological backwardness;
- weak entrepreneurial activity and negative sentiment among the population.

However, despite this, in 2014, the Government established the Foundation “Our Future” for the social entrepreneurship, which are widely distributed throughout Russia. Unlike in Ukraine, Russia already has a broad legal framework for social enterprises, to simplify their work and to providing support and promotion of each social entrepreneur. Nevertheless, despite this, Russia encounter another problem. Big business began to impersonate itself to a social enterprise, “Until the absurd stories, when big business calls itself social, because it has a charity program, because the company also employs people or use its products” - says Vladimir Weiner, curator for “Social enterprises of Russia”.

In 2014, the Foundation “Our Future” established the social directory. In general, in Russia now there are 195 social enterprises, among whom 76 are engaged in educational and health care sector. Among social enterprises in Russia, 310 provide different kinds of goods and services like magnetic bookmarks for books, books and Jacob-transformer, etc.

Additionally, a partnership initiative for the development and support of youth business and socially-oriented project “School of social entrepreneurship”, is successfully operates and organized by the Non-profit partnership “Smart Concept” with Ministry of Investment Sector (IS) support of the Government and the business community (Directory of businesses, «Our Future”, 2014).

Support is needed for businesses of any size, especially now in the midst of a protracted crisis. Another thing is the fundamentally different form of support. At the startup of the business, there are many uncertainties, and we need to support the simplification of regulatory procedures, lowering the tax burden and give professional advice. For companies, that have proven their viability, particularly financial support should be given, but not on a free-of-charge basis.

Development of Business in USA

America, for many years was the one of the main leader in the world, with widely developed branch of entrepreneurship and innovation. The fact that America is gaining power rapidly can be noted through the GDP, which in 2009 was 14.41 trillion dollars, and now in 2015, a GDP of 17.97 trillion dollars. Despite the internal state of financial credit in relation to the GDP, GDP remains quite large. As, in 2015 the Internal Debt in the private sector in relation to GDP is 190,36%. It fell on 15,94% cut from 2007 to 2015. These figures indicate, that the growth rates are significant and lead to development in many areas and can solve many social problems.

In General, the growth of the economy mainly depends on the development of small and average businesses, because it is a level for development of economy. That is why it is very important to create a good environment for the development of SABs. According to the Global Competitiveness index, the United States takes the 1st place out of 140 countries of the world. The effectiveness of national markets and the competitiveness of companies have impressive ability to technological innovation based on the excellent system of universities and research centers (The World Bank).

Although in terms of Easy of Doing Business in the United States in 2016 takes the 7th place with 190 seats. In General, for a given indicator of United States country with high level of income and GNI per capita 54960 \$US. The major indexes, which fell under this indicator, are Getting Electricity, Dealing with Construction Permits, and Paying Taxes. It is necessary to pay attention to the fact, that the ease of starting a business in the United States takes the 45th place, in Ukraine the 20th.

Implementation of innovative ideas is risky, and not because of the modern market conditions of entrepreneurs who have different choice of innovations, but it is because of all linking with a simple business calculation, which are a combination of cheap labor, outdated techniques and archaic technology that allows them to get more profit. The share taken by the production of innovative projects in the United States is – 52% (Tchaikovsky O., 2016., p.12).

Therefore, in the United States, small and average businesses play an important role in the national economy. Small and average enterprises make up 81% in services, 80% in construction, 55% in retail trade

and 21% in manufacturing. Recent aim of small and average enterprises also begin to develop actively in fields such as electrical engineering and the chemical industry. Therefore, support for small and average enterprises is one of the priority directions of the state policy of the United States on the Federal level.

According to the U.S. Census Bureau data in 2012 in the United States Register, 5.73 million small and average enterprises, among them the share of firms, which have less than 500 workers, is 99.7%, and the proportion of firms in which there are less than 20 workers, is 89.6%. In 2015, the number of all bank borrowings to SABs amounted to 600 billion. According to the National Small Business Association, 73% of small and average enterprises requested financial support throughout the year. In addition, we can see, very high survival rate for new businesses, which amounts to 79.9% in 2014.

In addition, we can see the high development of enterprises in the United States. In Figure 3, we can see that the number of enterprises, of which are older than 6 years are very huge, 25 082 unit. Also, in the Average Establishment Survival Rate, we can see that only 33.5% of the enterprise reaching the mark of 10 years, despite the fact, that in the first year of functioning survived 78% of enterprises.

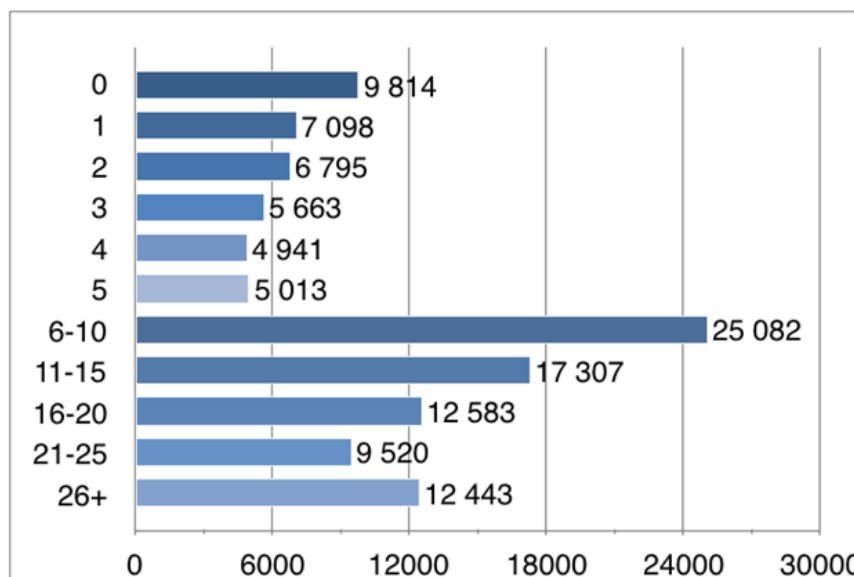


Fig. 2. Age of firms over the years in the United States in 2014. Made by the author according to the Business Dynamic Statistics, U.S. Census Bureau

A great difference of the small and average businesses in the United States is because of the existence of a larger proportion of Venture Capital that is not observed in Ukraine and Russia. The share of Venture Capital increased with 5.1 billion in 2011 to 13.4 billion in 2016. This shows that in the United States the number of enterprises in association with high or relatively high degree of risk and long-term investment in risky securities have increased (U.S. Small Business Administration, 2016). In addition, so large attachments of Venture Capital companies in the United States show great development of Venture Funds, which in turn indicates the high level of the economy.

According to Social Enterprise Alliance in U.S. at this period in the United States were registered 225 social enterprises. Among them are enterprises such as Worksquare West, WeMatter Suicide Prevention Movement, the UPS Foundation, the Urban Eats and Tumbleweed Center for Youth Development. In recent years, social entrepreneurship have been very widely developed in the United States. To promote social entrepreneurship and to connect entrepreneurs with innovation in the United States, they did not only adopt to laws, but also create individual departments to organize long-term grant competitions. In the United States, social entrepreneurship is any type of nonprofit or organizations that receive income.

Cooperatives and labor groups that exist in the United States are seldom considered as social enterprises. In United States, social entrepreneurship often identifies with business organizations, and the income from which they make a living are directed to their statutory activities. In the United States, social entrepreneurship is a starting point, and a charismatic leader and the innovative ideas can become a success. (Janelle A. Kerin, 2009:, p. 196-201).

Conclusion

Recently, we have seen the changed priorities of investment in financial resources and social problems. That is why they have not lost their significance. In the surrounding economic environment, we see that

new players are appearing and we have started underfunding them. These players are the social organizations that put the goal of solving a particular social problem in front. The good funding in the past has generated the emergence of the new mechanism. The main driver of social entrepreneurship is the effective solution of specific social problems on the profile of the enterprise. In addition, the most capable for the mobilization system is financial resources of organizational form; the latter may range from non-profit to profitable.

Social entrepreneurship in Ukraine is the phenomenon of the new and evolving sector that, basically, did not include the governmental or private investors, but mostly only individual enthusiasts (entrepreneurs). That cannot be said about the United States and Russia, which have put the question of the development of social entrepreneurship at the State level.

Therefore, we can see that the development of the social entrepreneurship in Russia and the United States stands at the same level. The number of social enterprises in the United States is 225 and in Russia 195, which shows that they stand in roughly equal levels, which shows, that the development of social entrepreneurship is going systematically.

There are other indicators of the economy that are dramatically different, as Russia's GDP currently diminished at 40.7%, despite the fact that in the United States we can see growth in GDP. In addition, Russia did not develop the Venture Funds, despite the fact that in the United States Venture Funds are widely developed and successfully operating on the American market.

Analyzing the situation of social entrepreneurship in Ukraine, we can say, that the low development of social enterprises are influenced by the decline of the economy. The most negative effect gives such factors as hostilities in the East of the country and the lack of legal support for social enterprises. The key to a success concept in Ukraine is the developing of a national strategy for the development of social entrepreneurship, which would coordinate the efforts of all stakeholders, entrepreneurs, NGOs and donor of the structures.

In addition, it should be noted, that Russia now encounters the problem of misinterpreting the definition of social enterprise. That is why some of the big corporations are trying to impersonate themselves into a social enterprise. Therefore, we now can say that the best development theory of social entrepreneurship is in the United States of America.

The activities of social enterprises are beneficial for economic development of each country, since this activity provides an opportunity to reduce the portion of government spending to solve the problems of the disadvantaged people, their employment and social adaptation.

With regard to the role of human and social capital, in social economy the sustainable development means have not just achieved strong and sustainable economic growth. Nevertheless, it can expand reproduction of human potential based on investment in its accumulation, rising prosperity and improving the quality of human resource development (health, education, etc.), with a fair distribution of production results and mutual respect for the social responsibility of the population and the State. This approach considers the social and sustainable development of cumulative human potential through a society of investment in human capital and social opportunities (Fakhrutdinov, 2009, p. 7-11).

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Anotacija

SOCIALINIO VERSLUMO VIETA PLĖTOJANT MAŽĄSIAS IR VIDUTINES ĮMONES IR PAGRINDINIŲ SOCIALINIŲ PROBLEMŲ SPRENDIMAS

Pagal savo pobūdį, naujovės apima ne tik techninius ir technologinius pokyčius, bet ir bet kokius pokyčius visose mokslinių tyrimų ir gamybos veiklos srityse. Šiame straipsnyje Josepho Schumpeterio teorija bus kertinis akmuo, analizuojant verslo plėtrą Ukrainoje, Rusijoje ir JAV. Šiuolaikinėmis gamybos sąlygomis efektyvumas gali būti pasiektas visų pirma plėtojant inovatyvius procesus, kuriant naujausias technologijas ir naujus konkurencingus produktus. Inovacijų kūrimas ir naudojimas tiesiogiai įmonėse yra neatidėliotinas klausimas. Naujų techninių, organizacinių ir technologinių sprendimų kūrimas, gerinant pagrindinius valdymo principus atsižvelgiant į šalies vidaus rinkos specifiką, sukuria sąlygas atnaujinti reprodukcijos procesus įmonėse ir suteikti papildomą impulsą ekonomikos augimui. Socialinis verslumas Ukrainoje yra naujo ir besiplečiančio sektoriaus fenomenas, į kurį iš esmės nebuvo įtraukti vyriausybinių ar privatūs investuotojai, o daugiausia tik individualūs entuziastai (verslininkai). To negalima pasakyti apie Jungtines Valstijas ir Rusiją, kurios išklė klausimą apie socialinio verslumo plėtrą valstybės lygiu. Socialinių įmonių veikla yra naudinga kiekvienos šalies ekonominiam vystymuisi, nes ši veikla suteikia galimybę sumažinti vyriausybės išlaidų dalį sprendžiant nepalankioje padėtyje esančių žmonių problemas, jų užimtumą ir socialinę adaptaciją. Ukrainos sėkmės koncepcijos raktas yra nacionalinės socialinio verslumo plėtros strategijos kūrimas, kuris koordinuotų visų suinteresuotųjų šalių, verslininkų, nevyriausybinių organizacijų ir struktūrų donorių pastangas.

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