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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 Аліза 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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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

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juliahakman0797@gmail.com

Yuriy Fedkovych Chernivtsi National University, Chernivtsi, Ukraine
Fil. Dr. Jan-U. Sandal Institute, Kloveerveien 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 market, 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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