

NGO AS A SIGNIFICANT ELEMENT OF HELIX MODEL SYSTEM PROMOTING INNOVATIONS IN RURAL AREAS

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Abstract. Helix model methodology leads to systemic and trans-disciplinary approach in the innovation promoting processes by means of the institutions of non-governmental sector.

A traditional model of implementing innovations – “academic circles – business institutions” established linear relationship (Double Helix model). The analysis of the international experience has led to the the formation of four element model variant (Quadruple Helix), due to the conclusion that the success of innovative changes is also determined by such an element of social system as the civil society and one of its organizing forces – non-governmental organizations.

The author participated in the research on the organizations of non-governmental sector in Latvia and proved that the societies formed by the groups of population are able to enter in the processes of innovative changes as a significant element of Helix model system.

Key words: Helix model, innovative activities, NGO, rural development

Introduction

One of the most essential precondition of the development of rural space is to increase the innovative ability of action. Already for a longer period the number of rural farms and people working in them becomes smaller, little and middle enterprises are developing slowly in rural territories, the number of unemployed increases rapidly and in the result – the immigration to foreign countries takes place in the search of work.

The statistical data show that during the last 3 years the number of farms has decreased 26.8%, the number of people occupied in agriculture constantly – 18.2%, the number of people employed in agriculture in full yearly work units – 16.1%. (CSP., 2011) In 2005 full working days were only 18.6% from the total number of all the people employed in agriculture, in 2007 – 14.0%, but in 2010 only 11.8% accordingly to the approximate calculations (CSB., 2008, CSP..., 2011) Therefore the number of the people employed in agriculture decreases in the farms, the number of the people little used increases in them, and therefore the necessity for the possibilities of additional work increase too which might be developed by the diversification of the management.

Secondly, the differentiation of the social space develops in the country. Some certain means of the activities may be seen both by the townspeople and the countrymen in the suburban rural territories. (Viedokļi...), where the number of the population grows, economical activities concentrates and the social life - cultural life improve, but in some more distant regions some minimal activities or even stagnation are observed. In the time period from 2005 till 2010 the total number of the population inhabiting rural space has decreased by 19.3 thousand people, the number of inhabitants of parishes has decreased by 11.9 thousand. However, as regards the population of

municipalities, the trends vary. The population of 80.9% of municipalities has decreased, but the population of 19.0% of municipalities has increased. The municipalities with an increased amount of population are found around large towns, primarily capital city. The significant decrease is observed in that part of rural space, which is located in the remote countryside. (Reģionu ..., 2010:49) As regards the unemployment rate, municipalities can be divided into three groups. The first one is formed by the municipalities with the unemployment rate under 10.0%, the second group includes the municipalities with the unemployment rate from 10.1% to 20.0%, but the third group is comprised by the municipalities with the unemployment rate of more than 20.1%. The municipalities with the lowest unemployment rate are concentrated around large cities, but a high rate is a feature of remote areas of the rural space (Reģionu ..., 2010:140-142).

The statistic data on sole traders/proprietors and enterprises per 1,000 inhabitants in rural space show that higher rates are characteristic of municipalities closer to the cities, they have up to ten times more sole traders/proprietors and enterprises than the municipalities in other areas of the rural space where self-employed persons dominate. (Reģionu ..., 2010:52)

In these conditions there is an actual question – how to make more active a large part of rural population, particularly those not living near large cities in order to be more active for finding some new activities, as well as finding some new skills of activities, for taking part in microentrepreneurship at least in such a way to provide for increasing the quality of their life too.

The goal of the study is to explain the role of social factors in the beginning of microentrepreneurship and their influence on their long-term economical activities. In this paper the following task should be included in the goal –

- to evaluate the activity of some nongovernmental organizations for the development of the entrepreneurship;
- to mention the principal support directions in NGO activities.

The method of research: - general scientific research methods as synthesis and analysis as well as sociological methods as questionnaires and interviews.

Methodology of the research

The methodological basis of the research consists of the innovation systems and Helix model conceptions.

The innovation system concept can be understood in both a narrow as well as a broad sense (Piiirainen & Koski 2004). A narrow definition of the innovation system primarily incorporates the R&D functions of universities, public and private research institutes and corporations, reflecting a

top-down model of innovation. A broader conception of the innovation systems is more interactive and bottom-up including „all parts and aspects of the economic structure and the institutional set-up affecting learning as well as searching and exploring” (Lundvall 1992). The author of this research has chosen this widest understanding of the innovation system including not only information givers/inovation elaborators, but also their consumers without which the coming of the real innovation in life is not possible.

The Helix model system is closely connected with the conception of the innovation systems and their versions analysing the systems beginng from the contacts of the academic circles and entrepreneurs (Doubl Helix), by developing the 3 element system (Triple Helix) and at present stoping at the Quadruple Helix model formed by 4 system elements – academic sector, private sector, public sector and civil sector to which everybody according to his/her aspect influences the creaton of the innovative activity. (Arnkil R et al, 2010a). Two understanding lines have appeared in the Quadruple Helix mode too. In the first the civil sector has been perceived as the consumer totality requiring inovative products/services. (Arnkil R. et al, (2010b). In the second one – the organizational structures such as the Resource cetres or non-governmental organizations forming these centres have been mentioned as the creating factors of the innovative tendency. This 2nd understanding has been developed in oder to promote the inclusion of the rural women in the entrepreneurship.(Lindberg M., Lindgren M., 2010; Lindgren M., Packendorff J., 2010)

From this aspect the role of NGO influencing the direction of innovation may be seen in 4 aspects.

Firstly, NGO is interpreted as the cooperation platform of women-entrepreneurs in which non-hierarchic net of individuals, representetives of projects and firms which are the members of these organizations takes place and leads to the expansion and strengthening of contacts;

Secondly, NGO may be considered as a structure which helps to legitimize and create the contacts of the persons representing the small and middle entrepreneurship with the other institutions of the Helix system- municipalities, academic circles, education institutions functioning in different territories;

Thirdly, NGO is estimated as the institution able to take part both in the formation of specific/non-traditional competences and in promoting specific/non-traditional innovation processes, e.g., including the women in the entrepreneurship;

Fourthly, NGO as the promoter of the innovative entrepreneurship may concentrate on the development of individual work as a professional occupation which usually do not doThree Helix

model institutions concentrating on large firms and large projects. (Lindgren M., Packendorff J., 2010:33-34)

The author uses this NGO aspect in order to analyse the organisations working in the countryside of Latvia and to estimate their activities.

Results and discussion

In 2000 in Latvia while uniting the women societies acting in many local municipalities and small towns in one common structure, the institution taking name Latvia Rural Women Association (LRWA) began its activities. Three long-term goals were advanced for the activity of the association when beginning its activities -:

1. to promote the information of the rural population, particularly the women, as well as their taking part in the development processes of the civil society;
2. to promote the improvement of the working load and material and well-being of the women in the countryside;
3. to carry out functions of promotion of co-ordination and cooperation between the rural population and the local and governmental structures. (LLSA, www...)

The yearly account analysis of LRWA has made it possible to mention those directions of the activities of the association which may be adopted promoting the innovative action.

1. The expansion of cooperation – every summer in 6 – 8 places summer schools take place gathering 600 – 800 participants from the local organizations; contacts grow apace between the local societies and at the same time the guests from the other regions of the country.

Results: consciousness of social community and formation of different interest groups.

2. Organization of different courses and seminārs – during the existence of the society the principal themes of the courses have been

- raising of self-confidence;
- obtaining political skills in order to take part in the work of municipalities;
- elaboration and leading the projects;
- obtaining the basis of business;
- e-commerce.

Results: improvement of level of knowledge and competence.

3. Formation of Resource centres/information points – the formation of information system for the information circulation of different character from the centre of the society to the local societies, and from the local societies to the centre of the association.

Results: rather wide information circulation initiating activities of different character and direction.

4.Promotion of entrepreneurship:

- organization of micro-credit groups and formation of micro-credit movement;
- foundation of Support fund of entrepreneurship working with the micro-credit groups;
- foundation of co-operative society „Akorande” for the promotion sale;
- participation organization in fairs and different exhibitions.

Results: micro-credit movement has been created; 124 micro-credit groups have been organized (starting of entrepreneurship mainly in the status of individual entrepreneurs), finances both from the project of the Nordic Council of Ministers, Interreg III B Project and from Mortgage and Land banks; LRWA support fund of entrepreneurship has been created for the management of microcredit movement (LLSA 2002,...gada atskaites; Wiberg B., 2005; FEM ..., 2009)

The last direction of the society activity is particularly attributed to the activities mentioned on the innovative action in the entrepreneurship, however, the totality of all activities mentioned promotes the growth of social activities of the rural women and in many cases the change of the social status and social role.

- from the activity in the family to social activities in local municipality/county;
- from the situation of unpaid labour in family housekeeping to the official position of individual worker;
- from the status of unpaid worker in many cases to the status of the employer;
- from the law executor to the status of legislator in the power structures, first of all in the county;
- from the planner of personal development to the inclusion of elaboration and realization of territorial development programs.

As the investigations show (Shane S., 2003, Hindin M.J.,2007, Turner R.H, 2001, Dian N., 2009, Cragg R. & Spurgeon R., 2007, Foss N.J., 2003) the change of the social status and the role in it is a rather complicated process. It is also affirmed by the rural women starting the micro-entrepreneurship.

A.S. „The largest gain is the Project promoting the entrepreneurship in the countryside. I am not afraid to address strange people about the themes interesting me”.

S.N. „Of course, we have become more courageous, convincing, able to act independently, to get into contact, to find my niche where to act”.

I.B. „Many wives who began their activities in LRWA, have become very active, courageous, enterprising socially working. A part has started their business, others have found a good job. I think that this is the most important thing which this society has given to the women”.

Using the group micro-crediting version Quadruple Helix model is formed thus -

<p>1 - Academic sector</p> <p><i>LUA teaching staff</i></p> <ul style="list-style-type: none"> -introducers of micro-crediting idea; -leaders of project „Microcredit” of The Nordic Council of Ministers in Latvia ; - leaders of INTERREG IIIB project FEM in Latvia; - lecturers and leaders of classes in seminars and summer schools of LRWA; - investigations and publications about micro-credit movement in Latvia 		<p>2 - Private sector</p> <p><i>Participants of micro-credit groups</i></p> <ul style="list-style-type: none"> - self-employed; -individual business women; -participants of commercial societies; .
<p>3 - Public sector</p> <p><i>Laws and rules</i></p> <ol style="list-style-type: none"> 1. Law on Micro-enterprise Tax; 2. Law ”Personal Income Tax”; 3. The Cabinet of Ministers Regulation No 112 ”Regulation on Income Taxable with Payroll Tax”; 4. The Cabinet of Ministers Regulation No 1646 ”Procedure for Applying Licence Fee Payments to Sole Person’s Economic Activity in Particular Professions, and Its Amount” 		<p>4 - Civil sector</p> <p><i>Latvia Rural Women Association</i></p> <ul style="list-style-type: none"> - expansion of cooperation; -organization of different courses and seminars; - formation of Resources centres/information points; - promotion of entrepreneurship: - foundation of Support fund of entrepreneurship - Co-operative „Akorande”

Source: Prepared by Author.

1. Figure 1. Group micro-crediting Quadruple Helix model

As the micro-crediting and particularly the group micro-crediting is an innovative version of starting entrepreneurship in the conditions of Latvia, NGO investment to introduce and maintain the innovative activity is clearly seen. While taking off the 4th element of the system the initiative of the entrepreneurship loses the well-known support system because the groups of micro-credit consist of LRWA members of local organizations. The participants of micro-credit groups advance the link with LRWA as the most important support for overcoming the risk in the entrepreneurship, i.e., non-governmental organization which serves as a social „pillows”. (Kruzmetra M., et al.,2010, 2011) LRWA fills up the niche which at present is not in the activity of state and municipality structures and is not officially delegated at least a partial financing to the non-governmental sector.

Although in the scientific literature the innovations are more considered as an economical process, the innovations have a social dimension. It comes to light in two kinds. Firstly, they are the social relations of the innovators and the forming of network between them. Secondly, they are values and goals promoting the innovations. (Lindberg M., Lindgren M., 2010:7) The non-governmental sector of the society may provide for the innovation processes of these social dimensions maximally. Therefore a larger support should be welcomed from the state institutions to NGO and first of all to the support promoting not only the consumption but also creation of new values.

The necessity of the social support of the entrepreneurship in rural territories is affirmed by the formation of entrepreneurship societies in the counties. During the last years the societies are founded and started working the goal of which is to promote the entrepreneur -

1. Mutual cooperation and support, finding common problems;
2. Education in questions of entrepreneurship, Exchange of information;
3. Dialogue with local municipality, state institutions and organizations, representing common interests of local entrepreneurs. (Salaspils..., Kuldīga..., Burtnieku..., Ķekavas...)

These goals of the activity of Societies formulated with small nuances testify the understanding of entrepreneurs about the necessity and meaning of corporation and entrepreneurship as the promotion of economical activity in the processes.

The sufficiently long time of the LRWA activity makes it possible to see a wider activity to promote the entrepreneurship as well as the statement of the innovative action, which is not yet sufficiently visible in the action of entrepreneur societies founded in the last years. However certain tendencies may be seen – for example, the society „Council of entrepreneurs of Ķekava county” has elaborated the action plan to improve the individual capacity both of the organization and their members too. The plan includes -

- training of members in skills of presenting and argumenting, discussion and comprises formation skills;
- improvement of home page of the society in order to activize the Exchange of information of members as well as supporters;
- expansion of discussion with the county municipality about a wider cooperation;
- expansion of the activities of the society by including new members and more and more wider circles of the county entrepreneurs. (Vītola A., 2011:73)

The Societies mentioned repeat the activities carried out by LRWA and form social preconditions for expansion of the entrepreneurship.

The formation of entrepreneur societies in the counties affirms the expansion of the endogenous model of rural development because this model envisages the growth of the activity of the local population in order to solve the problems of settlements. (Low Ph., Murdoch J., Ward N., 1995)

While seeing some similarity in the activities in such societies as LRWA as well as in the county entrepreneur societies aimed to promote the entrepreneurship in rural territories, one difference may be seen. If the entrepreneur societies mainly are in Pierīga counties and in counties where the former district centres dominante and the commercial societies are busy, the activities of LRWA are mostly active in the counties where the activity of self-employed and individual business women are more expressed. (Reģionu attīstība..., 2010: 140-142.

Entrepreneurship having non-agricultural character in rural territories is an innovative action which need not only economical and legal resources but also such kind of resource as social capital which is affirmed by increase of the societies such a character. In many counties agriculture stops to be the main sphere of employment but the expansion of entrepreneurship in other spheres of production and services, firstly, is the diversification of national economy and secondly, the change of the social status and social role in these processes for the people included. Therefore the necessity of the inclusion of the 4th element promoting the innovative actions in the Helix model is seen in Latvia too.

Conclusions

1. NGO according to its print is a structure acting on the principles of voluntariness does as unpaid work. It may be a social support to start the entrepreneurship, its further promotion of the activity as well as finding some new niche of the activity which is not provided or is not able to provide by the state micro-crediting programs.

2. The principal directions of NGO activities may be promoted by 3 directions – information of its members about any questions interesting to them; education in general knowledge as well as training in specific directions in knowledge connected with the entrepreneurship; motivation/organization for the practical action in entrepreneurship while obtaining the legal basis of action, elaboration of business plans, risk overcoming ways etc. As well as actual knowledge, in the result providing for the formation of a constant cooperation net.
3. The societies of potential or existing entrepreneur activities promote the formation of clusters of state, regional as at least county level. LRWA work done in the formation of community of food craftsmen show such features while elaborating the Hand book of the branch of this craft, formation of a micro-credit group net around the LRWA Support fund of entrepreneurship, gathering around cooperative „Akorande” handicraft women, having constant contacts and doing many common activities.
4. The organization influencing the inovative processes in the level of state or at least of a region, is to be known having a positive aura in the aspect of the society and the power structures. Small organisations if there are the former conditions mentioned should collaborate with the local municipalities. The organizations of state scale are to influence the structures of regional and state scale.
5. As the women taking part in the entrepreneur society is perceived more reserved than the men action in this direction, just NGO, in this case LRWA, serves as a support system for the inclusion of rural women in the entrepreneurship.

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