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## Oeconomica

**Abstract. Introduction.** The novelty of the research is justified at a time when the family values and initiatives behind democratic development, born of successful innovation, are contradicted by political propaganda, harmful ideologies, homophilism, anti-natalism and religious lies. All human beings live under some kind of economic system, some of which are more conducive to democratic development than others. Household management is an ancient science that has proven to be of great value and interest in ensuring democratic development. Family and family values are essential for the creation of innovation, social entrepreneurship and social development.

**Purpose.** The purpose is to analyze the roots of economics as a family and social phenomenon, its importance in early and modern capitalism and the current situation.

**Results.** The research methodology is based on the science of economic history, especially the theories of innovation and entrepreneurship, family theory and the theory of the family in a long-term perspective and overview, international independent science and scientific truth, analyses of economic theories and the theory of the firm, mechanisms of change in society and motivational factors in the individual. The article is divided into three parts; firstly, introduction; presenting the subject, scope, aims and organisation of the article; secondly, presentation of the main text and scientific truth; systematically presenting and analysing theories, topics, challenges and relevance of scientific research; and thirdly, conclusions; constructed on theoretical justifications, analyses, logics, arguments and results.

**Conclusions.** The conclusions, based on empirical facts and theoretical analyzes, indicate that the family unit as supplier of successful entrepreneurs is crucial in capitalism.

**Keywords:** family; household management; innovation; freedom; democracy.

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## Оекономіка (Домашнє господарство та управління домашнім господарством)

**Анотація.** Дослідження показує, що сімейні цінності й традиції мають ключове значення для розвитку демократичного суспільства. Управління домашнім господарством як історична наука сприяє демократичному розвитку, а сім'я та сімейні цінності є основою для створення інновацій, соціального підприємництва та соціального розвитку.

У статті проаналізовано історію виникнення сімейних цінностей, управління та розвитку домашнього господарства у довгостроковій перспективі. Проаналізовано безперечно сильний зв'язок між сім'єю та успішним підприємництвом, а також сімейні цінності з точки зору демократичного розвитку.

Стаття складається з трьох частин; по-перше, вступ; представлення теми, обсягу, цілей та організації статті; по-друге, виклад основного тексту та наукової правди, систематизація та аналіз теорії, теми, проблеми та актуальності наукового дослідження, по-третє, висновків; побудована на теоретичних обґрунтуваннях, аналізах, логіці, аргументах і результатах. Висновки, що ґрунтуються на емпіричних фактах і теоретичному аналізі, свідчать про те, що сім'я є джерелом успішних підприємців та має вирішальне значення в умовах капіталізму.

**Ключові слова:** родина; ведення домашнього господарства; новаторство; свобода; демократія.

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**Formulation of the problem.** State-controlled or centralised economies, which concentrate power in the hands of a few individuals, limit the freedom they promise to protect, which is why the study of family and household management is particularly important. The transmission mechanism that causes a shift from a static to a dynamic economy does not occur as an automatic change or by dictate; some individuals are behind the spontaneous development processes that make the world a more

democratic, fair and equal, less discriminatory and better place for all. These people are called entrepreneurs. Household management is a decisive factor in the creation of innovation, because the strongest motivating factor for entrepreneurs is well connected with the solidarity and good will that strengthens and develops the family position and thus develops society in a more democratic direction.

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**Analysis of recent research and publications.** The background to the article is research in three articles on family, household management and motivational factors for successful entrepreneurship.

Soft Girl and a Young Man's Dream is published in Financial Instruments of Sustainable Economic Development VI International Scientific and Practical Conference, 2024 [11].

Household Management and Innovation is published in International Scientific and Practical Internet Conference "Competitiveness and Innovation: Problems of Science and Practice. Simon Kuznets Kharkiv National University of Economics and the Research Centre for Intellectual Property of the National Academy of Sciences of Ukraine, 2023 [12].

Social Entrepreneurs and the Family is published in III International scientific and practical online conference, Chernivtsi Law School, 2022 [13].

In this article household management is analyzed as a family and social phenomenon of dynamic economy.

**Formulation of research goals.** The family unit, family values and household management are under constant threat, but human history and scientific analysis have shown that ideologies and circumstances do not have the capacity to overthrow the most basic and important freedom of human beings.

The article analyses the history of family values, household management and development in a long-term perspective.

The undeniably strong link between the family and successful entrepreneurship is analyzed, as are family values in a democratic development perspective.

**Outline of the main research material.** Economics has long been a popular and relevant subject. It is everywhere, in science, in education, in politics, in religious structures, in schools, in kindergartens, in care for the elderly, in family life, in fact everywhere. Economics is important because it determines how well individuals and families live their lives, how states, governments, businesses, organisations and the whole social infrastructure and workings of nature are able to solve their problems and fulfil their intentions.

The roots of economics as a scientific discipline go back to the Greek philosophers, who used the term *oekonomica*, which means household and household management. The term covers household finances and the explicit role of each member of the family. Household management reflects the economy as a whole, encompassing most activities in the family as well as in society. Cleaning, cooking, farming, hiring labour and maintaining property and wealth are the same practical and theoretical activities in the family as in the advanced society. The philosophy of economics and the practice of successful household management provide an excellent background for the effective management of any society, because the principles and logic are the same.

The family is the basic unit of organization in any society. The family existed long before the formation of

any state. As the most basic membership group, families are defined as two or more persons related by blood, marriage, or adoption living together. The basic functions of the family are to provide economic and emotional support, childhood socialization, and an appropriate lifestyle for its members. Family culture is defined as the sum of learned beliefs, values, and customs that serve to regulate the personal behavior of members of a particular society, such as the family or the state. Culture matters and can be understood through four core concepts about how and why culture matters. "Culture helps make sense of our experience of the world, cultural constructs are real to those who share them, individual schemas (our worldviews) vary according to a number of elements, some cultural constructs are more pervasive or resilient than others and thus more important to understand because they affect how we live, act, and treat others" [6, p. 40]. Household management is individual and represents solidarity without socialism or any other ideology, endogenous and exogenous. The family is the basis for civilized behavior, both in the family and in society, and for a good life. The good life is a fundamental theme that includes not only material goods, but also intellectual and moral excellence.

In early capitalism, family values and household management played a very important role. Richard Cantillon [3] states that the farmer is an entrepreneur because his task is to produce agricultural products and sell them in the market. The farmer is both a producer and a risk taker. The rent of the land and the expenses for the laborers that the farmer has to hire during the peak season, because the family members cannot do all the extra work of sowing and harvesting alone, are paid at fixed prices, while the income is based on the market price. Sometimes the farmer makes a profit, and sometimes the result is marginal.

In early capitalism, household management enters a new phase characterized by the market and the price mechanism. Adam Smith, the father of capitalism, explains the price mechanism. "In every society, the price of every commodity eventually dissolves into one or another or all of these three parts; and in every improved society, all three enter more or less, as components, into the price of the far greater part of the commodities" [17, p. 153]. The classical production function includes the three input factors mentioned by Smith: land, labor, and capital. In the case of the Cantillonian farmer, the farmer combines only two factors of production, land and labor.

In modern capitalism, there are two competing economies, the household economy and the state-planned economy. The latter is a state-controlled and politically dictated economic system. In the history of mankind, there have been too many experiments and experiences with state-planned economies. There is less room for individualism in a state-planned economy. In any case, public authorities cannot provide the same services as social entrepreneurs [5]. Socialist regimes promise more than they can deliver. The vision of the welfare state

is based on the belief that everyone receives social support for their individual needs based on their membership in society, guaranteed by a system of rights and responsibilities. The challenges are many and have grown rapidly since the introduction of the post-war economy in Europe and elsewhere. Planning, budgeting, bureaucracy, politics, political elections and public social programs alone are not sufficient to meet the challenges facing society.

The family is based on mutual trust and love, and each family is unique with individual needs and aspirations, but the state provides conformity-based social welfare and considers individuals as if they were building blocks; one and the same and identical.

The system under the post-war economy will unconditionally separate husband and wife for shorter or longer periods, but usually only during working hours, by forcing the woman into paid labor outside the home. The reason is partly that state production needs more working hands, and partly that two working members of the same family can pay more tax and VAT.

The political justification behind the system is to liberate women, to give women equality with men and to let women enjoy individual freedom of life. Nobody seems to care about the abnormality of the system and the sufferings of women when they are separated from their loved ones, husbands, children, other close relatives, the safety and comfort of their homes. Women are subordinated to the domination and control of foreign men, women and systems that represent their employers.

Political economy is based on the decisions of many. However, only individuals can make judgmental discussions; a team, a committee, an organization, or a corporate body arrives at decisions by aggregating votes [4].

The family and household management are the main factors of social development based on successful innovation. Just as Adam Smith is considered the father of capitalism, Joseph A. Schumpeter is considered the father of innovation. In *The Theory of Economic Development* [14], he introduced the entrepreneur as an independent social actor in the economy who creates a new and unknown combination of the first and second input factors in the production function and earns entrepreneurial profit. In Schumpeter's theory, enterprise is reserved for the meaning of an enterprise based on an innovation. The entrepreneur is an individual and is not motivated by any kind of hedonistic desires, unlike most businessmen, executives, workers and politicians.

Schumpeter gives us three different motivational factors, the first of which is the strongest and most relevant for our analysis in this context. "First, there is the dream and the will to found a private kingdom, usually, though not necessarily, a dynasty. The modern world does not really know such positions, but what can be achieved through industrial or commercial success is still the closest approximation to medieval lordship that modern man has" [15, p. 93].

In Schumpeter's analysis of economic development, the entrepreneur is a man, and the motivating factor is masculine, a family man who builds his family and thinks of his heirs. Successful innovation provides entrepreneurial profit, which belongs to the entrepreneur himself. The entrepreneurial profit is the proof that the innovation was a success in the market and at the same time moves the family to a higher social position in society.

According to Schumpeter, all wealth in capitalism is made up of entrepreneurial profit. In a later book, *Capitalism, Socialism and Democracy* [16], he introduces the term creative destruction. Innovations destroy the old patterns of production, and new possibilities of production and democratic development emerge. We live in a static world characterized by routinized operations, where everything follows a static pattern that creates an equilibrium. Creativity in business means introducing a successful innovation. The dynamic process of innovation changes the old patterns and the new production creates a new equilibrium on a higher level, economically and technologically. This process of change introduces a completely new form of competition, where the followers succeed and the laggards are the losers.

According to Schumpeter, wages have no role in the development process; on the contrary, wages are an obstacle to the creation of innovation and democratic development. Wages are paid for controlled work under restrictions and rules. Accordingly, there is no such thing as collaborative innovation or innovation based on delegation or aggregation of votes. Wage earners will never earn enough wages, and this fact creates a tense atmosphere between the process of making judgmental decisions and static production.

The financial limitation resulting from paid work also has a negative effect on family life and household management. Income limitation, which is usually caused by dependence on paid work, also blocks the family's ability to reach its potential. In any case, the strongest obstacle to the growth of the family is the transient relations between people within the family circle, the company or the ancestral home, as life becomes more rationalized, leveled and democratized [15]. In capitalism, all individual gains dry up. Capitalist society does not tolerate any group of rich people who have withdrawn from the struggle in the market. The question, then, is for whom to work: for the family and its values, or for the structures outside the family that represent power and that eliminate the fundamental freedom of the family and its members? To follow Schumpeter's argument, capitalism cannot survive and to avoid socialism, democracy is the only solution.

A well-functioning family not only provides a good life for its members, but also contributes to the development, well-being, and progress of its neighbors, local communities, the city, the nation, and the world. As benefactors, the family and its members can provide the necessary inputs needed to pursue social change and

progress at the local level. Benefactors play the role of social entrepreneurs. They "do good" in the sense that they give money, support, their time, their networking opportunities, and they usually have know-how and are talented individuals who are willing to share it with others to help less fortunate individuals in their situation to improve their lives and conditions. This way of acting towards others who are not related by blood or other ties or boundaries, without expecting or demanding any rewards or compensation, is considered a civilized way and it is reflected in most of the global religious ethics [7]. The philosophy and practice behind the civilized manner is a fundamental part of family values and is taught in the family. This behavior, based on moral ethics, is above and beyond the rule of the nation as well as it is unknown in the theory and practice of the company [9]. In the last thirty years, social injustice has increased dramatically in the Western world, regardless of the party in power [2]. There is a vicious circle: "extractive political institutions lead to extractive economic institutions that enrich the few at the expense of the many" [1 p. 343]. Those who benefit from extractive institutions also have every interest in defending the system. They do not want to see change, and they are absolutely against innovation, social entrepreneurship, and social development, because any social change goes against their personal economic and political interests. The institutions want people to believe that governments create good things, that some institutions are too big to fail, and that government officials act with the public good in mind. However, we only see what government creates, not what could have been created instead, and government officials are subject to the law and cannot bring personal feelings, intuition, or personal creativity into their activities [18].

A democratic nation provides a good life for all its citizens. Democracy is a good home for all, and it is founded by civilized men. "The civilized man does not accept inequality, discrimination, privilege, corruption, threats, violence, oppression, slavery, but leads the nation as his own family with respect for the sanctity of life, that all men are created equal and are perfectly suited to face every challenge of life in search of happiness" [10, p. 340]. The civilized man stands up straight with his shoulders back, which means "building the ark that protects the world from the flood, leading your people through the desert after you have escaped tyranny, making your way away from comfortable home and country, and speaking the prophetic words to those who ignore widows and

children. (---) It means throwing a dead, rigid, and too tyrannical order back into the chaos in which it was created; it means enduring the uncertainty that ensues and, as a consequence, establishing a better, more meaningful, and more productive order" [8, p. 27].

Home management is as important today as it was in the past, both in the family and in society. However, family values and household management face daunting challenges.

**Conclusions.** Economics as household management is relevant when analyzing the roots of entrepreneurship. Family and family values are essential to the creation of innovation, social entrepreneurship, and social development. Economics is important because it determines how well individuals and families live their lives, how states, governments, businesses, organizations, and the entire social infrastructure and workings of nature are able to solve their problems and fulfill their intentions.

The family, as the basic organizational unit of human beings, existed long before any state was created. Family culture is defined as the sum of learned beliefs, values, and customs that serve to regulate the personal behavior of members of a particular society, such as the family or the state. Family values have the potential to create civilized behavior, which is crucial for both the well-being of families and the democratic development of nations.

Based on empirical facts and theoretical analysis, the family unit as a supplier of successful entrepreneurs is crucial in capitalism.

Household management is individual and represents solidarity without socialism or any other ideology, endogenous and exogenous.

In early capitalism, family values and household management played a very important role. The classical production function includes three input factors, land, labor and capital, and innovation is a new combination of the first and second input factors and is carried out by successful entrepreneurs.

Based on empirical analyses of economic development, the entrepreneur is a man, and the motivating factor is masculine, a family man who builds his family and thinks of his heirs.

The civilized man has the potential to lead society to a better world, a place that is more just, more equal, and less discriminatory. Government officials cannot do the same as individuals.

Nevertheless, family values and household management face formidable challenges.

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