



Exchange of good practices on gender equality

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Women entrepreneurship in Estonia

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1. Introduction

Women entrepreneurship in Estonia is generally not recognised as an important driver of economic growth. The contribution of women-led businesses to the Estonian economy is largely under-researched and unmeasured. The Estonian Government has no track record in developing women's enterprise policy and the gender issues are not in the focus in developing entrepreneurship and businesses. The common standpoint is that all possibilities are open to all people, not depending on their gender and therefore it is their personal choice to use the possibilities or not.

Compared to the EU average, entrepreneurship and self-employment is not wide spread in Estonia. In 2012 4.6% of women and 11.8% of men were self-employed, while in the EU-28 the share of self-employment reached 9.9% for women and 18.4% for men¹. The results of the Global Entrepreneurship Monitor 2012: The Estonian Report² (GEM Report 2012) indicates that there are more men among entrepreneurs than women. This tendency becomes more pronounced along with the maturity level of companies: among aspiring entrepreneurs, there are 1.4 men to every woman, whereas among established entrepreneurs, men outnumber women by 2.5 times. Moreover, there are twice as many men among early stage entrepreneurs as there are women.

According to Eurostat data, in 2012, Estonia had 15,000 women entrepreneurs, including 4,000 employers. Therefore, the vast majority of women entrepreneurs (71%) are a solo-entrepreneur without any personnel or family workers. Since 2003, the number of women entrepreneurs in Estonia has declined by 3%, while the number of men entrepreneurs increased by 14% during this period. The average growth of women entrepreneurs in Estonia is less than the EU-28 average for the same period. In Estonia women entrepreneurs constitute about 5% of the women in employment, which is significantly less than the EU-28 average (10%).

It is difficult to explain why the number of women entrepreneurs is so low and has diminished during the last decade as no analysis has been made on this topic. However, it can be assumed that barriers to entry which prevent becoming an entrepreneur are high for women in Estonia. There are still relatively strong gender stereotypes supported by Estonians, which result in gender segregation both in education and in the labour market. Estonia holds first place in Europe for both horizontal and vertical segregation³. In Estonia the average education level of women entrepreneurs is higher compared to men. Tertiary educational attainment

¹ Study on the area F of the Beijing Platform for Action: Women and the Economy. ANNEX 2 – COUNTRY FICHE PART A – ESTONIA. IRS, EIGE/2013/OPER/02.

² Global Entrepreneurship Monitor 2012: The Estonian Report. Estonian Development Fund, 2013.

³ Anspal, S., Kraut, L., Rõõm, T. (2010). Sooline palgalõhe Eestis: empiirilise analüüs (*Gender Pay Gap in Estonia: empirical analysis*). Uuringuraport. Eesti Rakendusuuringute Keskus CentAR, Poliitikauuringute Keskus Praxis, Sotsiaalministeerium. http://www.sm.ee/fileadmin/meedia/Dokumendid/V2ljaanded/Publikatsioonid/2011/Gender_pay_gap_Estonia_analysis.pdf

for the age group 15-64 in 2013 was 25% for men and 41% for women. Both figures are higher than the EU-28 respective averages (23.7% and 26.8%), but the rate of Estonian women (41%) remarkably exceeds the average of the EU-28 (26.8%) and is the highest in the EU⁴. In the last 10 years the education level of Estonian women entrepreneurs has improved considerably.

Despite a high education level, Estonian women are concentrated in certain sectors such as education, wholesale and retail trade, health care and social work, public administration, and accommodation and food services⁵. With a background in these fields, it is not easy to start own business. Women might face potential barriers that they cannot make use of their education and previous work experience in entrepreneurship so easily. Moreover, the glass ceiling in Estonia results in the fact that women are underrepresented in managerial positions. The study by Anspal, Kraut and Rõõm (2010)⁶ indicates that men predominate amongst managers in general, making up two-thirds. This is especially remarkable since women have a higher education level than men. This term does not mean a situation where progression is hindered by the person's own limited capability for working in a senior position, but artificially-created obstacles for women as a group.

Regarding the contribution of women and men entrepreneurs to the economy, there is inconsistent information about the net income level of women and men. GEM Report 2012 results indicate that men receive more profit from entrepreneurship than women and only a fifth of those whose monthly net income is over €1,500 are women⁷. At the same time, the Eurostat data for 2012 indicate that the mean net income of women entrepreneurs (€ 8,688) is higher than that of men entrepreneurs (€ 8,118) in Estonia. Considering that the gender pay gap is the largest in Europe⁸ these figures are surprising. Still, a recent study finds that women entrepreneurs' income does not differ from male entrepreneurs' income⁹. Apparently, women are able to make use of their skills in a more productive way as entrepreneurs compared to being employed somewhere else.

Accordingly, it can be argued that the low number of women entrepreneurs is not due to lack of education and skills, but might be caused by other reasons such as stereotypes, lack of ambition, lack of access to capital and information, family obligations, and etc. Eurobarometer 2009 showed that there were still several attitudes in place which inhibit achieving gender equality at the workplace. For instance, 69% of Estonian inhabitants agree that it is normal that women work less than men; 40% agree that women are less interested in positions of responsibility than men. Gender Equality Monitoring 2009¹⁰ also showed that 53% of the Estonian population believe that men are better leaders than women and 36% agree that in case of a shortage of jobs, men have the prerogative for those jobs. Moreover, children are raised in the spirit of traditional gender roles – Estonians regard cooking, taking care of one's appearance and cleaning as much more significant

⁴ Marre Karu. Country Fiches on Gender Equality and Policy Developments. European Networks of Experts on Gender Equality ENEGE, 2Q2014.

⁵ Statistics Estonia, Estonian Labour Force Survey 2012.

⁶ Anspal, S., Kraut, L., Rõõm, T. (2010).

⁷ Global Entrepreneurship Monitor 2012: The Estonian Report. Estonian Development Fund, 2013

⁸ Anspal, S., Kraut, L., Rõõm, T. (2010).

⁹ Skills' usefulness at labour market. Praxis Centre for Policy Studies, Estonian Center for Applied Research. Forthcoming in 2014.

¹⁰ Vainu, V., Järviste, L., and Biin, H. (2010) Soolise võrdõiguslikkuse monitooring 2009: uuringuraport. Sotsiaalministeerium, 1/2010.

skills for girls than for boys. At the same time, handling technical equipment or driving a car are skills important to learn for boys, but not for girls¹¹.

Against this background, women often face different barriers and circumstances than men when starting a business. However, the Estonian economic policy, including enterprise policy, is not concentrated on exploiting and advancing the underdeveloped potential of women. The Ministry of Economic Affairs and Communications has elaborated the Estonian Entrepreneurship Growth Strategy 2014-2020¹² (EEGS), which is targeted mainly to existing enterprises, aspiring enterprises as well as emerging and fast-growing ambitious enterprises. Amongst many other activities, the EEGS aims to create favourable conditions for new enterprises to emerge and develop through popularising an enterprising attitude and the career choice of an entrepreneur in different target groups; form enterprise-friendly attitudes in society; raise awareness on entrepreneurship; eliminate barriers to becoming an entrepreneur; offer advice and financial support for starting a business; and supporting to give a second chance for entrepreneurs who have made "an honest mistake".

However, none of the activities or programmes elaborated in the EEGS Implementation Plan 2014 is gender specific. According to the Ministry of Economic Affairs and Communications the EEGS is gender-neutral. In addition, they do not find it necessary to apply also "positive" discrimination as for fulfilling the goals of the strategy it is important to have an optimal access to all target groups. It is assumed that the growth of labour demand in highly value added working places motivates entrepreneurs' to involve less-employed human resources and individuals, including women. This explanation and understanding about the gender equality remains unclear, while taking into account the above-mentioned barriers to entry for women when starting the business and high share of horizontal and vertical segregation in Estonia.

Accordingly, the women entrepreneurship in Estonia is promoted and supported mainly by NGOs (e.g. by providing micro credit, projects of training, mentorship). The oldest non-profit organisation, which aims to promote and encourage women entrepreneurship – Women's Training Centre ("Naiskoolituse keskus") – was established early 1990s¹³. It focuses on implementing projects, providing training and developing networks aimed at empowering women. It works under the slogan "A Better Future for Women". The Women's Training Centre has from the very start of its operations been in the forefront of new developments introducing into the Estonian context new topics and methods, areas of expertise and learning with no or very little expertise available locally. Among them business training and mentoring for women, gender equality and gender mainstreaming, women's economic and political empowerment and targeted interventions to provide women career guidance and counselling; and most recently promoting dialogical communication.

The non-profit association BPW Estonia (EENA - Estonian Association of Business and Professional Women)¹⁴ was established in 1992. The aim of the organisation is to encourage business and professional women and women as leaders to cooperate with each other, change ideas and opinions and to carry out joint programmes together with keeping alive the tradition of club activities. There are four clubs within

¹¹ Ibid.

¹² http://kasvustrateegia.mkm.ee/index_eng.html

¹³ www.nkk.ee

¹⁴ www.bpw-estonia.ee

BPW Estonia with more than 100 members in total. The Women of the Year award is given yearly since 1993 by the BPW Estonia. Since 2011 the title of Young Woman Entrepreneur is given. BPW Estonia has participated in different projects initiated by the Eurointegration Bureau and by the European Union Information Secretariat of the State Chancellery. An educational project called “Women into Public Life” has been implemented lately.

Estonia is also part of NGO QUIN (Qvinnliga Uppfinnare I Norden = Innovative Women in the North) network, which was established in 1992 in Sweden and registered in April 2001 in Estonia. NGO QUIN-Estonia¹⁵ is a network of creative and innovative women. The main aim of activities of QUIN-Estonia is enhancing the participation of women in innovation and improving realising of innovative ideas in female entrepreneurship in Estonia. QUIN-Estonia has supported EU co-operation projects of Tallinn Technical University related to innovative approaches between universities and entrepreneurs.

In 2006, the non-profit organisation ETNA Estonia (MTÜ ETNA Eestimaal)¹⁶ was established to support female entrepreneurship in rural areas that often face strong barriers to entry in starting or expanding their businesses. ETNA Estonia in partnership with the Rural Life Promotion Loan and Savings Association launched the project ETNA Mikrokrediit (Microcredit) in 2012. The project lasted from 01.06.2012 to 31.01.2014. Microcredit provides low-interest loans and flexible financing opportunities to women in rural areas who intend to start their own business or expand their business activities. A study on female entrepreneurs by Talves and Laas (2005)¹⁷ indicated that most women considered financial constraints as the main obstacle for starting and developing businesses. Also, four-fifths of the female entrepreneurs in rural areas are in such financial state that they do not meet the usual requirements of the banks to receive loan. Therefore, the project of Microcredit tackles one of the most important obstacles in female entrepreneurship. Also, the employment in rural areas is a more problematic aspect than in urban areas. However, the idea is not new in Estonia, the first microcredit loan group was established already in 1999 and it was funded by the Nordic Council of Ministers in all three Baltic countries. Later there have been also other short-term projects involving the organisation of loan groups.

In general, the ETNA Estonia brings together women who are interested in development of small scale enterprises and female entrepreneurship in all regions of Estonia, in order to support rural life, also to balance development between urban and rural areas and to promote gender equality in society. It is a member of international women’s information centres organisation WINNET¹⁸ and starting in 2010 – a member of NENO¹⁹.

As pointed out earlier, there is no gender specific policy and legislation as known in Europe in Estonia, but a gender equality infrastructure consisting of relevant bodies and legal acts is in place. In 2004, the Gender Equality Act and in 2009 the Equal Treatment Act were enacted. At the Ministry of Social Affairs there is a Department for Gender Equality that is responsible for gender equality policies and there is also

¹⁵ www.quinest.ee/

¹⁶ www.fem.ee

¹⁷ Talves, K.; Laas, A. (2005). Maanaiste ettevõtlus. FEM projekti uuringu aruanne. <http://digar.nlib.ee/digar/show/?id=37374>

¹⁸ www.winneteurope.eu

¹⁹ www.ngo.ee

a Gender Equality and Equal Treatment Commissioner. This position was created with the adoption of the Gender Equality Act in 2004. In 2009, the Equal Treatment Act was enacted and the Commissioner became also responsible for monitoring compliance with this law: the title changed into Gender Equality and Equal Treatment Commissioner. The Equal Treatment Act has a broader aim to ensure the protection of persons against discrimination on the grounds of nationality, race, colour, religion or other beliefs, age, disability or sexual orientation. The priorities of the Commissioner in the field of gender equality have been the gender wage gap, poor health of men and domestic violence.²⁰ Thus, the focus at the government level in gender issues is on social not economic aspects.

This provides reasons for discussing the role of women in business and in entrepreneurship. It is important to bear in mind in planning the national policies, strategies and activities the different needs and social status of women and men and take into account how implemented measures influence the situation of women and men in a society. In general, Estonians are not aware that gender is a factor that may pose an obstacle in achieving certain things or an implicit factor in making choices. The common attitude is that the small number of women entrepreneurs is a free choice of women and lack of aspiration to be entrepreneurs. The role of structural obstacles or cultural beliefs is seldom understood. In order to move towards larger use of women potential in economic activity, awareness raising campaigns are necessary to make the society realise and discuss the significance of gender equality issues. Increasing the share of women among entrepreneurs can be achieved through promoting and supporting the start of the business in sectors with high value added (e.g. ICT and creative industries) and rural areas, where women could realise their unused potential.

2. Policy debate

The issues regarding women entrepreneurs and entrepreneurship are not very active in public discussions or policy debates. However, lately there have been public debates regarding the over-representation of men in business. The discussion goes back to the EU directive, which aims to increase gender equality by introducing gender quotas for non-executive board member positions in publicly listed companies. The Cabinet of the Estonian Government voiced its opposition to the directive proposal. The government stated that Estonia supports an increase in women's representation in boardrooms, but rigorously opposes a mandatory quota and prefers measures that do not curtail freedom of enterprise.²¹

A significant actor in promoting and supporting women entrepreneurship is the third sector. More precisely, there are several non-profit organisations, training centres and networks which provide training, mentorship, counselling, financial support, exchange of ideas, and promote gender equality and gender mainstreaming in a society. The more detailed description about these organisations can be found in the Introduction section above.

²⁰ Marre Karu. "Tilliga ja tillita" – a low budget provocative culinary awareness campaign. Exchange of good practices on gender equality. Discussion paper on the seminar 'Equal Pay Days', Estonia, 18-19 June 2013.

²¹ Estonian Government "Valitsus kinnitas seisukohad soolise võrdõiguslikkuse kohta ettevõtete nõukogudes" <http://valitsus.ee/et/uudised/istungid/otse-valitsuse-istungilt/73771/valitsus-kinnitas-seisukohad-soolise-v%C3%B5rd%C3%B5iguslikkuse-kohta-ettev%C3%B5tete-n%C3%B5ukogudes>

3. Transferability issues

3.1. Transferability of UK's approach

Although the women entrepreneurship situation in Estonia is different from the one in the UK, the good practices may be regarded to be useful also in Estonian context. All the reasons pointed out by UK women preventing them from starting a business are also fully transferable to Estonian women. Estonian men and women differ in evaluating their entrepreneurial skills. Men evaluate their knowledge considerably higher than women and men have less fear of failure. However, most women entrepreneurs find that they have skills and knowledge needed for starting a company²². Similarly, the lack of access to finance is considered to be one of the most important obstacles for starting a business, especially in rural areas²³.

The recommendations by the UK Women's Business Council (WBC) to tackle the problems of women when starting a business would be valid also in Estonia. In particular, encouraging women looking for more flexibility in the workplace to consider enterprises as a career option and provide them with support would help. In addition, increasing the availability of role models and mentorship as well as delivering the Women Start-up Grant with improving their access to finance specifically in rural areas would be important. The latter would also help to balance the regional development in Estonia.

Still, one of the first steps Estonia needs to take is awareness raising campaigns to make the society realise and discuss the significance of gender equality issues. Due to the Soviet legacy it is necessary to break perception of stereotypes which is still strongly prevalent in a society regarding the role of women and men in the family or working life. The national government together with third sector should initiate active public discussions or policy debates about the role, specificity and special needs of women in business and in entrepreneurship.

3.2. Transferability of Germany's approach

The Roadshow 'My Future: Female Boss in the Crafts Business' initiated by the German Federal Ministry for Family Affairs, Senior Citizens, Women and Youth would be transferable also to Estonia. The problem of a low number of women in leading positions is very acute in Estonia. As mentioned earlier, Estonia holds first place for vertical as well as horizontal segregation in Europe. Due to the traditional stereotypes men mostly are considered to be in a role of a leader or entrepreneur in the society. Articles about the successful women entrepreneurs in publications are rare.

In Estonia women entrepreneurs are concentrated in certain sectors (e.g. social care, health, education) which have lower value added. This has a negative influence on their socio-economic situation and equal possibilities to perform as an entrepreneur as usually businesses are established in the field where the person has been occupied as an employee or which have low barriers to entry. In addition, the women entrepreneurs are slightly older than men entrepreneurs in Estonia.

²² Global Entrepreneurship Monitor 2012: The Estonian Report. Estonian Development Fund, 2013.

²³ Talves, K.; Laas, A. (2005). Maanaiste ettevõtlus. FEM projekti uuringu aruanne. <http://digar.nlib.ee/digar/show/?id=37374s>

Therefore, the potential of young women in entrepreneurship is largely unused while taking into account that the education level is much higher among the women than men.

Accordingly, the activities undertaken in the Roadshow 'My Future: Female Boss in the Crafts Business' would certainly help to soften the problems related to women entrepreneurship in Estonia. A multimedia exposition with basic information about how to start and run a business in sectors with higher value added and untypical for women with different role models would be especially useful for inspiring highly qualified young women to become an entrepreneur. However, the public relations activities (i.e. flyers, posters, tour guides, publications) should be combined with active promotion and marketing activities (such as seminars, workshops, mentorship, counselling about the possibilities to start and run a business, receive the funding for it, etc.) to gain a larger impact. In Estonia in addition to young women, it is also important to address the women in rural areas as a target group, as the potential of both of these target groups are largely under-valued.