



Exchange of good practices on gender equality

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Comments Paper - Latvia



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Female Entrepreneurship in Latvia

Gunita Kakteniece

i-DEA Consult Ltd.

1. Introduction

Similarly to the UK, female entrepreneurship in Latvia is generally recognised as a driving force to economic development. However, policy and strategic support that encourages involvement of women into business activities has been rather fragmented with a lack of consistent political commitment, financial resources and research.

The information presented in this Comments Paper is based only on the data sources publicly available on the internet.

1.1. Background and General Policy Context in Latvia

The first legal act in Latvia addressing the issues of gender equality including female entrepreneurship is the Concept on Implementation of the Gender Equality adopted by the Cabinet of Ministers in 2001. It sets out the main policy framework whose implementation is described in the action plans developed for each 3-year period. The latest Plan on Implementation of the Gender Equality for 2012-2014¹ outlines female entrepreneurship as one of its four priorities, i.e., Measure 3: Promotion of Economic Independence and Equal Rights of Women and Men in the Labour Market.

The issues of gender equality are also addressed by (1) the Sustainable Development Strategy of Latvia until 2030 with its priority “Long-term investment into the human capital” and direction of action “Accessibility of the labour market and decrease of discrimination” and (2) the National Strategic Framework Documents for each programming period of the EU Structural Funds.

Since 2004 the issues on gender equality have also been recognised by the government and included in the declarations of operation of the Cabinet of Ministers.

The legal acts regulating self-employment and entrepreneurship (Law on Commerce), however, do not address any gender related issues. At the same time, the analysis of data on SME activity per gender shows that the potential of women as possible entrepreneurs is not adequately recognised in Latvia. And a more active involvement of women in entrepreneurship could increase the number of active enterprises up to 30 companies per 1,000 inhabitants.

1.2. Economic Circumstances

In 2012 approximately one third of all newly registered enterprises were owned by women and the number of these companies has increased by almost

¹ Adopted by Oder No.35 of the Cabinet of Ministers on 17-01-2012.

31% comparing to 2007². Thus the female share in entrepreneurship has demonstrated a slow, but stable growth.

At the same time data on representation of women in the managerial positions of enterprises speak of lower participation. For example, in 2010 women in the posts of highest decision makers, e.g., directors, executive directors and managers in SMEs constitute only 36%. A similar picture is drawn also on involvement of women in boards of directors of larger enterprises – 23%. Even though this figure puts Latvia in a rather favourable position comparing to other EU countries, the gender proportion is still fairly unbalanced.³

As regards employers, men are twice as active in this role as women. For example, in 2010 23,900 men acted as employers (from total of 454,800 men employed) comparing to 13,000 of their female “colleagues” (from total of 486,100 women employed)⁴. In 2012 men employers constituted 5.3% of all employed men versus 2.6% of those for women. Also the data of self-employment indicates that men have kept a higher and almost unchanged proportion, i.e., 7.6% of all employed men have been self-employed versus 5.6% of women in 2011, and 7.5% of men and 5.7% of female in 2012.⁵

The disproportional involvement of men and women in entrepreneurship in Latvia lies behind the following reasoning:

- women tend to risk less when starting up a business because very often they have a dependent child or adult;
- the average salary for a woman is lower than that for a man (e.g., by 13.8% in 2012) that exposes women to higher risks of poverty, as well as prevent them from saving the start-up capital for their entrepreneurship;
- often women have less free time because of child care and other household activities, as well as they tend to suffer from low self-confidence.

So far the support activities targeted at female entrepreneurs provided for a business start-up or a newly developed enterprise on the national level have been rather segregated. For example, some years ago the national Mortgage bank (Hipotēku banka) had the micro credit line targeted specifically at female entrepreneurs in rural areas. Till June 2015 the same bank provides the programme of micro credits and grants targeted at all micro enterprises and business start-ups without gender discrimination.

1.3. Institutional Background

The main actors working with the issues of female entrepreneurship in Latvia include two national ministries acting as the main policy makers, two government agencies involved in implementation of the set policy measures and social partners – non-governmental organisations working directly with the target group, i.e., women in business.

² Study done by „Firmas.lv” Ltd. and „Baltic Consulting” Ltd in 2014.

³ Plan on Implementation of the Gender Equality for 2012-2014.

⁴ Data base NB09 of the Central Statistical Bureau of Latvia.

⁵ Women and Men in Latvia, 2013, Central Statistical Bureau of Latvia.

More specifically, from the public sector it includes the following institutions:

- Ministry of Welfare as being responsible for welfare issues in the country coordinating implementation of the policy on equal opportunities and the issues of gender equality, disability and active aging;
- Ministry of Economy as being responsible for overall economic development of the country;
- Investment and Development Agency of Latvia as subordinate body to the Ministry of Economy focussing on development of entrepreneurial activities in the country and acting as one-stop agency for SMEs;
- Society Integration Foundation being a governmental agency working with the issues of integration and gender equality through administration of grant programmes for NGOs, as well as leading implementation of some larger-scale projects of national scope. For example, during 2005-2007 it coordinated implementation of a project funded by the European Community Initiative EQUAL on reduction of segregation between male and female professions and encouraging involvement of women as employees and entrepreneurs in the technology-related sectors. The project was implemented in cooperation of state institutions, municipalities, educational establishments, non-governmental organisations and consultants.

Following non-governmental organisations can be mentioned as the key players in the field of female entrepreneurship:

- Association Leader (Biedrība "Līdere") established by eight women entrepreneurs in 2003 that unites women entrepreneurs and "champions" in their professional area. Its goal is to promote mentoring in Latvia, support women entrepreneurs in the cities and rural areas of the country, increase women density in entrepreneurship, as well as provide free access to information and advices. One of its main activities is "Mentoring Programme for Entrepreneurs" - where the experienced entrepreneurs (mentors) share their experience with young entrepreneurs (mentees) in order to foster development of entrepreneurship in Latvia. The programme runs for 12 months and it has been provided to new entrepreneurs and those who would like to start their business since 2005. Even though the mentoring programme has been made available equally to men and women, the most active participants have been women – 184 out of 240 mentors and 201 out of 284 mentees⁶.
- Latvian Business Women Association (LBWA) joins 39 women organisations and clubs from all over Latvia. LBWA has significant experience in organising educational and self-development activities and a mentoring programme for women from the underdeveloped rural areas and women of other nationalities who have not been integrated into society well and thus not been able to find a job. In 2012 it implemented a project focussing on development of support services for women to encourage their involvement in the business activities funded by the European Social Fund⁷.

⁶ Data of Association Leader from the period 2005-2013.

⁷ ESF 2007-2013 activity "Administrative Capacity Building of NGOs" (no. 1.5.2.2.2.).

2. Policy Debate

Taking into account that the Concept on Implementation of the Gender Equality setting out the main policy directions on gender equality in Latvia has been adopted back in 2001, the Plan on Implementation of the Gender Equality for 2012-2014 foresees elaboration of a new planning document – Guidelines of the Policy on Gender Equality 2015-2020 – that will outline an up-to-dated strategy for further development of gender policy in Latvia.

The policy debate on the issues related to gender equality and female entrepreneurship has also always been activated as part of the process of planning the activities to be funded by the EU Structural Funds. Thus during 2013 in the light to comply with the respective EC Directives, e.g., EU 2020, etc., this issue has been included in the agenda of the national government in preparation for the new programming period 2014-2020.

In terms of research studying the recent trends in female entrepreneurship that could be used as a basis for policy debate, the available sources can be considered as scarce. The recent research - a study "Women in Business" – commissioned by the Ministry of Economy has been completed in 2012. It presents the results of interviews with 200 women in business and provides the main conclusions on business environment in Latvia, a woman in business and support programmes available for entrepreneurs⁸. The other studies focussing on female entrepreneurship date back to 2006 and 2007 and even though some of the then-identified challenges still exist, due to the ever changing economic environment these would no longer be suitable for efficient policy making.

To fill in this gap the Plan on Implementation of the Gender Equality for 2012-2014 and, namely, its measure to encourage involvement of women in entrepreneurship foresees preparation of a study on the business environment in Latvia and the main gender-based constraints followed by the recommendations for involvement of the less represented gender in the business activities. The study and the recommendations will have to be completed during the 4th quarter of 2014.

3. Transferability Issues

3.1. Good Practice in the UK

The main elements of the good practice on encouraging female entrepreneurship in the UK are fully transferable to Latvia with some minor adaptations to the national circumstances. Moreover, it would add a systematic approach to the scarce activities that have been implemented in Latvia supporting and encouraging female entrepreneurship, especially concerning embedment of enterprise concept in the education system, provision of web-based assistance to the entrepreneurs and establishment of a challenge fund to encourage women to start and grow their own businesses.

⁸ By Association Leader and "Latvijas fakti", available at http://www.lidere.lv/dl/Sievietes_uz%C5%86%C4%93m%C4%93jdarb%C4%ABb%C4%81_2012.pdf (in Latvian), http://www.lidere.lv/dl/Women_in_Business_Research_2012_ENG.pdf (summary in English).

In Latvia transfer and successful implementation of this practice would require the following:

- one strong ambassador and coordinator of the activities (for example, this role could be given to the Investment and Development Agency of Latvia as an one-stop agency for SMEs);
- operational network of cooperation partners (e.g., social partners and NGOs that are already involved in provision of support activities to female entrepreneurs, and educational establishments) where specific organisations could be responsible for implementation of concrete activities or parts of the project;
- more active cooperation and involvement of business sector (e.g., SMEs and banks);
- stable and continuous funding (budget) for implementation of the activities.

The main constraints for successful transfer of the UK best practice to Latvia are the lack of commitment from the Government at Ministerial level, limited interest and involvement of the private business and a lack of sustainability of both – human and financial resources.

3.2. Good Practice in Germany

Similarly to the good practice in the UK, also the main elements of the German project - the Roadshow “My Future: Female Boss in the Crafts Business” could be transferred to Latvia with some adaptations to the national circumstances. Namely, it would concern fine-tuning of the contents of the interactive exhibition towards the local topicalities and the size of the country. In a way, the roadshow would continue the public relations encouraging female entrepreneurship that in 2007 have been commenced by the campaign on reducing stereotypes in the society segregating the professions into typical male and female.

The roadshow in the form of interactive and moving exposition could tour through the five regions of Latvia, the capital city of Riga and 2-3 other major cities of Latvia. It could be organised in cooperation with the five regional development agencies and the structures of the Chamber of Commerce and Industry. It could well supplement the activities transferred from the UK good practice and become one of its components that benefits from the same institutional structure.

The main constraints here also concern the aspect of commitment and interest from the involved institutions, as well as the availability of necessary financial resources. Moreover, taking into account that Latvia is a small country that in terms of its size is comparable to a region in other EU countries and that most likely the roadshow would have only 7-10 “stops”, very advanced and thus expensive interactive exhibition would not be a cost-efficient use of the always limited financial resources.