

MEMORANDUM of Understanding on Promoting *Innovative SMEs through Women's Entrepreneurship, Increased Employment of Women and Older People – QUICK IGA draft in Lithuania*

Situation and Challenges in Lithuania

Considering the fact that Lithuania faces high unemployment rate and skills mismatches in a labor market: the amount of opening workplaces was rapidly decreasing from the end of 2008 and the rate of unemployment was increasing. In the third quarter of 2008 5.8 % of employable labor force was unemployed, in 2010 the rate peaked at 18.3 %, end in third quarter 2012 was - 12,3 %, though at the same time some sectors were faced with a lack of qualified workforce. Long-term unemployment in the first quarter of 2012 amounted to 50.5 % of the whole unemployment rate in Lithuania compared with 42.6 % in EU, which complicates the current situation even more.

In order to **ensure** sustainable long-term economic growth, innovation potential in Lithuania should be unleashed to raise its low level of productivity in comparison with other Baltic Sea Region countries.

Considering, that the European Union Member States' survey on innovation performance the results of which are annually published by *Innovation Union Scoreboard* [1], in 2010 and 2011 ranked Lithuania as a Modest innovator, which indicates limited country's economic growth potential.

To accelerate the amount of employable workforce in Lithuania, as nowadays old-dependency ratio gets even higher every year and to contribute to the implementation of a particular part in a program by The Parliament of the Republic of Lithuania : *Promote continuous employment of officers, officials and other employees at the age of retirement .Insure higher retirement benefits to those retirees who chose to remain in the labor market or service longer..* [2]

By promoting employment of women and elderly people to release existing innovation potential and to decrease the existing gap between the demand and supply of qualified workforce in a labor market in Lithuania.

Considering, that promotion of women in workforce in Lithuania would contribute to the reduction of social exclusion, which in its turn would help implement provisions of immediate priorities set by the Parliament of the Republic of Lithuania: *Increasing employment, reducing unemployment, poverty and social exclusion, improving the assumptions to increase wages in the national economy, to grow development, rapid investment and business climate improvement.* [3]

In support of the ongoing business innovation policies in European Union and the consideration of the existing promotion practices of innovative enterprises in Lithuania:

Business policy implementation practice in Lithuania applies measures which stimulate research and business partnerships, the development of research and its application in business, as well as application of innovation. Also applies measures encourage creation of innovative clusters and support eco-innovation projects, i.e. important innovation ecosystems, which create a favorable business environment to promote competitiveness, innovation and economic growth, increase private sector's investment in research and development.

Lithuanian authorities encourage enterprises to implement research findings as well as encourage scientific decisions and research institutions and universities to focus more on the needs of enterprises by applying a specific tool to support innovative enterprises – innovation vouchers.

However, there is still a significant gap between enterprises and academic and research institutions in Lithuania. Present education system in the institutional structure, internal management of institutions, disposal of assets, including intellectual property and financing arrangements do not sufficiently promote public education institutions to exchange efforts in their ongoing research topics to be more focused on the needs of enterprises.

The predominant public R&D sector in Lithuania is not sufficiently relevant for innovative businesses either as an innovative business partner, or as a source of information for innovation activities though in order to promote science and enterprise cooperation it was estimated to assign about 2.9 billion LTL for a period of 2008-2015 allocated by the European Union and the Lithuanian state budget. [4]

As the signatories of the memorandum we: the government representatives, non-governmental organizations, industry associations, public organizations, recognize the current problematic situation and challenges faced by Lithuania, by signing this memorandum we commit to:

1. Ensure innovations in SMEs as the first priority. Achieving women and men equality at work, which will give contribution by leveraging necessary skills to promote creativity and know-how. Sustainable promotion of the employment of women and older persons should be associated with the strengthening of regional innovation, productivity and growth. All activities are focused on the strengthening the SMEs in the interest of the public, as SMEs are the backbone of the economy and society.
2. Support women and older people so that they can remain occupied longer, start a business or become self-employed which will reduce social pressure on governments and will contribute to the quality of life of individuals. With the promotion of employment and employability, workability and entrepreneurship of, women and older people in the first place the constructive steps to handling the effects of demographic change will be made and will foster innovation driven economy.
3. The signatories appreciate the initiatives developed by the project “Innovative Small and Medium Enterprises by Gender and Age” and basically support their implementation in Lithuania.
4. Committed support through the ongoing dialogue with all relevant stakeholder groups to create optimal conditions in the area of policy work, business, education, culture, social area, financial area aiming at increasing level of productivity and well- being of society.
5. Promoting gender- and age-management in the company for purpose of maintaining and strengthening the workability and the employability primarily of women and older people and improving productivity through wide-ranging information and advice services to SMEs.
6. Strong commitment to the comprehensive promotion of entrepreneurship in general and of companies created by women in particular, with the target to increase significantly the number of women entrepreneurs and start-ups to secure high economic stability and the opportunity to create additional jobs.

7. Education is the main key for fostering innovation, competitiveness and creation of more jobs. Therefore the signatories would like to promote education and training in general, as well as the development and approval of entrepreneurship education policy in Lithuania and the effective implementation of this policy.
8. It is obligated to create a web-based information platform *online Forum*, in which the parties which have signed the memorandum would be encouraged to participate in Forum discussions on current developments. It would be the basis for the discussions to shape the future of tactical activities and to provide the means to implement them. Women and older people's representatives would be an integral part of discussions in this online forum. Forum would be also useful to build and promote networking between women, older people and enterprises in association with nongovernmental organizations, which represents them. Memorandum parties recognize its consultancy role and agree to voluntarily participate in online Forum discussions.
9. By undersigning the Memorandum we agree to work closely together at a strategic level in areas of common interest with the view to promoting innovations via equal opportunities for women and the development of women and older persons as employees and entrepreneurs in Lithuania.
10. Other institutions and organizations are invited to join this Memorandum and to take an active part in the important social, economic and political task to promote opportunities for women and older people in the SME sector in Lithuania.

Signatories:

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|--|---------------------------------------|
| <i>1. The Ministry of Economy of the Republic of Lithuania</i> | <i>Birutė Vėsaitė</i> |
| <i>2. The Ministry of Social Security and Labor</i> | <i>Algimanta Pabėdinskiėnė</i> |
| <i>3. The Ministry of Education and Science</i> | <i>Dainius Pavalkis</i> |
| <i>4. Vilnius Gediminas Technical University</i> | <i>Alfonsas Daniūnas</i> |
| <i>5. Lithuanian University of Educational Sciences</i> | <i>Algirdas Gaižutis</i> |
| <i>6. Lithuanian Confederation of Industrialists
Executive Authority CEO:</i> | <i>Gediminas Rainys</i> |

<i>7. Lithuanian Women Association</i>	<i>Virginija Apanavičienė</i>
<i>8. Labor and Social Research Institution</i>	<i>Boguslavas Gruževskis</i>
<i>9. Vilnius Chamber of Commerce, Industry and Crafts</i>	<i>Vaclovas Kantrauskas</i>
<i>10. Lithuanian Association of Local Authorities</i>	<i>Roma Žakaitienė (director)</i>
<i>11. Panevėžys Chamber of Commerce, Industry and Crafts</i>	<i>Visvaldas Matkevičius</i>

Annex

The Memorandum is completed within the project “*Innovative SMEs by Gender and Age (QUICK-IGA)*”. The challenges in the Baltic Sea Region, addressed by this project, as well as the objectives of the project pursued by 13 project partners are described below.

Challenges in the Baltic Sea Region

Equal opportunities, irrespective of economic requirements, are an important social concern.

Required are, *inter alia*:

- a higher labor force participation of women in general.
- promotion of women activities in management positions.
- promotion of self-employment especially of women.
- a higher labor force participation of older persons.
- equal remuneration for equal work.

But increased labor force participation of women and older people is seen as an urgent need in the light of changing conditions also for economic reasons, mainly for the following ones:

1. The number of people of working age shall decrease in all the Baltic Sea region countries, with the exception of Sweden, up to 18.4% by 2030. The number of working people in the Baltic States is decreasing also due to the high emigration rate as the result of economic recession. The emphasis should be applied to the development of economy and increasing employment of unemployed people. In the long run the further rising shortage of entrepreneurs, managers and professionals increasingly inhibit economic development. Therefore a better utilization of the domestic potential workforce is urgently needed, especially by higher labor force participation of women and older people, but also by reducing youth unemployment and promoting employability of young adults.

2. A serious bottleneck always affects a growing entrepreneurial gap. Entrepreneurial skills should be promoted widely and result in a higher proportion of self-employment. A significant increase of women in management positions, as independent entrepreneurs or entrepreneurs increases entrepreneurial potential and contributes significantly to bridging the entrepreneurial gap.
3. For the Baltic countries in general good growth prospects are predicted. The best future projections are generally made for small and medium enterprises (SMEs), which now already represent for 99% of all businesses and up to 70% of all jobs. The power of SMEs in the labor market is much smaller than that of the large companies, so the SMEs are threatened to become losers with respect to development. In such a way this existing growth potential would remain largely unused and the overall economic development of a country / region would suffer in the long term. Increased promotion of participation of women and older people in SMEs is therefore of particular interest to these audiences as well as for the overall economic development.
4. Global competition requires strong productivity of the entire Baltic Sea region, especially the southern neighboring countries. This is only possible through innovation in new products, processes and services as well as in work processes and working conditions. Investigations of leading German personnel consultants have led to the following results in 2011: Companies with a higher proportion of women and a wise use of the experience and know-how of older people are generally more innovative and productive. Through increasing the proportion of women and older people, innovation and business productivity tend to benefit.
5. In addition to technical innovation, product and process innovation in growing share of knowledge-intensive services are becoming increasingly important. The greatest innovation and productivity reserves lie in the human resources and organizational development, including education. Corresponding development contributes to better equal opportunities and improves competitiveness. In all these areas the innovative power of women and the experience and knowledge of older people is a very considerable endogenous potential that should be utilized for the benefit of target groups and the entire society.
6. Creation of equal opportunities, in particular promotion of employment and self-employment of women and older people, can boost innovation, productivity and sustainable growth. This will also make indispensable contribution to the management of other current problems - such as high youth unemployment, emigration of young and skilled workers or looming lack of entrepreneurs and skilled workers.

Innovative SMEs by Gender and Age

The project “*Innovative Small and Medium Enterprises by Gender and Age*” addresses the mentioned challenges and elaborates solutions. The following objectives will be pursued:

- ✓ Leveling of equal opportunities for women south of the Baltic Sea with the ones of northern countries;
- ✓ strengthening the promotion of innovation in small and medium enterprises by developing working cultures, which explicitly improve the equal opportunities of women;
- ✓ supporting the regional development in order to optimally develop the human capital and competitiveness through gender and education policy.

In four levels the project focuses on the following activities:

1. Individually: Boost motivation and workability, thus increasing the rate of women and older people participating in work life, through qualification of consultants and the development of a manual;
2. Enterprises: Supporting working conditions suitable for women and older people and personnel development through the transfer of Good Practice, (occupational) training and coaching.
3. Organizations: Competences and commitment of 45 chambers and 15 universities to support innovation and equal opportunities.
4. Policy: Development of a strategy program, five regional Memorandums and two action programs to promote equal opportunities and innovation in SMEs.

The project partnership has been established to reflect both the geographic and functional diversity of the project objectives:

- Hanseatic Parliament, Germany
- Schwerin Chamber of Skilled Crafts, Germany
- Hamburg Institute of International Economics, Germany
- Work and Future, Germany
- Gdansk University of Technology, Poland
- Bialystok Foundation of Professional Training, Poland
- Lithuanian University of Educational Sciences, Lithuania
- State Education Centre, Latvia
- Minsk Department of the Belarusian Chamber of Commerce and Industry

- Brest Department of Belarusian Chamber of Commerce and Industry
- Satakunta University, Finland
- Norden Association, Sweden
- The Nordic Forum of Crafts, Norway

Sources

[1] *Innovation Union Scoreboard 2010*:

http://ec.europa.eu/enterprise/policies/innovation/files/ius/ius-2010_en.pdf ir *Innovation Union*

Scoreboard 2011: http://ec.europa.eu/enterprise/policies/innovation/files/ius-2011_en.pdf

[2] Parliament of the Republic of Lithuania. Program 2012-2016:

http://www3.lrs.lt/pls/inter3/dokpaieska.showdoc_l?p_id=439761

[3] Parliament of the Republic of Lithuania. Program 2012-2016. IV part (32):

http://www3.lrs.lt/pls/inter3/dokpaieska.showdoc_l?p_id=439761

[4] National Audit Office of Lithuania. *Interaction between science and business promotion*

press release: http://www.vkontrole.lt/pranesimas_spaudai.aspx?id=16684