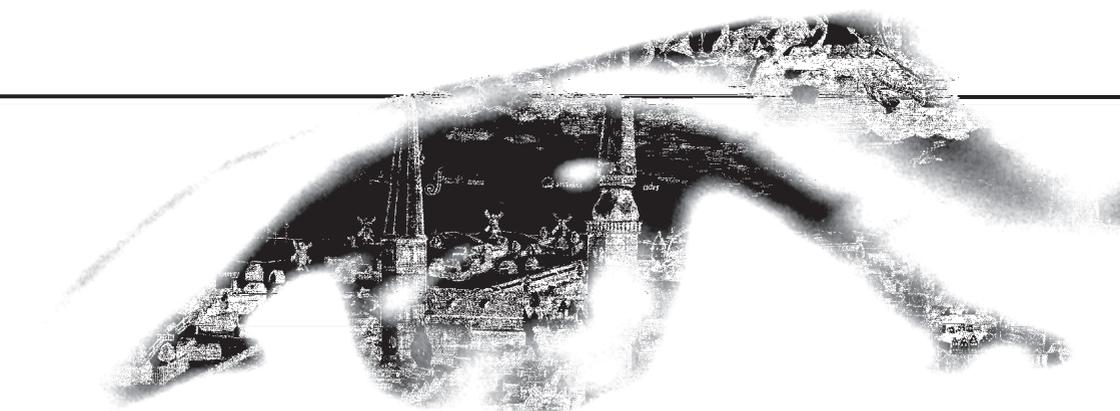


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LATVIA



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(Autumn–Winter 2022)



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FROM THE EDITOR

Dear Reader,

This is a combined issue (1 & 2) for 2022, as there was an insufficient number of articles for a separate issue for spring–summer 2022. However, we expect to be able to publish the next issue as usual in spring–summer 2023.

The authors are both PhD students and established academics. The articles are a heterogeneous set and cover a number of fields in the humanities and social sciences such as management, economics, economic history, and education. In this issue, we have articles by authors not only from Latvia, but also from Nigeria.

A reminder for past and future authors that the journal can be found in the EBSCO Sociology Source Ultimate database. It would be useful for you if you ensure that your university library subscribes to this particular EBSCO database.

We hope you enjoy this issue and are looking forward to the next issue.

Best wishes

Viesturs Pauls Karnups
General Editor

CORPORATE SOCIAL RESPONSIBILITY REPORTING AS AN IMPORTANT COMMUNICATION TOOL: SOME EVIDENCE FROM LATVIA

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Abstract

The relevance and importance of Corporate Social Responsibility (CSR) have long been recognised in the business sector. Firms, communities, and individuals must shift their perspectives on CSR from voluntary actions to almost obligatory initiatives, especially in terms of corporate communications. This study aims to review the corporate sustainability framework from the perspective of CSR reporting and communication with some evidence from Latvia. The study has used secondary qualitative research methods, reviewing previously published scholarly literature and studies on the selected topic. Environmental impact and measures, society benefits and economic gains are the most important parts of CSR reporting, internal and external communication. In light of the recently experienced environmental, societal and economic challenges, this study advocates concentrating on CSR reporting and increased inquiry into the role of building efficient communication with relevant stakeholder groups – selecting the right channels, frameworks and report verification tools, *to improve transparency and credibility*. Researchers and practitioners must consider the role of CSR communication in a broader context, given the difficulties connected with economic, environmental and societal challenges, as good communication is critical for mobilisation and deciding on goals through consensus.

Keywords: Latvia, corporate social responsibility, CSR reporting, sustainability, corporate communications.

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Introduction

CSR is no longer only a fashionable new concept that adds value to a company's reputation or competitive advantage. Companies in all industries all over the world have realised the importance of CSR initiatives and the impact these initiatives have on their reputation, performance, and result; paying additional attention to the environmental needs, societal concerns and economic benefits (Campbell, 2007). Due to the recent global changes, CSR policies and reporting are being reshaped and reviewed, to better suit the post-crisis or post-pandemic world requirements and realities. Latvia is not any exclusion from this paradigm and Latvian companies have to reshape their policies to the new realities. Some of the Latvian companies haven't adopted any social responsibility policies; it might be a good focal point for them to integrate the policies, reporting and restructure business operations accordingly. All companies are expected by the public to bear responsibility for their acts on a global scale. With shifting socio-political situations, the expectations for the obligations that businesses are supposed to take on have shifted. In any instance, CSR has evolved into more than a section on a company's website or a public relations exercise; it is now an essential component of businesses' attempts to assure long-term success (Latapí Agudelo et al., 2019).

Despite the challenging economic climate in Latvia, businesses in the region are stepping up their efforts in the area of social responsibility. This might be explained in part due to the fact that many of Latvia's bigger enterprises are subsidiaries of foreign corporations that simply are adapting CSR policy to the local market, although smaller local companies are also expressing interest and willingness to be more socially responsive and responsible. According to the Cross-Sectoral Coordination Centre (CSCC) of the Republic of Latvia in their report "Implementation of the Sustainable Development Goals", *"a good political foundation and social consciousness for sustainable development have evolved since Latvia restored national independence, providing momentum to the implementation of the global agenda and goals. Latvia's Sustainable Development Strategy to 2030, the hierarchically highest national long-term planning document, sets the priorities for sustainable development of the country"* (CSCC, 2018). Political foundation, initiatives, and support are crucial for the private sector to recognise the importance of CSR programmes and raise awareness and consciousness for sustainable business development. A company's value system and a principles-based approach to doing business are the foundations of corporate sustainability. This entails functioning in a manner that satisfies core duties in the areas of human rights, labour, the environment, and anti-corruption, at the very least (United Nations, 2022). The Ten Principles of the United Nations Global Compact are derived from: the Universal Declaration of Human

Rights, the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development, and the United Nations Convention Against Corruption.

This study reviews the CSR framework development, CSR reports' structure and content changes, as well as CSR and sustainability reporting evidence from Latvia. The study starts with the historical foundations of social responsibility, then moves on to the early phases of formal frameworks of businesses' social duties, and finally to the most recent iterations of CSR – CSR 1.0 to CSR 2.0 to CSR 3.0. Given the review of CSR origins and frameworks, it is important to note that this article focuses on publications that have offered an interesting viewpoint and knowledge in the area of CSR, as well as CSR reporting guidelines, dissemination and report verification. The history of sustainable corporate governance and CSR is long and vast, so it is not possible to cover all facets of it in one study. The study considers articles that have a good number of citations and can be regarded as important contributors to the topic development, as well as publications of Latvian and international governmental organizations, associations, regulatory bodies, private and public bodies.

CSR Evolution, Communication and Verification

Responsible businesses had existed for over a century previously, American economist H. Bowen originated the term *Corporate Social Responsibility* in his publication "Social Responsibilities of the Businessman" in 1953 and since has been referred to as the "Father of CSR" (Bowen et al., 2013). The discretionary obligations of a company, according to Carroll's (1979) CSR definition, are those areas of voluntary social interaction that are not forbidden or expected of firms due to their economic, legal, or ethical responsibilities. The concept of CSR has started to become more universally accepted during the early 1990s, when Donna J. Wood released *Corporate Social Performance Revisited*, which provided a framework for analysing the impacts and results of CSR initiatives, expanding and improving on early CSR models (Wood, 1991). Carroll (1991) identified three ethical approaches to management: *immoral, amoral, and moral*; each orientation is closely related to individual moral philosophies, defined as management; in the case of amoral and immoral approaches, business operations are separated from private life ethical considerations, and thus such considerations have no role in the business environment; and in the case of moral approaches, business operations are separated from private life ethical considerations, and thus such considerations have no role in the business environment. The notion of the *Triple Bottom Line* (TBL) made a significant contribution to the debate about corporate conduct. TBL, which was first coined by Elkington in

1994, is a sustainability framework that balances the company's social, environmental, and economic effects. Later in 1998, Elkington highlighted that successful and long-term partnerships between the commercial and governmental sectors and stakeholders are necessary to achieve great triple bottom line performance (social, environmental, and economic) (Elkington, 2018). Rapid population expansion, pollution, and resource depletion were some of society's key worries during that time (Du Pisani, 2006), and they were accompanied by social movements focused on the environment, as well as human and labour rights. The hierarchy of CSR components has been presented by the same author: economic ("earn money"), legal ("follow the law"), ethical ("be ethical"), and philanthropic ("be a good corporate citizen") – see Figure 1.

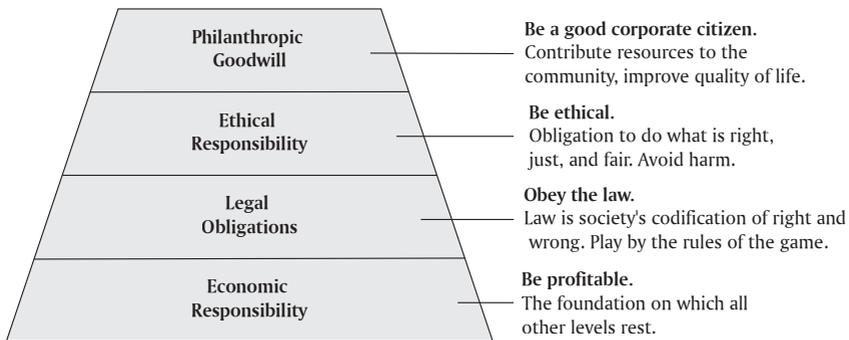


Figure 1. Four Pillars of CSR

Source: Carroll, 1991

CSR is described as a company's commitment to long-term development that not only benefits stakeholders, generates economic benefits, and provides a competitive advantage, but also meets social and environmental demands (OECD, 2001). Corporate responsibility necessitates a change away from the goal of "profit solely" and toward the construction of a broader system of social interactions. The fact that a firm is socially responsible has an impact on customer perceptions of it and their purchasing decisions. It is critical that businesses use proper communication platforms to tell customers about their CSR operations (Campbell, 2007). According to the International Labour Organization (ILO), "CSR is a voluntary, enterprise-driven initiative and refers to activities that are considered to exceed compliance with the law." The norms contained in CSR codes are directly inspired by public (international) law. CSR is one of the most significant methods for businesses to express their ideas and values today, both inside their

processes and operations and in their interactions with other players (ILO, n. d.).

Certainly, the countless corporate crises roiling the business world have played a role, specifically, the novel Coronavirus (COVID-19) pandemic that has negatively affected all the business sectors globally, cementing that CSR policies and CSR reporting, as well as sustainability reporting, are here to stay and perhaps to develop into something new. An ethical perspective of business CSR and the COVID-19 pandemic has also become of higher interest for researchers in recent years, as the COVID-19 pandemic has had serious health, social and economic consequences. The majority of the companies have to review their policies and CSR initiatives to address new social issues, environmental and economic challenges (Bapuji et al., 2020). Some findings demonstrate that CSR is an excellent strategy to assist the most vulnerable. In this context, firms should include CSR in their corporate plans during pandemics or other emergencies. In truth, this situation not only ensures assistance for society and vulnerable persons, but it also has the potential to provide significant benefits to businesses, such as a stronger corporate reputation (Raimo et al., 2021).

CSR initiatives, in particular, might provide corporations with an increase in reputation and financial success, in addition to being a sort of socially responsible management targeted at shielding the weakest subjects during the COVID-19 epidemic (Guan et al., 2020). The legal and social environment in which firms operate may be jeopardized if they do not adapt, companies must also be aware of and adapt to changes in the environment, or they risk losing customers, suppliers, and other stakeholders (He and Harris, 2020). In reaction to the epidemic, businesses have experienced an upsurge in demand for CSR initiatives. Employees' perceptions of the company are of increased importance, as employees and customers can be considered as main stakeholder groups. The cultural factor of long-term orientation has the biggest effect on CSR practice, and the firm's reputation is a key mediator of the CSR practice and corporate performance link (Kucharska & Kowalczyk, 2018).

CSR like every other framework evolves with time, whereas CSR's early years were focused on marketing and public relations, later CSR will no longer be a separate department, but will instead be incorporated into all aspects of the company. CSR is no longer viewed as a risk-reduction tool, but rather as a strategy for creating and protecting value for the firm and society. CSR has evolved from a simply selected, single-issue participation (sponsorship and donations) and legal compliance measure to explicit responsibility management in a company's core operation, taking into consideration the three pillars *of the economy, social concerns, and ecological* (Schmidpeter, 2013). that would denote the transition from CSR 1.0 to CSR 2.0.

Some studies suggest that the next evolutionary phase of CSR is CSR 3.0, it is basically efficiency and waste reduction, which all businesses should undertake anyhow, and it is inextricably linked to *creating shared value* – CSV. But there are some differences as well, CSR is the process of changing the relationship between a firm's results and inputs to produce social value, while CSV is the process of changing the relationship between a firm's outputs and inputs to social value. In other words, it all boils down to producing economic value through the development of social value (Wojcik, 2016). While CSR 1.0 is all about *damage management*, CSR 2.0 is about *damage prevention* and the main transitions that have happened have in the following facets: *philanthropic to collaborative; image-driven to performance-driven; risk-based to reward-based; specialized to integrated; standardized to diversified; marginal to scalable; westernized to globalized* (Visser, 2012). CSR is about doing something separate from the business, but CSV is about incorporating social and environmental effects within the business and exploiting that integration to produce economic benefit (Lapina et al., 2012). Shared value creation is a method of re-connecting a firm with the society in which it operates by discovering and developing the linkages between societal and economic success (Porter & Kramer, 2011). While it is necessary to mention CSV as an evolutionary form of CSR, it is not going to be studied within the framework of this article.

Communication about CSR and sustainability has generally been previously narrowly thought of in terms of public relations, marketing, public affairs, and crisis management strategies. Most often communication was seen as a way to improve a corporate actor's reputation and legitimacy (Signitzer & Prexl, 2008). Increasingly scholars are talking about the idea of corporate social responsiveness versus corporate social responsibility. Responsiveness emphasises "*how organizational processes and structures need to react to the social needs and values of a wide range of individuals and groups who have an interest in the organization*" (Allen & Craig, 2016). Companies that engage in CSR efforts should report on their actions to target groups so that society may learn about their social involvement (Heemskerk, 2002). CSR reports are described as "*the notification process of social and environmental impacts caused by company economic activity to certain interest groups and the company as a whole*" (Gray, 2007). CSR reports may assist firms in developing a systematic approach to the management of socially responsible operations, identifying future risks and possibilities, and thereby contributing to the company's competitiveness and long-term commercial endeavour. The information included within is not just for the benefit of the firm. It may be used to perform the decision-making process for various sorts of stakeholders in part (Moravčíková et al., 2015).

As many studies note, the quality of the CSR or sustainability report depends on many facets, but the main ones could be the following: *credibility, completeness, significance and appropriateness*. Several aspects affect reporting, the size of the company is one of them. Small and medium-sized businesses, which often operate locally, have a closer relationship with their stakeholders than large, multinational corporations. They have the power to use more direct methods to communicate the execution of their responsibilities against them. Due to a diverse set of stakeholders, large corporations must also employ impersonal means of communication such as CSR reports (Van Wensen et al., 2011). According to KPMG's findings, sustainability reporting continues worldwide growth, Sustainability reporting has seen a particularly strong increase in three countries: Kazakhstan (+ 34 percentage points); Slovakia (+21 percentage points) and Germany (+19 percentage points) (KPMG, 2021). Effective CSR communication provides the following benefits to the company – enhanced awareness, transparency, better supervision of the sustainability initiatives, stakeholder involvement, cross-sector collaboration opportunities. Communication permits a comparison of a company's publicly disclosed CSR responsibilities with reality and highlights flaws in the CSR corporate strategy increases the status of stakeholders and their participation in corporate decisions, encourages cross-sector collaboration between enterprises, government agencies, and non-profits (Moravčíkova et al., 2015). Communication occurs at the *intrapersonal, interpersonal, group, organizational, inter-organizational, and macro-environmental levels*. Theories and studies exist to assist communicators at all levels in developing SMART (strategic, memorable, accurate, relevant, and trustworthy) CSR or sustainability-related communications and spreading them throughout a company, a supply chain, and within inter-organisational partnerships (Allen & Craig, 2016).

Verification and credibility of the CSR or sustainability reports remain the main concern. Lock and Seele in their study, based on a quantitative content analysis of 237 CSR reports from 11 European nations, have found that credibility is seen as a multi-layered construct that integrates CSR and communication theories, filling a gap in the field's theory (2016). Contextual (e.g., industry), format, and firm-level (e.g., size) variables all have an impact on reporting trustworthiness. The findings demonstrate that *European CSR reports do not have a high level of credibility*, concluding that standards and substance are the most important factors in determining reporting trustworthiness, with external impacts being secondary at best. CSR reports must first be understood by their readers to be regarded as credible; in addition, credibility requires truth, honesty, and stakeholder specificity. As a result, instead of encouraging interaction with stakeholders

and adding to corporate “*greenwashing*”, CSR reports are accused of widening the credibility gap and endangering corporations’ legitimacy in society (Seele & Gatti 2015).

Despite voluntary standardisation, CSR reports have been criticized for lacking credibility, being pseudo-transparent, and being of poor quality (Coombs & Holladay, 2013). Previous research has highlighted the diverse nature of voluntary assurance statements, which has been ascribed to the lack of norms and obligatory regulations. The number of firms that rely on external third parties to verify their sustainability reports has risen in recent years (Gurturk & Hahn, 2016; KPMG, 2021). To avoid “*greenwashing*” or inaccurate reporting, the financial institution should perform an independent audit (verification) of the investee or engage in a conversation with the company’s top management (Bennett et al., 1999). The findings of some studies suggest the number of verified CSR or sustainability reports is not high; also suggest that the quality of the reports under investigation is often not sufficient. In terms of its constituents, the relevance of the material presented in the evaluated reports is greater than its reliability. The studies have also found that having a legal need to disclose CSR data has a beneficial impact on the quality of CSR reports (Habek & Wolniak, 2016). Many academics question the framework’s usefulness, claiming that GRI-based reports might mislead sustainability-conscious decision-makers or even hide unsustainable behaviours, but very few researchers, on the other hand, have delved behind the surface of criticism to investigate how to improve the framework’s usefulness (Fonseca et al., 2014).

CSR Reporting Initiatives in Latvia

Since this study discusses some evidence of CSR evaluation and reporting in Latvia, it is important to notice the main **self-assessment initiatives** that “CSR Latvia” association promotes and utilizes, are – *UN Global Compact, Sustainability Index (SI) and Global Reporting Initiative (GRI)* (CSR Latvia, 2022). The **guidelines** that the “CSR Latvia” association adopts are the ones from ILO – International Labour organisation, OECD guidelines for multinational enterprises, and ISO 26000:2010 standard for guidance on social responsibility. As it was mentioned previously, SDGs contain no private-sector commitments and *are not obligatory*, it’s worth noting that EU law, via Directive 2014/95/EU, requires large public-interest companies (listed companies, banks, insurance companies, and other companies designated by national authorities as public-interest entities) to disclose non-financial and diversity information beginning with their 2018 reports and onwards (European Commission, 2014). Such companies are required to give a review of their business model, policies, outcomes, principal risks

and key performance indicators, including *environmental matters; social and employee aspects; respect for human rights; anti-corruption and bribery issues*. For the discretionary CSR reporting and self-assessment procedures, the companies might have to use their developed frameworks, the ten principles of the UN Global Compact and the guidelines, or the global Global Reporting Initiative (GRI) standards.

As an alternative, the organisations might utilise the ISO 26000:2010 standard for guidance on social responsibility, which is considered to be a voluntary guideline standard and provides CSR guidance for all organisations and was developed by the International Organisation for Standardisation (ISO) (ISO, 2010). It does not include obligations like those found in “certification” standards. ISO 26000:2010 standard is meant for organisations to utilize to satisfy specific needs for operations such as manufacturing, management, accounting, and reporting. There are some critiques of this standard offered by scholars, as the usefulness of ISO 26000 has been questioned; it only supplied a shared notion of social responsibility rather than also supporting management routines and behaviours that lead to social responsibility, it may be restricted. Despite its non-certifiability, some academics believe ISO 26000 has features of a management system standard (Hahn, 2012). The lack of certification, the potential to “decouple” from actual organisational performance and isolate CSR issues in an organisation (Schwarz & Tilling, 2009). The difficulty for smaller organisations to access the standard’s voluminous “textbook” form, and the fact that the standard’s best practices tend to age are among the criticisms (Henriques, 2012). The ISO 26000 standard is a voluntary offer as a guiding document that encourages companies to address their social responsibility concerns and potential actions with relevant stakeholders; it invites users to rethink an organisation’s CSR or “socially responsible behaviour”, and to select from its recommendations those areas where the company should engage in societal contributions, to report to their stakeholders and get feedback (ISO, 2022).

UN Global Compact and its ten principles have been mentioned previously in this study, see Table 1; it is the world’s largest CSR initiative to conduct business responsibly by aligning the strategies and operations with the Ten Principles on human rights, labour, the environment, and anti-corruption; and to take strategic actions to further broader societal goals, such as the United Nations Sustainable Development Goals (SDGs), with a focus on collaboration and innovation (UN Global Compact, 2022). The main objectives of the UN Global Compact are to ensure that the principles of the Global Compact are incorporated *into business strategy and activities; encourage cooperation between all stakeholders to encourage the development of an orderly and ethical business environment*. Latvia has

joined the Global Compact initiative in 2001, and in 2005 Employers' Confederation of Latvia (ECL) was assigned the task of coordinating this UN initiative, involving the member companies (ECL, n.d.). The UN Global Compact is not a regulatory instrument, but rather a debate forum and communication network that includes governments, corporations, and labour organisations whose activities it intends to influence, as well as civil society organisations that represent its stakeholders; the Global Compact does not acknowledge or issue certificates that these enterprises have fulfilled the Compact's principles. At the recent moment, 7 participating organisations from Latvia are listed, among them is Institute for Corporate Sustainability and Responsibility (CSR), which provides CSR support, education and assessment for Latvian enterprises and is reviewed in this study (UN Global Compact, 2022).

Table 1. The Ten Principles of the UN Global Compact

Human Rights	<p>Businesses should support and respect the protection of internationally proclaimed human rights. Businesses should make sure that they are not complicit in human rights abuses.</p>
Labour Rights	<p>Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining. Businesses should uphold the elimination of all forms of forced and compulsory labour. Businesses should uphold the effective abolition of child labour. Businesses should uphold the elimination of discrimination in respect of employment and occupation.</p>
Environment	<p>Businesses should support a precautionary approach to environmental challenges. Businesses should undertake initiatives to promote greater environmental responsibility. Businesses should encourage the development and diffusion of environmentally friendly technologies.</p>
Anti-corruption	<p>Businesses should work against corruption in all its forms, including extortion and bribery.</p>

Source: authors' elaboration based on United Nations data, 2022

“CSR Europe” (The European Business Network for Corporate Social Responsibility) is Europe's largest business network dedicated to corporate social responsibility. It brings together over 10,000 enterprises through its network of 48 corporate members and 42 national CSR organisations – including the “CSR Latvia” association (CSR Europe, 2022). CSR Europe's objective is to advance the sustainability agenda, collaborate with CSR organisations in other parts of the world, incubating multi-stakeholder

ideas that address the UN 2030 Agenda for Sustainable Development. Five key aspects, commonly known as the 5P's, lie at the heart of the 2030 Agenda; they are *people, prosperity, planet, partnership, and peace* (United Nations General Assembly, 2015). "CSR Latvia" is an association that unites private, public and NGO sector organisations, as well as experts who promote the activities and development of Latvian entrepreneurs by implementing the principles of corporate social responsibility in the strategies of organisations (CSR Latvia, 2022). "CSR Latvia" utilises the following standards and guidelines – *the Ten Principles of the UN Global Compact, Memorandum on CSR principles in Latvia; EU Guidelines for CSR National Strategies; OECD Guidelines for Multinational Enterprises; the UN Sustainable Development Goals (SDGs)*, and other internationally accepted standards and guidelines (CSR Latvia, 2022). The UN Sustainable Development Goals (SDGs) do not reflect any private-sector obligations, but nations that embrace them will be required to develop particular rules and regulations that will put pressure on businesses to adopt new business practices or improve existing ones. Furthermore, the SDGs are interrelated, which implies that accomplishing one target may include resolving challenges from another (UNDP, 2018). The association aims to educate active entrepreneurs on the impact of CSR on the sustainability of businesses, involving entrepreneurs and their influence in a dialogue. The discretionary CSR principle is driven by a company's *voluntary desire* to have a positive impact on society, not mandated by economics, law, or ethics.

The Global Reporting Initiative (GRI) is the leading organisation in the field of sustainability that encourages organisations to use sustainability reports or CSR reports as a tool to become more sustainable and accountable and to promote the popularity of sustainable business development. In Latvia, large state capital companies use the GRI guidelines for reporting in their long-term statements. It is recommended that the GRI guidelines be used by the Cross-Sectoral Coordination Centre Republic of Latvia, which supervises the management of public-sector capital companies (CSR Latvia, n.d.). Corporate players all over the world have been issuing increasingly consistent reports in recent years, frequently utilising the Global Reporting Initiative (GRI) comprehensive sustainability reporting framework. The rules of the Global Reporting Initiative (GRI), the most widely used CSR reporting methodology in the world, and its implementation by a renowned sustainability reporter (Garcia-Torea et al., 2019). The GRI reporting framework is one of the most widely used; however, some researchers have suggested that the reports are merely marketing tools and there are difficulties in understanding the proposed GRI guidelines – they are complex, ambiguous, and too flexible, undermining both the standardisation of reports and the ability to

compare them (Quilice et al., 2018). The 2020 KPMG Survey of Sustainability Reporting found almost all (96 %) of the world's largest 250 companies (the G250) report on their sustainability performance. Of the N100 – 5,200 companies comprising the largest 100 firms in 52 countries – 80 % do so (KPMG, 2021). Across all companies surveyed, the GRI Standards is the only sustainability reporting framework that can demonstrate widespread global adoption. Around three-quarters (73 %) of the G250 and two-thirds (67 %) of the N100 now use GRI reporting standards. The GRI framework is designed to allow third parties to examine the company's and its supplier chain's environmental effects (Willis, 2003). *GRI Universal Standards* incorporate reporting on human rights and environmental due diligence, in line with intergovernmental expectations, and apply to all organisations. *GRI Sector Standards* enable more consistent reporting on sector-specific impacts. *GRI Topic Standards* – adapted to be used with the revised Universal Standards – then list disclosures relevant to a particular topic (GRI, 2022). Sustainability reporting strives to standardize and quantify the costs and benefits gained from the reporting firms' actions in terms of the environment, society, and governance. Quantified outcomes of CO2 emissions, working and payment conditions, financial transparency, and similar are some examples of reporting measures to be applied (Brown et al., 2009). The same authors have visualized the GRI reporting cycle (See Figure 2). GRI criteria were developed by international labour practices and an independent audit was conducted to examine the reporting organisation's social effect and environmental impact. ISO 14010, ISO 14011, ISO 14012, and ISO 26000 are environmental impact assessment standards, whereas OHSAS 18001 is a health and safety risk management system.

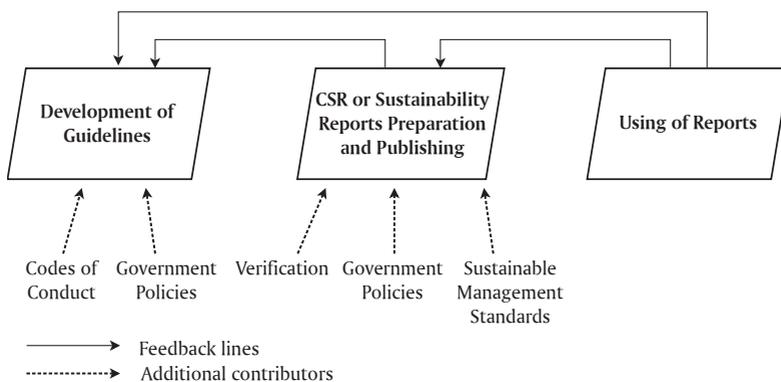


Figure 2. GRI Reporting Lifecycle

Source: adapted by the authors from Brown et al., 2009

Reports from Latvian organisations, which have been completed in 2021 according to the GRI standards, are four, but in general, reports that do not meet the standard, but are registered in their database are eight (CSR Latvia, 2022). The GRI Standards, unlike previous reporting systems, have a modular structure that makes them easy to maintain and modify and are a *free public good*, although the GRI framework has also received some criticism. Findings from some studies show that GRI guidelines have substantial flaws that make it difficult to produce reports that account for CSR; there are difficulties in understanding the proposed GRI guidelines – they are complex, ambiguous, and too flexible, undermining both the standardisation of reports and the ability to compare them (Garcia-Torea et al., 2019).

SI association (Institute for Corporate Sustainability and Responsibility) is the third self-assessment initiative in Latvia, that is listed by the “CSR Latvia” association (CSR Latvia, n.d.). SI initiative’s methodology is based on Dow Jones Sustainability Index and Business in the Community’s Corporate Responsibility Index (CRI), and it follows the criteria of corporate responsibility standard ISO 26000 and the Global Reporting Initiative (GRI). SI has been updated to provide a more accurate assessment of Latvian firms’ performance on economic, social, and environmental challenges while still taking into account worldwide corporate responsibility and sustainability standards (Lapina et al., 2012). It is strategic management developed by several Latvian experts to help Latvian enterprises establish a level of sustainability and corporate responsibility. At the same time, it provides objective criteria to society, state and non-governmental organisations to praise and support companies that help to strengthen Latvia’s economy in the long term, providing education, self-assessment, public acceptance, recognition of foreign partners/investors, CSR in company communication, comparison of performance with other companies in Latvia, Institute for Corporate Sustainability and Responsibility (InCSR, 2021). Participation in the SI is free of charge. According to experience and feedback, one of the main reasons why companies are participating in this assessment is the opportunity to acquire knowledge on how to boost business growth.

According to a Eurobarometer survey, 94 % of citizens in all EU Member States say that protecting the environment is important to them. In addition, 91 % of citizens stated that climate change is a serious problem in the EU. European legislation is necessary to protect the environment, according to 83 % of those surveyed (Eurobarometer, 2020). This means only one thing: companies that adhere to the principles of corporate sustainability and accountability in their daily work are future leaders. According to the results of the SI, in Latvia’s corporate environment, these leaders are becoming more and more – 24 % of this year’s members

participated in this assessment for the first time. This demonstrates that the global pandemic has contributed significantly to the commercial sector's understanding of the principles of responsible business. That sustainability is a lifestyle for organisations that have a very significant impact on both their growth and society and national and global developments as a whole (InCSR, 2021). According to SI gradation (Platinum, Gold, Silver, Bronze) in 2021, the minimum threshold for the sustainability index was reached by 67 participants, with an average score of 79.5 % in that estimate. 23 companies qualified for the highest Platinum category, five of which are “newcomers” – Development Finance Institution “ALTUM”, “Liepajas RAS”, “Maxima Latvia”, “Trellborg Wheel Systems Liepaja LSEZ” and “National Real Estate”. The proof of eligibility for the Gold category was received by 15 participants, for Silver category 19, and Bronze category 10. The overall performance of participating enterprises has increased in four out of a total of five sections of the SI – *strategies, market relations, the working environment and local communities*. The relatively highest growth is seen in the strategy section – 85.9 %, which is 4.4 % more than last year (InCSR, 2021). Sustainability motivators in companies have changed over five years; if both 2015 and 2020 the leading motivator was a “corporate image” then the next two in 2015 were staff and social responsibility, while in 2020 customers and the environment. As key challenges to sustainability, the respondents to the CSR Latvia study mention supply chain management, top and middle management, employees' involvement, and long-term integration in all areas of action (CSR Latvia, 2020). The results of the SI reveal that the understanding of Latvian companies and organisations on the principles of responsibility and sustainability is increasing. This year, the *performance of its members reached 75.4 %, almost 30 % more than in the first assessment conducted in 2010*. Environmental issues are particularly focused in Latvia's corporate environment, as it is in the environment section that the performance of its members has increased by 6.7 % this year, reaching 74.6 %. Meanwhile, the relatively highest performance rating participating companies have reported 82,6 % in the market relations section this year, as in previous years. It was 81.5 % in the strategy section and 76 % and 76.3 % in the working environment and local community sections, respectively (InCSR, 2021).

Discussion and Conclusion

The findings of this study cannot be interpreted as exhaustive or conclusive, but they provide a better insight into CSR concept evolution, the importance of corporate communications and CSR or sustainability reporting, reports' credibility and verification issues. This study also has

reviewed some evidence and CSR trends and reporting from Latvia. CSR 1.0 to CSR 2.0 to CSR 3.0 or CSV should be studied separately and extensively, as this was not the main focus of this study, although it is worth mentioning that transition and evolution of the framework are important to understand when assessing the quality of CSR or sustainability reports, as the goals and the concept behind the reports have changed drastically over the time. A good example of that would be a change from *damage management* to *damage prevention*; and also the following shifts in focus – from philanthropic to collaborative; from image-driven to performance-driven; from risk-based to reward-based; from specialized to integrated; from standardized to diversified; from marginal to scalable; from westernised to globalized. Although it can be argued, that the present-day CSR philosophy is not merely to prevent damage, it is more than that – in the current iteration of CSR, it is all about incorporating social and environmental impact into the business and then exploiting that integration to generate economic benefit, in other words – *creating a shared value* for all the stakeholders. Reporting comes to the forefront of corporate communication, which has also has undergone evolutionary changes – from public relations, marketing and public affairs tool to an indicating tool of socially responsible and sustainable operations, identifying future risks and possibilities, and thereby contributing to the company's competitiveness and long-term commercial endeavour. CSR or sustainability reporting is being viewed as a dual-channel communication tool, which engages all the stakeholder groups, that is intrapersonal, interpersonal, group, organisational, inter-organisational, or macroenvironmental.

Credibility and verification of CSR reports is another issue, as historically the quantity and quality of verified CSR report among the revealed CSR reports are low; hence some of the studies branded CSR as a “*greenwashing*” machine. The fact that the CSR report has been verified adds to its credibility. In Latvia, sustainable development and CSR initiatives are being supported on a national level, providing a good political foundation and social consciousness for sustainable development. CSR reporting remains a voluntary and discretionary initiative, except for listed companies, banks, insurance companies, and other companies designated by national authorities as public-interest entities, by European Union law via Directive 2014/95/EU.

The main promoter of CSR reporting in Latvia is “CSR Latvia”, which is a member of a bigger umbrella organisation “CSR Europe” (The European Business Network for Corporate Social Responsibility). “CSR Latvia” utilizes the following self-assessment initiatives – UN Global Compact, Sustainability Index (SI) and Global Reporting Initiative; and adopts the following guidelines – International Labour Organisation (ILO), OECD

guidelines for multinational enterprises, and ISO 26000:2010 standard for guidance on social responsibility. GRI remains the dominant global standard for sustainability reporting, although it has received some criticism – the guidelines have significant limitations that impede the production of reports that account for CSR impact, there are difficulties in understanding, they are complex, ambiguous, and too flexible, undermining both report standardization and comparison. The GRI reporting suggests the following cycle – development of reporting guidelines, preparation and dissemination of CSR reports, use of reports; where all of the components feedback each other and third-party verification is obligatory. The Sustainability Index association (SI) (Institute for Corporate Sustainability and Responsibility) is a strategic management tool developed by several Latvian experts to help Latvian enterprises to establish a level of sustainability and corporate responsibility. It is, perhaps, the most tool popular platform to be used for CSR or sustainability report consulting, assessment and education in Latvia. SI initiative's methodology is based on Dow Jones Sustainability Index and Business in the Community's Corporate Responsibility Index (CRI), and it follows the criteria of corporate responsibility standard ISO 26000 and the Global Reporting Initiative (GRI).

In 2021 the performance of the participants reached 75.4 %, almost 30 % more than in the first assessment conducted in 2010, also Latvia's corporate environment and its leaders are becoming more and more aware of the CSR importance – 24 % participated in this assessment for the first time, which is a substantial interest increase. SI results also have shown that the participating enterprises have increased in four out of a total of five sections of the SI – *strategies, market relations, the working environment and local communities*. The key challenges for the Latvian companies regarding CSR reporting are – *supply chain management, top and middle management, employees' involvement, and long-term integration in all areas of action*. The main limitation of this study is that the authors haven't performed empirical research or standalone CSR reporting analysis for the Latvian market. This study can serve as a basis or can be continued by the researchers, by first selecting and sampling the top Latvian companies of each sector and then investigating their sustainability reports, reporting methodology, as well as verification status. When the results of such a comprehensive study are synthesised, it is recommended to open the discussion about a *coherent (unified) national sustainability reporting framework and body*, as it would be the key component to ensure the success of such a venture. At the present moment, the variety of the guidelines, their complexity and the advisor-organisations role in it might be seen as confusing, *especially for smaller organisations that are not the branches of larger international enterprises*.

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LATVIAN-ESTONIAN ECONOMIC RELATIONS 1918–1940¹

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Abstract

This paper provides an overview of Latvian-Estonian economic relations in the interwar period. In the interwar period, economic relations between Latvia and Estonia were mainly confined to foreign trade, although there were some investments in Latvia from Estonia, as well as tourism. Latvia's foreign trade in relation to Estonia was regulated by a number of trade treaties and agreements entered into in 1923, 1927, 1928, 1931, 1932, 1935, and 1937. Latvia's main imports from Estonia in the interwar period were horses, cement, petroleum products from oil shale (including bitumen, crude oil, etc.) – except petrol, petrol, and fabrics (cotton, linen, wool, etc), whilst Latvia's main exports to Estonia were linoleum, machinery (agricultural and industrial), timber and timber products (including plywood), rubber goods (including galoshes), paints, inks, and paint products, sugar, as well as radios. In general, trade and thus economic relations were of marginal significance to both countries in the interwar period due mainly to similarities in their agriculturally based economic structures.

Keywords: Latvia, Estonia, economic relations, foreign trade, interwar period.

Introduction

Latvia and Estonia share a long common history, having since the 13th century been ruled by the Livonian Order, Poland-Lithuania, Sweden and finally, until achieving independence in 1918, the Russian Tsarist Empire. Estonia proclaimed its independence on 24 February 1918 and Latvia on 18 November 1918. On 21 July 1919, Latvia and Estonia entered into an agreement on the sorting of loans, the setting of borders and other issues, which also meant mutual *de facto* recognition.³ Latvia was recognised *de iure*

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³ Latvijas Brīvības cīņas 1918–1920 (1999), p. 196.

by Western Europe on 26 January 1921⁴. On 28.02.1921, Estonia recognised Latvia *de iure* (Latvia recognised Estonia *de iure* on 02.03.1921).

Latvia's first diplomatic representative, Jānis Ramans, was sent to Tallinn in December 1918⁵ and assisted in negotiating the 1919 agreement. On 07.05.1921, Latvia's first Envoy to Estonia, Jānis Seskis⁶, was appointed. Apart from the Legation in Tallinn, Latvia also had consulates in Valga (or Estonian Valka as the Latvians insisted on calling it), Narva, Pärnu, Tallinn and Tartu (in Latvian Tērbata). Estonia's first diplomatic representative, Theodor Tallmeister, was sent to Rīga in July 1919.⁷ On 22.03.1921, Estonia's first Envoy to Latvia, Aleksander Hellat⁸, was appointed. Apart from the Legation in Rīga, Estonia also had consulates in Rīga, Liepāja and Valka.

During the Latvian War of Independence, the Latvians and Estonians coordinated closely and fought side by side. This co-operation culminated in the Battle of Cēsis from 6 to 23 June 1919 when the combined Latvian and Estonian forces defeated the Baltic Germans' land defence forces (*Baltische Landeswehr*), which was a decisive battle in the both the Estonian War of Independence and the Latvian War of Independence.⁹ The 23rd of June is still an important National Day (*Võidupüha* or Victory Day) for the Estonians and is celebrated as an Estonian public holiday.

Table 1. Selected economic indicators for Latvia and Estonia in the interwar period

	Latvia	Estonia
Population (millions)	2 (1939)	1 (1939)
Share of urban population (%)	34.6 (1935)	28.9 (1935)
GDP [*] per capita	4048 (1938)	3771 (1938)
Average annual growth rate (GDP per capita) 1920–1929	5.31	4.1
Average annual growth rates (GDP per capita) 1929–1938	4.1	3.3
% share in GDP of agriculture and forestry	39.2 (1938)	46.7 (1938)
% share in GDP of industry	20.5 (1938)	24.3 (1939)

* GDP measured in 1990 International Geary-Khamis dollars

Sources: Darbiņš, A. & Vītiņš, V. (1947); Broadberry, S. & O'Rourke, K. H. (2016); Valge, J. (2003); Madison, A. (2003); Pullerits, A. (ed.) (1935)

⁴ LVVA, 2570. f., 3. apr., 1148. l. p. 27.

⁵ Jēkabsons, Ē. & Ščerbinskis, V. (eds) (2003), p. 365.

⁶ Andersons, E. (1982), p. 140.

⁷ Jēkabsons, Ē. & Ščerbinskis, V. (eds) (2003), p. 394.

⁸ Andersons, E. (1982), p. 140.

⁹ For detailed account see Jēkabsons, Ē. (2014).

As can be seen from Table 1, Latvia's population was twice the size of Estonia's and Estonia was less urbanised than Latvia in the interwar period. Nevertheless, although their economic structures were very similar (primarily dairy farming, forestry and agriculture), Latvia had less of a % share in GDP of agriculture and forestry than Estonia. However, Estonia had a larger % share in GDP of industry (mainly due to the exploitation of oil shale). Thus, both Latvia and Estonia had for all intents and purposes agricultural economies. However, there was a difference in natural endowments. Estonia was (and is) particularly rich in oil shale deposits. Latvia, on the other hand, had only gypsum deposits, as well as extensive deposits of peat.¹⁰ Interestingly, Latvia's average annual growth rates both pre- and post the Great Depression were larger than that of Estonia, as well as a total GDP per capita higher than Estonia. Of course, both Latvia and Estonia started from a very low base.

Latvian-Estonian Economic Relations 1919–1940

Estonian and Latvian trade came into existence soon after the mutual *de facto* recognition in 1919 and prior to the Estonian recognition of Latvia *de iure*. In the second half of 1919 (from 08 July to 31 December), Latvian exports to Estonia totalled 4281.53 lats, but imports from Estonia totalled 57797.31 lats.¹¹ In 1920, imports from Estonia accounted for 2.64 % of total imports, and exports 0.42 % of total exports.¹² In a sense, the pattern of Estonian-Latvian trade for the 1920s was set.

In the interwar years, Latvian and Estonian economic relations was mainly confined to foreign trade and investment although other forms of economic relations such as tourism were also important¹³.

Latvia's foreign trade in the interwar was based in large measure on a system of commercial and trade treaties. By 1929, Latvia had concluded commercial treaties with all important European states (except Spain). They provided the regulatory framework within which were stated the obligations undertaken by Latvia in its foreign trade relations with its trading partners up to 1931. All these treaties contained the Most Favoured Nation (MFN) principle, as well as in practically all, the Baltic and Russian clause. The Baltic and Russian Clause stipulates that the priority rights and

¹⁰ For a detailed study of the peat industry in Latvia in the interwar period, see Karnups, V. P. (2016).

¹¹ *Ekonomists*, 1920, No. 3, p. 90.

¹² *Latvijas statistiskā gada grāmata* (1920), p. 119.

¹³ In 1930, 20301 tourists (or 24.4 % of all foreign tourists) from Estonia visited Latvia (*Ekonomists*, 1931, No. 20, p. 738).

privileges, allowed to Estonia, Finland, Lithuania, and Russia, may not be made applicable to other contracting states by virtue of the most-favoured-nation principle. Estonia in most cases also included the Baltic and Russian clause in their commercial treaties.

In the early 1920s, the Latvian Foreign Minister, Z. Meierovics, tried to involve Finland, Estonia, Lithuania, and Poland in the creation of a political and economic bloc, but to no avail.¹⁴ With Finland's orientation to Scandinavia and the on-going Polish-Lithuanian conflict, Latvia and Estonia, on 1 November 1923, signed a military defence alliance¹⁵, as well as a 'Preliminary Treaty regarding the economic and customs union between Estonia and Latvia'.¹⁶ Thus, the main result of attempts at economic cooperation on a pan-Baltic regional basis was the 1923 customs agreement between Estonia and Latvia, which would apply only to the products of the two countries. The details of the customs union were to be worked out by a special bipartite commission, which could not agree and the customs union treaty was soon reduced to a quasi-free trade agreement. On 5 February 1927, a new treaty on the customs union annulling the 1923 treaty ('Treaty for the Execution of the Customs Union, with Final Protocol, signed at Riga, February 5, 1927, and Additional Protocol, signed at Riga, March 3, 1927')¹⁷ with a much wider scope was concluded.¹⁸ This treaty could not be put into practice as it was found to be impossible to bring into harmony those internal laws of either side, which had to be co-ordinated before a customs union could be achieved. Basically, both sides had given up the idea of a customs union as impractical.

On 25 March 1928, a 'Provisional Economic Treaty, with Final Protocol'¹⁹, was concluded, based on the most favoured nation principle and minimum rates of customs tariffs. This treaty was followed by a supplementary agreement on 03 June 1931 ('Estonia and Latvia. Additional Agreement to the Provisional Economic Treaty between the two Countries, with Final Protocol')²⁰, which consisted of lists of goods – List A, goods from Estonia to Latvia and List B, goods from Latvia to Estonia – which would receive preferential treatment. The Agreement was within the stipulations of the Baltic and Russian clause and therefore did not apply to third countries.

¹⁴ See Varslavans, A. (1988) for a more detailed examination of this period.

¹⁵ See Kaslas, B. J., (1976), pp. 149–151 for details of the defence alliance.

¹⁶ League of Nations, Treaty Series, Vol. XXV, 1924, pp. 359–367.

¹⁷ League of Nations, Treaty Series, Vol. LXII, 1927, pp. 319–327.

¹⁸ It was not restricted only to the products of the two contracting parties.

¹⁹ League of Nations, Treaty Series, Vol. LXXII, 1928, pp. 195–201.

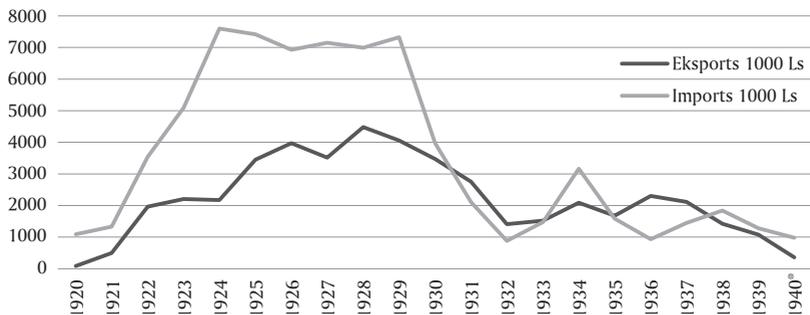
²⁰ League of Nations, Treaty Series, Vol. CXX, 1931–1932, pp. 235–249.

A Protocol of Amendments to the 1931 supplementary agreement was concluded on 14.11.1932. Additional protocols and amendments to the 1931 supplementary agreement were concluded on 07.12.1935 and 10.02.1937. The 1931 supplementary agreement and 1932 protocol were tariff treaties, by which special preferences were granted to certain commodities in the form of lists of goods. Estonia terminated these treaties with effect from 01.10.1938, leaving only the 1928 treaty in force.

As a result of the Great Depression, on 10 April 1935, Latvia agreed with Estonia to settle payments in trade in goods between Latvia and Estonia. The ‘Clearing Agreement between Estonia and Latvia and Exchange of Notes relating thereto’²¹ became operational on 29 April 1935. This was amended on 10 February 1937 following the Latvian 1936 devaluation of the Lat²² (as stipulated in Article 8 of the Clearing Agreement).

Latvian-Estonian Trade 1920–1940

As noted previously, some Latvian-Estonian trade had occurred in 1919. The value of Latvian imports from and exports to Estonia can be seen in the Figure 1.



* 1940 for January–March only

Figure 1. Latvia-Estonian Imports and Exports 1920–1940

Sources: *Latvijas statistiskā gada grāmata* [Latvian Statistical Yearbook]. 1921–1939; *Mēneša Biļetens* Nr. 10, oktobris 1939 [Monthly Bulletin, No. 10, October 1939]; *Strukturbericht über das Ostland*. Teil I: *Ostland in Zahlen* (1942); LVVA, 1314. f., 5. apr., 100. l., pp. 39–40

As Figure 1 shows, from a low start imports increased dramatically in the early 1920s. The hopes accompanying the Customs Union agreement in

²¹ League of Nations, Treaty Series, Vol. CLIX, 1935–1936, pp. 103–111.

²² For details of the Latvian 1936 devaluation see Karnups, V. P. (2002), pp. 208–219.

1923 further stimulated imports, which reached a pre-depression peak of some 7603 thousand lats in 1924. Imports remained steady with beginning of the Great Depression, reaching another peak of some 7323 thousand lats in 1929, probably due to the signing of the Economic Treaty in 1928. Nevertheless, as the Depression deepened there a dramatic fall in imports. Imports recovered somewhat after Estonia's devaluation in 1933²³, with a peak of 3162 thousand lats in 1934. Similarly, a slight peak of 1844 thousand lats in 1938 was probably an effect of the 1936 devaluation of the lat. Exports, on the other hand, increased more slowly with a pre-depression peak in 1928 and a value of 4484 thousand lats. Exports fell somewhat with Great Depression, but recovered slowly rise to reach a post-depression peak of 2305 thousand lats in 1936. Thereafter they continued to decrease to 1940.

As Estonia and Latvia had very similar economic structures based on agriculture, Latvia's main exports to Estonia were manufactured goods. The exception being forestry products. Similarly, Latvia's main imports from Estonia were manufactured goods. The exception being horses.

Generally, imports exceeded exports throughout the interwar period.

Latvian Exports to Estonia

Latvia's main exports to Estonia were Timber and timber products (including plywood), Machinery (agricultural and industrial), Linoleum, Sugar, Rubber goods (including galoshes), Radios and Paints, inks and paint compounds (See Table 2).

Linoleum was a significant export to Estonia in the 1920s. Linoleum in Latvia was produced by the Liepāja branch of the Swedish entrepreneurial family firm of Wicander (Linoleum Aktiebolaget Forshaga), the "Liepāja Cork and Linoleum Factory", which before the First World War had produced linoleum for the Russian market. After the war the factory renewed production, but already in 1922 was subject to the control of an international linoleum cartel based in Britain. However, in 1927, the Wicander firm sold its Liepāja branch to another cartel, which was based in Germany. The factory completely ceased production in 1930 and the last shipment of linoleum to Estonia was in the same year. Its place was to a certain extent taken up by the export of radios in the 1930s, reaching a peak of 163 thousand lats in 1936. Latvian-made radios were popular throughout the Nordic and Baltic region.

²³ For details on the Estonian 1933 devaluation and effect on Estonian-Latvian trade see Stern, K. (2016), pp. 51–54.

Table 2. Latvia's Main Exports to Estonia (1920–1940)

Year	Linoleum		Machinery (agricultural and industrial)		Paints, inks and paint compounds		dataRubber goods (including galoshes)		Timber and timber products (including plywood)		Sugar	
	Tonnes	Value (1000 Ls)	Tonnes	Value (1000 Ls)	Tonnes	Value (1000 Ls)	Tonnes	Value (1000 Ls)	Tonnes	Value (1000 Ls)	Tonnes	Value (1000 Ls)
1920												
1921	0	0	125	77	Less than 1 tonne	Less than 1000 Ls	No data	Less than 1000 Ls	349	15	0	0
1922	9	16	879	520	5	34	Less than 1 tonne	Less than 1000 Ls	289	47	0	0
1923	60	79	655	66	No data	No data	No data	No data	3023	423	0	0
1924	37	46	175	192	24	78	11	57	1787	102	0	0
1925	34	48	298	242	45	75	45	375	1404	51	0	0
1926	43	67	260	252	255	112	65	580	643	11	0	0
1927	30	46	260	238	585	160	73	753	1456	8	0	0
1928	63	95	235	251	489	172	98	914	6429	156	0	0
1929	76	87	291	288	373	156	108	1080	10776	296	0	0
1930	30	36	159	153	190	138	62	645	11721	253	0	0
1931	0	0	89	97	182	144	83	627	6437	87	0	0
1932	0	0	48	38	232	157	50	310	834	7	249	118
1933	0	0	35	26	282	163	53	278	720	27	700	338
1934	2	11	22	18	239	133	71	246	349	17	1000	357
1935	4	22	6	10	186	94	82	256	370	22	0	0
1936	17	163	25	18	212	120	124	547	394	66	1749	531
1937	6	87	9	15	233	227	94	488	7621	182	267	148
1938	11	137	33	187	303	219	86	447	307	45	0	0
1939	*Less than 1 tonne	Less than 1000 Ls	2	10	86	56	51	194	0	0	0	0
1940							No data					

* January–August 1939 (with commencement of WWII, Latvia ceased publication of detailed foreign trade statistics)

Sources: *Latvijas statistiskā gada grāmata* [Latvian Statistical Yearbook], 1921–1939; *Latvijas ārējā tirdzniecība un transitis – 1924–1939* [Latvian Foreign Trade and Transit, 1924–1939]; *Mēneša Biļetens* Nr. 10, oktobris 1939 [Monthly Bulletin, No. 10, October 1939]

An important and consistent export to Estonia was paints, inks, and paint compounds, mainly in the 1920s (reaching a peak in terms of volume in 1927), but still holding steady in the 1930s (reaching a peak in terms of volume in 1938). Machinery (agricultural and industrial) was also an important export to Estonia in the 1920s, but declined in the 1930s as Estonia utilised other sources (Great Britain and Germany). Rubber goods (including galoshes) were steady and consistent export reaching a pre-Depression peak of 1080 thousand lats in 1929 and a post-Depression peak of 488 thousand lats in 1937.

Interestingly, Latvia exported fairly large quantities of timber and timber products (including plywood) to Estonia despite the fact that for Estonia itself such products made up a significant part of their exports. Exports of timber and timber products to Estonia reached a peak in terms of quantity in 1929 and 1930 of 10 776 and 11 721 tonnes respectively. Sugar became an important export to Estonia in the 1930s, reaching a peak in terms of both quantity and value in 1936. This was because Estonia, unlike Latvia and Lithuania, was too far north to successfully grow sugar beet.

Latvia also exported various quantities of paper products, metal products (such as nails and wire); bicycles, seeds, hides and furs, and fish and fish conserves, as well as small quantities of other goods.

Latvian Imports from Estonia

Latvia's main imports from Estonia were Horses, Cement, Petroleum products from oil shale (including bitumen, crude oil, etc.) – except petrol, Petrol, and Fabrics (cotton, linen, wool, etc). The amounts and value of Latvia's main imports from Estonia in the interwar period are shown in Table 3.

Horses were an important part of Latvian farm production as the level of farm mechanisation was very low.²⁴ Although Latvia mainly imported horses from Lithuania for its farms, a significant number also came from Estonia. Horses from Estonia were imported mainly in the 1920s, reaching a peak in 1924 with 1287 horses imported. The numbers diminished in the 1930s as Latvia came to rely on imported Lithuanian horses.

In the 1920s, cement was an important import from Estonia, reaching a peak in 1926. In the 1930s, it was still a significant import product even though Latvia was producing its own cement in large quantities. The large shipment in 1938 was probably associated with the building of the Ķegums Hydroelectric Power Station.

²⁴ On 01.07.1940 there were 1314 tractors in the whole of Latvia. (Strods, H. (1992), p. 165)

Table 3. Latvia's Main Imports from Estonia (1920–1939)

Year	Horses		Cement		Petroleum products from oil shale (including bitumen, crude oil, etc.) – except petrol		Petrol		Fabrics (cotton, linen, wool, etc)	
	No. of horses	Value (1000 Ls)	Tonnes	Value (1000 Ls)	Tonnes	Value (1000 Ls)	Tonnes	Value (1000 Ls)	Tonnes	Value (1000 Ls)
1920						No data				
1921	3	1	412	30	0	0	0	0	111	707
1922	979	456	1706	82	Less than 1 tonne	Less than 1000 Ls	Less than 1 tonne	Less than 1000 Ls	228	1333
1923	1089	620	4930	275	Less than 1 tonne	Less than 1000 Ls	Less than 1 tonne	Less than 1000 Ls	420	2705
1924	1287	510	8714	444	Less than 1 tonne	Less than 1000 Ls	20	8	541	4619
1925	886	336	7992	393	7992	393	61	7	535	4051
1926	941	335	13175	642	Less than 1 tonne	Less than 1000 Ls	6	3	585	4108
1927	865	241	11151	554	0	0	Less than 1 tonne	Less than 1000 Ls	709	4245
1928	898	244	8931	488	Less than 1 tonne	Less than 1000 Ls	Less than 1 tonne	Less than 1000 Ls	624	3778
1929	615	166	11890	594	67	7	Less than 1 tonne	Less than 1000 Ls	535	3345
1930	774	239	8342	401	4	Less than 1000 Ls	Less than 1 tonne	Less than 1000 Ls	247	1642
1931	407	121	8786	393	3	Less than 1000 Ls	209	85	48	287
1932	67	15	3558	191	13	2	547	195	11	42
1933	332	61	4038	221	1880	169	1227	395	124	150
1934	273	53	5507	298	2704	178	1844	556	123	1308
1935	15	9	541	21	3239	188	715	216	69	789
1936	7	8	1744	67	3606	259	1263	365	9	77
1937	4	7	247	10	3469	370	1363	436	33	423
1938	9	12	10904	457	2821	306	1651	314	9	132
1939*	0	0	1814	72	2812	266	33	4	0	0
1940						No data				

* January–August 1939 (with commencement of WWII, Latvia ceased publication of detailed foreign trade statistics)

Sources: *Latvijas statistiskā gada grāmata* [Latvian Statistical Yearbook], 1920–1939; *Latvijas ārējā tirdzniecība un transitis – 1920–1939* [Latvian Foreign Trade and Transit, 1920–1939]; *Mēneša Biļetens* Nr. 10, oktobris 1939 [Monthly Bulletin, No. 10, October 1939]

A significant import from Estonia was petroleum products from oil shale, as well as petrol from the same source. Although there was intermittent importation in the 1920s, this became especially important in the 1930s as the Latvian economy modernised and petroleum products became more widely used. Imports of petroleum products reached a peak in terms of quantity in 1936 and in terms of value in 1937. Similarly, petrol reached a peak in terms of both quantity and value in 1934.

A small but consistent import from Estonia in the interwar period was fabrics of all kinds (cotton, linen, wool, etc), mainly in the 1920s reaching a peak in 1927. These continued to be a noteworthy import in the 1930s even as Latvia's own textile industry grew and expanded.

Latvia also imported various quantities of pigs and piglets, cellulose, thread and seeds, as well as small quantities of other goods.

Estonian investments in Latvia 1925–1939

Foreign capital in Latvia was mainly invested in banking, industry, transport, and trade. By 1927, over 60 % of the equity capital of all Latvian joint-stock banks²⁵ was foreign owned, while foreign capital comprised 27.8 % of aggregate capital in insurance, 33.9 % in trade (commerce), 63.1 % in transport and about 50 % in industry.²⁶ Many investors hoped that from Latvia they would be able to expand in the huge Russian market. Figure 2 provides an overview of Estonian investments in the interwar period.

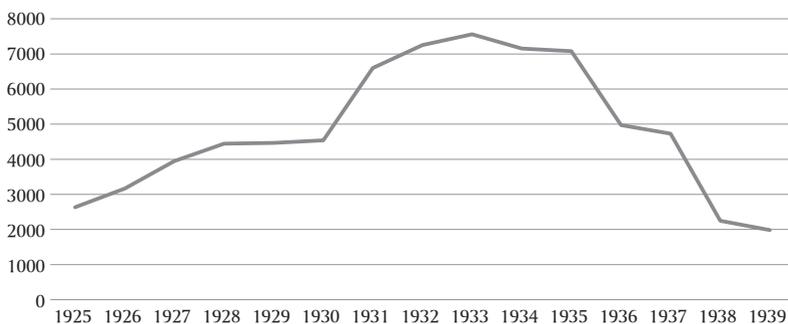


Figure 2. Estonian investments in the Company Capital of Latvian Undertakings (as at 1 January) 1925–1939 (1000 lats)

Sources: *Latvijas statistiskā gada grāmata*. 1929, 1939 [Latvian Statistical Yearbook 1929, 1939]; *Latvijas PSR statistikas tabulas* (1940)

²⁵ For a brief overview of banking in Latvia in the interwar period see Hiden (2000), pp. 133–149.

²⁶ *The Latvian Economist* (1928), p. 24.

From Figure 2, it can be seen that up to 1933 Estonian capital investment increased to a peak in 1933 with a value of 7560 thousand lats, and then decreased for the rest of the 1930s. The decrease accelerated after 1934, when the nationalistic Ulmanis regime began to systematically reduce the amount of the foreign investment stock. Foreign investment stock in the company capital of Latvian undertakings overall was reduced from 50.4 % in 1934 to 25.4 % in 1939 of which the reduction in industry was from 52.4 % in 1934 to 31.9 % in 1939, in commerce from 35.9 % to 28.2 % and in finance and banking from 62.4 % to 9.7 %.²⁷ Estonian investments in 1930 were mainly in the paper industry, transport, textile industry and banks.²⁸ By 1939, the only notable investment sector left was the textile industry.²⁹

Conclusion

In the interwar years, Latvian and Estonian economic relations was mainly confined to foreign trade and investment although other forms of economic relations such as tourism were also important. Nevertheless, despite geographical proximity the fact of similar export products made significant inter-state trade between Latvia and Estonia unprofitable.

In 1929, when Latvian foreign trade reached its pre-Depression peak, Latvian exports to Estonia made up 1.48 % of total Latvian exports, and Estonian imports made up 2.02 % of total Latvian imports. However, in 1937, when Latvian foreign trade reached its post-Depression peak, exports to Estonia were only 0.8 % of total Latvian exports, and imports from Estonia were only 0.6 % of total Latvian imports. One suspects that the figures from the point of view of Estonia would be similar. In other words, trade and thus economic relations were of marginal significance to both countries in the interwar period.

It is interesting to note that in 2020, Latvian exports to Estonia totalled some 1.45 billion EUR or 11.7 % of total Latvian exports (mainly timber and timber products, electrical goods, machinery, vehicles, and plastics). Whilst imports from Estonia totalled 1.29 billion EUR or 8.5 % of total Latvian imports (mainly vehicles, electrical goods, mineral products, timber and timber products, and plastics). Trade with Estonia has increased significantly since both Latvia and Estonia joined the EU in 2004. At the end of 2020, total Estonian FDI in Latvia was 2.3 billion EUR, whilst total Latvian FDI in Estonia was 258 million EUR.

²⁷ Finanču un kredīta statistika (1939), p. 172.

²⁸ Latvijas Statistiskā gada grāmata (1930), p. 290.

²⁹ Latvijas PSR Statistikas tabulas (1940), p. 170.

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INTRA-ORGANISATIONAL COMPETITION BETWEEN EMPLOYEES EFFECTING ENTREPRENEURIAL INTENTION FOR FURTHER BUSINESS GROWTH

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Abstract

The rationale behind the chosen title reflects the importance of intra-organisational competition within an organisation between employees, it encourages entrepreneurs to perceive entrepreneurial intentions for further business expansion in relation to need, opportunity and motivation associated with continued entrepreneurship. The Entrepreneurial point of view recognises the contribution made by employees and the spirit of competitiveness 'to outperform each other' in terms of productivity and work behaviour. This article highlights the significance of intra-organisational competition on entrepreneurial intentions having a profound effect on the decision making for business growth. Entrepreneurial intentions has been viewed from the intra-organisational competition's perspective. Previous researches concentrated more on defining entrepreneurship in terms of business feasibility and commercial resource availability. This article emphasises human capital and its behavioural aspect for supporting further business expansion. The Internal social comparison can affect organisational growth, by bridging the literatures of the intra-organisational competition and entrepreneurial intention a proposed framework has been developed. The topic establishes the co-relation between intra-organisational competition and entrepreneurial intentions for continued entrepreneurship. Systematic literature review has been carried out along with the identification of relevant methodology for collecting articles from recognised scientific databases. The conceptual framework

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is based on the model of entrepreneurship proposed by Davidson, 1991 with major emphasis on Baumann et al. 2018 intra-organisational competition moderated by size, age and experience followed by work behaviour and performance of employees within an organisation. The article found out the relativity between the key factors influencing continued entrepreneurship.

A. The intra-organisational competition between employees.

B. Perceived needs, opportunity and motivation for growth.

C. Overall impact of associated variables on entrepreneurial intentions.

Addressing the competitive spirit of behavioural aspect in consideration to the level and consistency of intra-organisational competition among employees in organisation have motivated entrepreneurs to strive for continued entrepreneurship. The potential factor such as work behaviour, individual contribution and performance can facilitate growth. However, the age and experience of employees plays a pivotal role in continued entrepreneurship. But for instance, in existing business the size of the organization might affect the continued process of entrepreneurial growth. The research is based on the proposed conceptual model and considered few variables associated with entrepreneurial intentions such as perceived need, motivation and opportunity. The theoretical framework considered intra-organisational competition among employees as an internal factor for organization's growth. The research has excluded other factors of entrepreneurship such as entrepreneurial ability, competencies, mindset, skills, traits etc.

Keywords: Intra-organisational Competition, Entrepreneurial Intention, Continued Entrepreneurship, Perceived need and Growth.

Topic Actuality and theoretical background

The study of Intra-organisational competition between employees motivating entrepreneurs for further business expansion has been reviewed systematically. The subject area of research has been categorically divided for evaluating the feasibility of study. The previous researches conducted by renowned authors has been examined. The articles which has been published in recognised academic journals are used for comparative analysis, only ideas have been screened and considered for developing the conceptual framework.

For the purpose of evaluation and scientific discussion various articles have been chosen from recognised academic journal indexed in data base by using title, abstract and key words: "Intra-organisational competition between employees effecting entrepreneurial intentions for further business growth", "Internal Competition", "Internal social Comparison", "Intra-organisational competition", "Entrepreneurial need", "Entrepreneurial Motivation", "Entrepreneurial opportunity", "Entrepreneurial growth", "Continued entrepreneurship" "Entrepreneurial Intention".

The relevant articles which has been selected in consideration to the research and also by covering additional studies in the following subject

area has the total number of overall 113 research papers. The distribution of total number of 59 scientific articles for the construction of conceptual paper is as follows:

1. *American economic review* – 3 scientific articles
2. *Strategic Management Journal* – 2 scientific articles
3. *Journal business venturing* – 4 scientific articles
4. *Journal of labour economics* – 2 scientific articles
5. *Administrative science quarterly* – 2 scientific articles
6. *Development and learning in organisation* – 2 scientific articles
7. *Journal of Economic Behavior and organization* – 3 scientific articles
8. *Other scientifically recognized academic journals and books* – 41 scientific articles.

The recognised scientific database which has been used as a search engine for collecting research papers yielded the following results: Science Direct – 13 articles, Emerald Insight – 14 articles, EBSCO Host – 11 articles, Google Scholar – 21 articles.

For further research analysis of the conceptual paper additional research methods has been adopted. Table 1 shows the respective analogies and categories for selecting research papers.

Table 1. Total number of papers identified under relevant terminologies

Abstract Reading	Revision of Article	Literature Review	Methodology	Conceptual Framework	Quantitative Analysis	Qualitative Analysis	Implications/Limitation	Future Research
107	98	84	77	69	65	39	71/102	92

The number of scientific articles which has been collected and considered for the research are presented in Table 2.

Table 2. The number of articles considered for research

Literature Review	Case Study	Survey	Interviews	Modeling	Statistical Analysis	Test and Experiment	Tools and Techniques	Concept Development
59	23	33	18	21	22	27	31	25

All the research work has been collected and analysed by the end of October 2020. The article reviewed has shown similarities in the content of subject knowledge. The selection of research articles involves searching

suitable and relevant academic articles, analysing selected scientific papers showing significant resemblance, contrast and supporting ideas.

Assessment of conceptual framework

The following research criteria has been considered for developing the conceptual framework:

- Selection of the theme
- Analysis of selected research methods
- Identification of variables used for developing the concept
- Contribution of paper in research
- Evaluation of scientific discussions.

The conceptual framework highlights the factors influencing intra-organisational competition and adaptation of non-managerial employees. Intra-organisational competition in organisation requires preparation, measurement and examination of critical strategies for adoption at the preliminary stage. The business administration plays a major role in sustaining intra-organisational competition. The young and motivated entrepreneurs assess the opportunities produced by intra-organisational competition in developing future business prospects. The Intra-organisational competition induce the process of continued entrepreneurship. The combination of youth and experienced intergenerational differences consolidate entrepreneurial motivation. Further, the age layered management structure in organization constitutes adequate social context for stimulating entrepreneurial motives. The organisational capabilities and structural dimensions are responsible for executing continued entrepreneurship.

Literature Review

Intra-organisational competition in workplace is a widespread phenomenon (Marino & Zabojsnik, 2004). It is characterised by employees being hired by employer tries to outperform one another in order to receive higher wages or bonuses. The phenomenon is of greater empirical relevance as organisations involving multiple employees very frequently in sales and marketing (Benndorf & Holger, 2012). Many of these processes emerges relative performance across the organization affecting working behaviour (Nickerson & Zenger, 2008; Kacperczyk, Beckman & Moliterno, 2015).

Figure 1 shows that Intra-organisational competition begins with social comparison. Comparisons are very often exist at the individual and divisional levels as employees in departments compare their performance against each other (Gartenberg & Wulf, 2017).



Figure 1. Continuous progression from social comparison to Intra-organisational competition

Source: Adopted from Levinthal & March, 1981 and Bauman, Eggers & Stieglitz, 2019

Entrepreneurial Growth and Continued entrepreneurship

Intra-organisational competition between employees and teams, benchmark their performance and contribution against each other and it can turn colleagues into competitors (Baumann, Eggers & Stieglitz, 2019). Their action involves potentially excessive risk taking (Kacperczyk, Beckman, and Moliterno, 2015). In consideration to risk taking abilities it can facilitate growth that leads to continued entrepreneurship and it is perceived as an important factor for stimulating business expansion (Davidson, 1989).

The concept has been more popular in entrepreneurship research (Gasse, 1982). Scholars have argued that growth is a defining feature of entrepreneurship. The objective of individual's needs for growth can be perceived differently. Need to grow is either need for financial motivation or need for self-actualisation. For employee's growth is an increment in remuneration and recognition at work place (Chew & Chan, 2008). For entrepreneurs' growth means striving for new ventures, new product development or entering in new market segment. The growth has also been defined as continued entrepreneurship (Davidsson, 1989). In the context of continued entrepreneurship the growth of an organisation is considered as business proliferation (Stevenson and Jarillo, 1990). Many literatures suggests that the growth is an important element and a key indicator of continued entrepreneurship for the progress and expansion of current or new business opportunities (Baron, 2007).

Entrepreneurial Intentions

The term entrepreneurial intentions is being used more often in literature than the 'continued entrepreneurship' (Davidsson, 1991). Entrepreneurial intentions is defined as "the conscious state of mind that precedes action and directs attention towards entrepreneurial behaviour such as starting new business and becoming an entrepreneur" (Moriano, et al., 2012). Entrepreneurial intention differs from individual to individual and from culture to culture with respect to the value attributed to economic achievements (Delmar, Davidsson & Gartner, 2003).



Figure 2. Entrepreneurial intentions creating the process of continued entrepreneurship

Source: Entrepreneurial intentions adopted from Davidson, 1991

Figure 2 shows that Entrepreneurial intentions comprises of determinants that accentuates continued entrepreneurship. The perceived ability of an entrepreneur for recognising the opportunity to grow and taking initiative for business expansion is depending on potential and capable human resources. Their ability to outperform motivates entrepreneur towards continued entrepreneurship (Davidsson, 1991).

Entrepreneurial motivation

Entrepreneurial motivation stands out in terms of employee's willingness to outperform each other at workplace, it acts as an added value to initiate continued entrepreneurship. In this context the studies conducted by (Fehr, et al., 1998; Fehr & Falk 1999; Bartling, Fehr & Schmidt, 2012 and Brandts, et al., 2010) addresses intra-organisational competition from another point of view. They analyse competition in workplace where employees compete against each for full time positions in contrast to the internal social competition at the workplace. At the individual-level benefits from intra-organisational competition largely involve increased motivation (Stark & Hyll, 2011). (Benndorf & Holger, 2012) emphasise that employers set the tournament incentives which allow competition in the workplace to occur. The economic literature on peer effects at the workplace suggests that during competition workers increases the average effort levels over the time period in the presence of co-workers (Falk and Ichino, 2006; Mas and Moretti, 2009). The competitive spirit between employees motivate entrepreneurs to strive for continued entrepreneurship.

Another dimension of intra-organisational competition that motivates entrepreneur towards continued entrepreneurship is proposed by Cabrales & Charness, (2011). The authors' viewed that competition has a major effect on behavioural learning (Offerman, Potters and Sonnemans, 2002; Apestegua, Huck and Oechssler, 2007). They derive competition in workplace is

regarded as a dynamic process, which is connected to learning behaviour that significantly affect the process of continued entrepreneurship. They elaborated fast-learning employees will have distinct advantages during intra-organisational competition. New employees can compete in workplace, they have to learn and adapt to the level of competitiveness in their assignment. They need to know the extent of employer reciprocates competitive behaviour at workplace and additionally they need to find out in which situations their co-workers escalate competition against each other (Baumann, Eggers & Stieglitz, 2019). This shows the importance of learning processes in the context of competition within organisation's workplace. Further on educated and well informed employees actively influences entrepreneurs with their ideas and make conscious attempt to improve the contribution in work environment (Farmer et al., 1997).

Perceived Need

It has been argued that organisation's age is negatively correlated with growth (Evans, 1987). The need for further business growth declines with the increase in the average age of the organisation (Davidsson, 1991). On the other hand studies conducted by Dunne and Hughes (1994), found out by comparing the size in proportion to the past growth is smaller, it grows slowly but have the earnest desire to become larger organisation in future.

It is evident that the larger the size of organisation the more productive it tends to be. The size of the organisation determines the scale of intra-organisational competition. General Electric corporation provides high-profile example in Grant (2013) noted that "internal competition between divisions and business units for resources and between individuals for performance bonuses and promotions was a fundamental feature of management systems and organizational culture" (Baumann, Eggers & Stieglitz, 2018).

Other organisations that uses internal competition includes Fuji Xerox, Ericsson and Lucent (Birkinshaw, 2001); Motorola (Carroll and Tomas, 1995). (Kanter, et al., 1997: 23) Rubbermaid's management strategy focus on creating great deal of direct internal competition. (Kanter, et al., 1997: 24) "Mentioned competition between teams and business units for resources is healthy in DuPont". The emphasis is on selling new ideas to business administrators by building internal support and then force promoter to ask for the availability of resources. In Fidelity (Kanter, et al., 1997: 38) competition between two teams for the same opportunity encourages fertile internal competitive environment. Further, the factors such as departmentalisation, single business units escalate internal completion between employees working for same team within the organisation. (Baumann, Eggers & Stieglitz, 2018).

Perceived Opportunity

The continuous increase of profitability and the size of organisation that includes higher average organisation's age and increasing age of proprietor respectively reduces the need for growth (Haltiwagner, Lane & Speltzer, 1999). On the other hand the inclusion of employees who are enthusiast and willing to grow in their career have the tendency to perform, sustain the spirit of intra-organisational competition motivates entrepreneur towards continued entrepreneurship. (Merrilees, 2007) Analysed entrepreneurs of small and medium enterprises can use competitive spirit as an opportunity to higher best possible talents around for team building that can contribute to business growth.

The age and experience of staff in organisation drives entrepreneurial intentions. According to (Gomez-Mejia et al., 2007), among the most common negative assumptions about older employees are less motivated to work hard and considered as "dead wood", resistant to change and unwilling to learn new methods, and they are "fire proof". On the other side young employees are more competitive and have more desire for achievements and be able to motivate entrepreneur for continued entrepreneurship.

Table 1. Characteristics of the Old and Young Employees

Old/Experienced employees	Young employees
<p>Are more experienced and have low rates of absenteeism (Shen and Dicker, 2008)</p> <p>Are found to be reliable and to have better social skills (McNair, 2011).</p> <p>Some of them lack the ability to continue learning (Loretto et al., 2007; McNair, 2011)</p> <p>Are motivated for reasons more related to self-actualization than money (Kanfer and Ackerman, 2007; Lupou et al., 2010; MacDonald, 2011)</p> <p>Focus on traditional work arrangements, based on loyalty and job security (Binnewies et al., 2008; Kidwell, 2003; Schulman, 2007)</p> <p>Believe in lifetime employment (Patota et al., 2007)</p>	<p>Are less experienced and have high rates of absenteeism (Shen and Dicker, 2008)</p> <p>Some of them do not fulfil employer's expectations and requirements (Furlong et al., 2012).</p> <p>Have the ability to continue learning (Loretto et al., 2007; McNair, 2011; Pullins et al., 2011)</p> <p>Are motivated to improve current skills or gain new skills to move up the career ladder (Kanfer and Ackerman, 2007; MacDonald, 2011)</p> <p>Focus on high compensation, extremely flexible work arrangements and a healthy mix of independence & interdependence (Binnewies et al., 2008; Kidwell, 2003; McGuire et al., 2007; Schulman, 2007)</p>

Source: Adopted from Short, 2014

Both the group of employees will have different perspective towards their profession. For instance, as highlighted by Binnewies et al., (2008) and Schulman, (2007), young people entering the job market come with a set of expectations and motivations, they are more affluent, more

tech savvy, better educated, and more ethnically diverse than previous generation. On the other hand, old employees are more experienced, sincere in approach, have low rates of absenteeism, (Shen and Dicker, 2008) found to be reliable and to have better social skills (McNair, 2011). As shown in Table 1, the combination of young and old in the mix for learning based on intergenerational exchange can have foreseen benefits (Lupou, Dorobantu, and Fiore, 2010). It can motivate entrepreneur to achieve further entrepreneurial intentions.

Scientific Discussion – Factors of intra-organisational competition associated with continued entrepreneurship

This article took an overview of Intra-organisational competition in context of entrepreneurial intentions. There are researches and discussions by renowned authors that has been taken into consideration for developing conceptual framework and it has presented an opportunity for entrepreneurs to consider and utilise internal competition as an inspiration to develop their business further. The paper has tried to establish the integration of intra-organisational competition and entrepreneurial theories suggested by P. Davidsson, (1991 & 1989) and other renowned scholars of entrepreneurship.

To facilitate continued entrepreneurship the leadership in organisation realize the importance of the role played by employee's competitiveness in amplification of entrepreneurial intention. The leaders are responsible for implementing effective strategies that encourage healthy internal competition. Although the major critical factor of motivating entrepreneurs towards achieving the process of continued entrepreneurship is depending

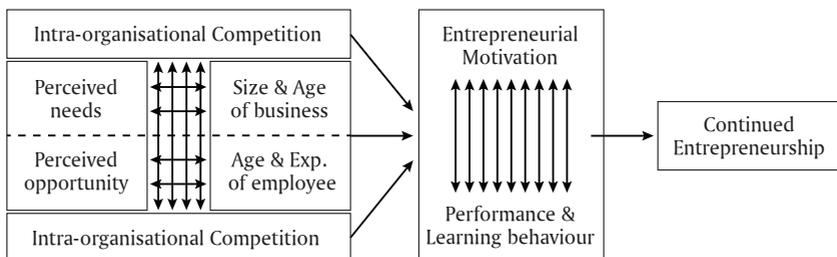


Figure 3. Important factors of intra-organisational competition associated with continued entrepreneurship

Source: Adopted from Davidson, 1991 and Baumann, Eggers & Stieglitz, 2019

on the level and consistency of intra-organizational competition, which has shown profound effect on employee's performance and contribution mentioned in literatures.

In Figure 3, the factors of intra-organisational competition associated with continued entrepreneurship has been taken into consideration for developing conceptual framework.

Factors such as age and experience of employee and the size and age of the organisation have considerable impact on the process of continued entrepreneurship. In contrast, the inclusion of employees who are willing to outperform each other have the tendency to increase the spirit of internal completion which further motivates entrepreneurs to develop the desire for continued entrepreneurship (Baumann, Eggers & Stieglitz, 2019).

The perceived need to grow diminishes as the organisation's age and the age of the proprietor is on higher side (Evans, 1987; Bosewell, 1972; Warneryd, 1988). Also the size of the organisation has a major impact on the entrepreneurial intention (Kumar, 1984; Doutriaux, 1984). Larger the size of organisation less willing they are to make decision on business expansion and more reluctant they are to grow, smaller the size of organisation more willing, eager and have earnest desire to grow (March and Sevon, 1988; Simyar et al. 1988). Although satiation is consideration to be one of the prime factor that stops small scale organisations to grow Davidsson, (1991). To be internally competent within work environment and willing to prove themselves as an young employee wants to move up the career ladder alongside an enthusiastic entrepreneur leads an organisation towards continued entrepreneurship.

In terms of perceived opportunity, age and experience of employees and their will to perform and learn has a strong influence on motivating entrepreneurs to achieve continued entrepreneurship. Many literatures have highlighted the journey and experience of entrepreneurs at the beginning of their career, prefer to work for other business owners. During the early stages they are most likely to learn how to start business, organise it and become aware of responsibilities. Entrepreneur also realise the importance of team management and the key roles played by young and experienced staff members (Stewart et al. 1998; Segal, Borgia & Schoenfeld, 2005). After establishing their own business, being an owner and having previous work experience they encourage internal competition and emphasis on selecting efficient and effective combination of youth and experienced employees in team (Ajzen & Fishbein, 1980; Bird, 1988). The young employee's desire to grow and the approach of experienced employees being responsible towards their action motivates entrepreneurial intentions to follow the path of continued entrepreneurship by subsequently retaining the spirit of intra-organisational competition.

Conclusion and future research suggestions

Entrepreneurial intentions influenced by intra-organisational competition can promote value attribute to economic achievements and have the ability to stimulate continued entrepreneurship. The article suggests a few researches that can be carried out in the future regarding the current trends and challenges for establishing Intra-organisational competition in relation to entrepreneurial intentions. It is recommended that by gathering and comparing data on Internal competition in relation to the Pros and Cons by the use of case studies to summarise how practically it is possible to fill the gap between entrepreneurial motives and employee's contribution and performance. Research analysis can be done on what are the other additional factors that are responsible for Intra-organisational competition and how to support them in entrepreneurial context. The application of entrepreneurial theories which are based on key variables such as perceived need, opportunity, entrepreneurial motivation and continued entrepreneurship requires validation in context intra-organisational competition. There are challenges associated in implementing and utilising Intra-organisational competition, it is perceived as daunting task for small and medium scale business, more empirical researches are required to substantiate the performance outcome. Entrepreneurial theories which are in synchronization with the complexity and legitimacy should be considered for testing and examining how Intra-organisational competition contributes to the realisation of organisational agendas that can positively influence continued entrepreneurship. Evaluating the importance of sustainable thinking at different structural levels for implementing internal competition associated with entrepreneurship is another challenge. There are future possibilities of discussing the barriers of implementing intra-organisational competition in entrepreneurial stream.

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DIGITAL LITERACY AND PRIMARY EDUCATIONAL SYSTEM IN BENIN CITY, EDO STATE, NIGERIA

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Abstract

Despite the enormous potential of ICTs and digital literacy in the educational setup, most primary schools in Benin City are yet to fully implement and take advantage of its numerous benefits to the teaching and learning process. This study therefore examined the possibility of incorporating digital literacy at the primary school level, as well as ascertains the extent to which electronic gadgets are available and accessible and the challenges militating against the implementation of digital literacy in private primary schools in Benin City. The research design adopted for this study is descriptive survey. Using the stratified random sampling technique, a total of 448 primary school teachers responded to the Digital Literacy Questionnaire in Primary School (DLPQS) that was developed by the researcher and used for data collection. The data analysis was done using simple tables of frequency counts and percentages. Findings from the study revealed that whilst 90.2 % of the teachers possessed Personal Computers (PC) and other electronic gadgets and were relatively proficient with the use of said devices, computers and digital gadgets were not readily available and accessible as 52.7 % of the teachers taught in schools that did not currently have a computer lab with 60.7 % not having access to the lab. Where available, 69.4 % of the teachers indicated that most of the computers were outdated and not functional and 79.5 % reported that the number of computers were insufficient. Findings also showed that – lack of/insufficient number of computers, poor internet connectivity and epileptic power supply were the major drawbacks in the use of digital literacy in the primary schools.

Keywords: Nigeria, Digital Literacy, Primary Schools, Educational System, Information and Communication Technology.

Introduction

The concept of digital literacy as a subject matter is very broad with a variety of definitions and a range of applications to virtually all walks of life. With regards to the educational system in general and primary school education in particular, digital literacy can be defined as the capacity of an individual to know when and how to use digital technology to access,

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process, evaluate, create and communicate information through writing and other media on various digital platforms (Rubble and Bailey, 2007). It is one of the numerous benefits of the 21st century breakthrough in Information and Communication Technology (ICT) that has led to the increased use of technological devices like computers, mobile phones, televisions and DVDs, as well as the internet to create, manage and distribute information. This breakthrough in information and communication technology in recent years has had significant impact on the different sectors of the economy including education. The advancement in technology has led to the era where learning through the internet is a possibility. With respect to education, increased access to the internet and improved availability of learning materials and technological gadgets has led to the breaking of the restriction to a particular place and time for both students and instructors before learning can occur that plagued the pre ICT era. This undeniable growth in the educational system due to the use of internet and the availability of digital outlets like audio and video CDs among others that has undoubtedly made the task of the teachers and students easier have mostly been implemented at the secondary and tertiary institutions with varying degrees of success dependent on peculiarities and challenges inherent at the geographical locations at which it has been implemented.

For countries in Europe and America, digital literacy is an integral part of their educational system with well-structured digital innovations that have led to relative success in the use of internet and other digital literacy components. It has been of enormous benefits to their students in various learning institutions at different levels relative to Sub Saharan Africa in general and Nigeria in particular. Here in Nigeria, the educational system is divided into primary (6 years), secondary (6 years) and tertiary (4 years) levels with the primary level of education designed as the foundation upon which higher levels of education are built. Despite the willingness and pledged commitment by the Nigerian government and relevant stake holders in educational planning and management to inculcate computer appreciation in the educational systems, Nigeria is yet to fully incorporate digital literacy into its curriculum and subsequently implement it at all levels (Achuonye 2012; Damkor *et al.*, 2015). Findings from previous studies have shown that effective computer literacy skills and subsequent utilizations in Nigeria has been significantly hindered by factors such as availability and accessibility of computers to classrooms, teacher quality and teaching method, learning environment and learner characteristics. Most of the studies conducted by indigenous researchers (list 6 journal authors) have focused majorly on the application of the various forms of computer literacy and e-learning to different secondary and mostly tertiary institution. There appear to be a neglect of studies on the incorporation

and subsequent evaluation of digital literacy among primary schools in Nigeria. This study is therefore set to conduct an in-depth research into digital literacy in primary schools in Nigeria.

Statement of the Problem

The primary education system in Nigeria is designed such that it is the foundation on which other levels of education are built. To achieve its aim of equipping pupils for further studies and adequately grooming them to function effectively in a continuously growing and fast paced digital driven world, it is imperative that the relevant stake holders in education incorporate the basic elements of digital literacy in the primary school curriculum and that teachers implement them accordingly. However, the adoption and utilisation of computers and electronic gadgets by teachers, school administrators and pupils for teaching and learning as well as administrative purposes require that (i) teachers are competent (ii) these electronic gadgets are available and accessible (iii) the conditions are suitable for its use. Despite the enormous potentials of ICTs and digital literacy in the educational setup, the reality however is that most educational institutions in Nigeria particularly at the primary level are yet to fully implement and take advantage of its numerous benefits to the acquisition, processing, storing and dissemination of audio, video, textual, pictorial and numerical information necessary in the teaching and learning process (Ogundele and Etejere, 2013; Damkor et al., 2015). This is perhaps due to the peculiarities of the Nigerian educational setup and other challenges yet to be identified. Given the seeming shortage of literature on the subject matter in Nigeria, this research is therefore saddled with the responsibility of examining the possibility of incorporating digital literacy at the primary school level, ascertaining the extent to which electronic gadgets are available and accessible as well as identify the challenges militating against the implementation of digital literacy in private primary schools in Benin City.

Aim and Objectives of the Study

This study seeks to examine the possibility of incorporating digital literacy at the primary school level for pupils attending private schools in Benin City, Edo state, Nigeria. The specific objectives of this study are to:

1. Evaluate the progress made with respect to the implementation of digital literacy in private primary schools in Benin City, Edo state, Nigeria.
2. Identify and investigate the challenges of implementing digital literacy in private primary schools in Benin City.
3. Provide useful insight necessary for the incorporation of digital literacy in private primary schools.

Significance of the Study

Given the fact that most studies on digital and computer literacy in Nigeria have focused on secondary and tertiary levels of education creating a significant gap in the literature of digital literacy at the primary educational level, it is author's hope that this study will help fill that gap in Benin City by simultaneously providing useful insights necessary for the implementation of digital literacy at the primary school level in Benin City and acting as a wakeup call to both the teaching staff at the various primary schools in Benin City who are not currently proficient in the use of digital technologies for the delivery of their lessons and the relevant government authorities to step up efforts to increase availability and accessibility of computers and digital technology gadgets. It would also contribute significantly to the body of existing knowledge on digital literacy in Nigeria thereby providing academic researchers in the field of digital and information literacy skills the necessary background information relevant for their research. Primary school administrators could also find it useful in the planning, budgeting and provision of digital facilities and electronic gadgets.

Literature Review

Concept of digital literacy

The term "digital literacy" which was first introduced and defined by Gilster (1997) as "the ability to understand and use information in multiple formats from a wide range of sources when it is presented via computers" has since become an all-encompassing phrase that has enjoyed a range of uses in the ICT literature (Eshet-Alkalai, 2004). While Bruce and Peyton, (1999) and later Davies et al., (2002) used the term "digital literacy" to describe the technical and operational skills required for optimal computer usage, other researchers further extended the definition to both include information literacy and highlight the higher-order cognitive aptitude required to access, analyse, and create information via the utilisation of digital resources and technological gadgets (Tapscott, 1998; Van Laar et al., 2017). Other researchers who have attempted to define the concept of digital literacy includes: Eshet-Alkalai, (2002); Eshet-Alkalai and Amichai-Hamburger, (2004); Aviram and Eshet-Alkalai, (2006); Jones Kavalier and Flannigan, 2008).

Beyond the ability to use software and operate digital devices properly, Eshet-Alkalai, (2002) defined Digital Literacy as a large variety of complex cognitive, motor, sociological, and emotional skills, which users need to function effectively in digital environments. Further research by Eshet-Alkali & Amichai-Hamburger, (2004) revealed that the concept of

Digital Literacy which has become a basic and necessary survival skill in the technological era “comprises of a growing variety of cognitive skills that are extensively utilized while working intuitively in the execution of both simple and complex task in digital environments”. Digital literacy is therefore a combination of skills – technical, procedural, cognitive and social-emotional (Aviram & Eshet Alkali, 2006). As the interconnection of digital technologies and literacy becomes more elaborate, the need for the introduction of digital literacy into classroom activities for innovative classroom instructional practices significantly increases (Pacino and Nofhle, 2011).

Components of Digital Literacy

Digital Literacy is a term that comprises of other elements of information and communication technology. To fully grab the concept of digital literacy and adequately define it, a look at the various components of digital literacy is both necessary and essential. According to Payton and Hague, (2010); creativity, critical thinking and evaluation, cultural and social understanding, collaboration, ability to find and select information, effective communication, e-safety and functional skills are the eight components of digital literacy. Belshaw (2011) opined that there are eight essential elements of digital literacy and that anyone seeking to fully harness their digital literacy skills ought to develop skills, attitudes and aptitudes in the eight areas which he identified as: cultural, cognitive, constructive, communicative, confidence, creative, critical and civic. Applying these essential elements to a particular context is essential to adequately defining “digital literacy”.

Greene and Copeland, (2014) argues that the two critical aspects of Digital Literacy as it relates to the growing prominence of the internet as educational tools are: (1) the ability to effectively plan and monitor the efficacy of strategies used to search and manage wealth of information available online and (2) the knowledge to appropriately vet and integrate those information sources. Garcia and Weiss, (2017) referred to the components of digit literacy as a set of digital skills, knowledge and understanding that are required for digital participation and necessary to survive and be productive in the digital era. He opined that Photo-Visual literacy, Information literacy, Social-economic literacy, Reproduction literacy and branching literacy are the five basic components of digital literacy for which a potential digital literate should possess the requisite skills needed to be a relevant and informed digital participant. For effective preparation and subsequent delivery of lessons to pupils in primary school, there is need for primary school teachers to develop these basic components of digital literacy skills.

Digital Literacy and Primary School Education in Nigeria

The world has continued to advance at a rapid rate and events have continued to move to the electronic stage with technology permanently altering the way pupils and students learn. The recent outbreak of the novel coronal virus pandemic has further strengthened the case for the inclusion of virtual and e-learning which requires teachers and pupils to be digital literates. Beyond the basic ability to read, write, calculate, communicate and comprehend, the demands of today's world require students who can embrace information technologies, artificial intelligence and their application (Breen, 2017). With regards to primary school education in Nigeria, a significant number of school children and their teachers still lack access to digital technologies and the requisite technical know-how to utilize them despite the fact that majority of the pupils were born into the internet enabled "always-connected life" (Kavanagh and O'Rourke, 2016) and at a time when computers and devices have become relatively cheaper and easier to use (Belshaw, 2011).

Due to poor funding of government owned primary schools and the resultant dilapidated buildings housing crowded classrooms, most Nigerian children attending those schools can only think of the non-existent computers and other digital gadgets as luxuries. Where available, the ratio is always ridiculously unbalanced. For those whose parents can afford to pay the exorbitantly high tuition fees for decent private primary and secondary schools, the use of digital gadgets, computers and the internet is already an integral part of their daily life. Unfortunately, they are not familiar with or use technology for learning purposes (Waycott et al., 2010). The majority of them employ the use of their mobile devices, computers and tablets for social and entertainment purposes rather than learning (Prior et al., 2016). As a result, studies by Gurung and Rutledge, (2014) are of the opinion that pupils in primary schools who are already exposed to the internet and other digitally enabled platforms (digital learners) need help to apply technology effectively for learning to prepare them for further education and help them develop skills for living, learning and working in a digital society now leaning towards artificial intelligence. Unfortunately, most of the primary school teachers who are supposed to teach and offer guidance do not possess those capabilities.

If Nigeria is to achieve the UN's Sustainable Development Goal 4 target of equipping young people and adult with the relevant skills for decent employment and entrepreneurship by 2030 and prepare the next generation for the challenges of surviving in a continuously evolving digital age now leaning towards automation and artificial intelligence, then there is need for teachers to be made aware of how digital tools can be best used to enhance pupils and student's learning and engagement in the classroom.

Challenges in Digital Literacy Application in Nigerian Primary Educational System

Whilst the application and use of ICT and digital literacy by most European countries has led to transformational changes in their educational landscape at both the primary, secondary and tertiary levels particularly through the instructional process (Kosakowski, 1998) its impact in the Nigerian educational setup at all levels has been relatively minimal due to peculiar challenges that has plagued its integration and implementation process for years. Most primary and secondary educational institutions both private and government owned still carry out their teaching and learning process using chalk boards in physical classrooms devoid of computers or any other digital gadgets / equipment required for the preparation and delivery of digitally inclusive teaching and learning process (Achuoye, 2012).

According to Aduwa-Ogiegbaen and Iyamu (2008), factors such as – high cost of computers, weak infrastructures resulting to both epileptic power supply and inadequate telecommunication facilities, lack of the requisite skills by teachers to fully utilise technology in curriculum implementation, lack of relevant soft ware's for content creation and effective teacher-student communication that is culturally suitable to the Nigerian educational system and limited access to the internet were identified as some of the factors militating against the effective utilization of computers in Nigerian primary and secondary schools. This is in line with the thoughts of Damkor et al. (2015), who opined that other than poor computer literacy skills of secondary school teachers, efforts geared towards the integration and subsequent utilization of digital literacy for teaching purposes have not had much impact due to challenges such as lack of computers due to high cost and poor maintenance, lack of electricity and slow internet connectivity, as well as increased moral degradation due to pornography and cyber bullying.

Bada et al. (2009) noted that the challenges of computer and digital literacy in Nigerian primary and secondary schools are both educational and administrative. Prominent among the administrative problem is the high cost of installation, maintenance and replacement of computers, projectors and other digital gadgets, meagre funding of education due to the depressed economic situation of Nigeria, resistance to change syndrome and dearth of instructional facilities.

Appraisal of Literature

The foregone discussion on the available relevant literatures relating to digital literacy as reviewed by the researcher revealed that although a lot of researches have been carried out on digital literacy in past and recent

times, not many and specific studies have been conducted in relation to digital literacy and primary educational system in Benin City. Most of the researches carried out were based on foreign institutions with the few indigenous researchers focusing on digital literacy at the secondary and tertiary levels of education. It is against this background, and scarcity of research work on digital literacy at private primary school level that this study is set to evaluate the progress made with respect to the implementation of digital literacy in private primary schools in Benin City as well as identify and investigate the challenges of implementing digital literacy in private primary schools.

Research Methodology

Research Design

The research design adopted for this study is survey. A survey research method is a type of research in which information is obtained from a sample of respondents for the purpose of testing hypothesis or answering research questions concerning the states of a given problem (Sambo, 2005). Therefore, the use of survey research method will allow the researcher to measure the opinion, behaviour, and experience of the private primary school teachers in Benin City (Population of the study) by studying a small sample from that group (teachers from the randomly selected schools in each LGA) given that it is impossible or impracticable to observe all members of the population; then generalising back to the population. This therefore means that the method is efficient in getting information on the opinions, feelings and attitudes of the respondents, in this case, towards the availability, accessibility and use of digital literacy gadgets in private primary schools.

Population of the Study

The focus of this research is on digital literacy skills and implementation levels in the Nigerian educational system at the elementary school stage. The study covers all the private schools in the five local government areas in Benin City. The population – defined as “the collection of individuals with similar characteristics where the sample is picked from in the belief that generalisation can be made” (Babbie, 2010) of the study consist of the teachers and administrative staffs of all private primary schools in Benin City, the capital of Edo State, Nigeria. The research was conducted in Benin City, the capital of Edo State, Nigeria. There are five local governments in the city. Private primary schools will be chosen from each of the five Local Government Areas and used for the study.

Sample and Sampling Technique

The sampling procedure used in this study is the stratified random sampling. The decision to employ the stratified random sampling technique for this research was based on the need to give each private primary school teacher in Benin City an equal chance of being selected irrespective of the local government in which the school they teach is situated within the state. First, the private primary schools in Benin City were divided into five (5) strata corresponding to the five Local Government Areas in Benin City. The five local government areas which were used to represent each stratum are: Oredo, Egor, Ikpoba-Okha, Ovia-North-East and Uhumwonde. From each of the five strata, ten (10) private schools were selected at random. This brought the total number of schools that was selected for the sampling exercise to fifty (50). Next, ten (10) teachers / management staff was selected from each school based on subject areas using simple random sampling method. This implies that for each strata, 100 staffs (10 teachers per school × 10 schools) were selected leading to an overall sample size of 500 teachers / management staff who were administered the research instrument.

Instrument for Data Collection

The instrument for data collection is the researcher's self-developed questionnaire tagged Digital Literacy Questionnaire in Primary Schools (DLQPS). The research instrument is made up of four parts. The first part is concerned with the demographic characteristics of the respondents. The focus of the second part is on the availability of ICT facilities for use among private primary schools in Benin City. Part 3 consists of 24 items bothering on the ICT proficiency levels among private primary school teachers. Part 4 samples questions targeted at revealing the challenges to digital literacy implementation. Part 4 also contain items addressing key questions necessary for actualising the aims and objectives of the research. The questionnaire is on a four point scale in which primary school teachers are expected to tick their responses to the under listed statement in each part. In response to the items in the research instrument (questionnaire) to be administered to the participants of this study, the following keys were used: Key: Yes (Y); No (N); Strongly Agree (SA); Agree (A); Disagree (D); Strongly Disagree (SD); Beginner (B); Intermediate (I); Advance (AD); Expert (E); True (T); False (F).

Validity and Reliability of Research Instrument

Validity is the measurement of how well a research instrument examines what it is supposed to examine. It is the extent to which a concept, conclusion or measurement is well founded, accurately

reflecting the meaning of the concepts under study (Osuala, 2005; Babbie, 2010). In line with standard research practice, validation of the research instrument to ensure that the DLQPS is well founded and adequately measures the various components of digital literacy among private primary school teachers in Benin City, the researcher has therefore (i) made the questions in the instrument relevant, clear and unambiguous (ii) ensured that the questions cover as much as possible, all the dimensions of digital literacy variables (iii) submitted the questionnaire to my academic supervisor for critical evaluation and scrutiny of content relevance, coverage and clarity (iv) make necessary amendments based on the suggestions from my supervisor. Furthermore, the Cronbach's alpha coefficient was employed to ascertain and ensure the reliability of the research instrument. A reliable study produces a consistent, precise, and accurate variable that does not fluctuate over time when repeatedly measured (Ojebode et al., 2010). A research instrument with a Cronbach's value of 0.7 or above is reliable (Ary et al., 2006).

Method of Data Collection

To obtain the data for use in this study, the researcher personally administered the questionnaire to the teachers in each of the selected schools to ensure that the target population received and filled the questionnaire. This was done to increase the response rate and ensure an increased level of accuracy. Due to the geographical distance between the primary schools in each of the different local government, the time for administering and retrieval of the research instrument was ten working days. This implied that the researcher spent two (2) working days in each of the five (5) Local Government Areas where the randomly selected schools were located.

Method of Data Presentation and Analysis

To carry out the data analysis, information obtained from the research instrument that was administered to and retrieved from the respondents will be interpreted in order for the information to be readable, accessible and understandable. This process will involve tabulating, editing, and coding the data in order to determine the extent to which digital literacy gadgets are available and accessible in primary schools as well as the digital literacy proficiency level of primary school teachers and their level of application of computer and digital equipment to the preparation and delivery of their lessons. Quantitative data collected from respondents through questionnaire will be analysed using descriptive statistics (frequency counts, percentages, mean and maybe standard deviation) and presented in simple tables and charts based on the objectives of the study.

Data Presentation, Analysis and Interpretation

The presentation and analysis of data is done in stages under carefully crafted subheadings for the actualisation of the study objectives. The first part of this section is a review of the demographic characteristics of the respondents. This is followed by an examination of the data with a view to finding answers to the three research questions that this study seeks to answer. Thereafter, a recap of the study's key results and findings is presented. Five hundred (500) copies of the questionnaire were administered and four hundred and forty-eight (448) were retrieved. This resulted in a response rate of 89.6 %.

Demographic Characteristics of Respondents

Tables 1–4 below are a summary of the demographic characteristics of the participants based on gender, age, teaching experience and academic qualifications.

Table 1. Distribution of Respondents by Gender

Gender	Frequency	Percentage
Male	198	44.2
Female	250	55.8
Total	448	100

Source: Researcher's survey, 2021

The statistics from Table 1 shows that 198 respondents from the selected private primary schools which represent 44.2 % are males while 250 of the respondents which represent 55.8 % of the study participants were female teachers.

Table 2. Distribution of Respondents by Age Range

Age Range (years)	Frequency	Percentage
Below 30	238	53.1
30–50	194	43.3
Above 50	16	3.6
Total	448	100

Source: Researcher's survey, 2021

With 53.1 % of the respondents below the age 30, Table 2 clearly shows that a greater percentage of the respondents were young adults with

respondents between the age brackets of (30–50) years accounting for 43.3 %. Only sixteen respondents (3.6 %) were above the age of 50 years.

Table 3. Distribution of Respondents by Teaching Experience

Teaching Experience (years)	Frequency	Percentage
1–3	214	47.8
4–10	180	40.2
Above 10	54	12.0
Total	448	100

Source: Researcher’s survey, 2021

Table 3 reveals that a larger percentage of the respondents (47.8 %) had less than five years teaching experience. This is hardly surprising giving that over fifty percent of them were less than 30 years of age. Only 54 of the respondents (12 %) had more than 10 years teaching experience.

Table 4. Distribution of Respondents based on Academic Qualification

Academic Qualification	Frequency	Percentage
NCE	160	35.7
B.Sc. / B.Ed.	192	42.9
M.Sc. / M.Ed.	28	6.3
Others	68	15.1
Total	448	100

Source: Researcher’s survey, 2021

Table 4 above shows that 160 study participants (35.7 %) held a National Certificate in Education NCE while 42.9 % of the respondents were Bachelor’s degree holders with only 28 teachers (6.3 %) possessing a master’s degree.

Assessment of the Availability of Digital Gadgets

Table 5 displays the level of availability and accessibility of technological devices such as computers, handheld devices, television, DVD’s and digital cameras in response to the first research question “To what extent are technological devices and electronic gadgets available and accessible for classroom instructors in private primary schools in Benin City?” using information obtained from section A of the research instrument.

Table 5. Availability and Accessibility of Digital Gadgets

S/N	ITEMS	YES		NO	
		Freq.	%	Freq.	%
	Availability of Digital Gadgets				
1	Do you have a personal computer or handheld device?	404	90.2	44	9.8
2	Does your school have a computer lab?	212	47.3	236	52.7
3	Do you have access to the computer room?	176	39.3	272	60.7
4	Do you have any official electronic device given to you for the preparation and delivery of your lesson plans?	124	27.7	324	72.3
5	Does your school have a website or e-learning platform?	208	46.4	240	53.6
6	Does your school have Wi-Fi or any other form of internet connectivity?	152	33.9	296	66.1

Source: Researcher's survey, 2021

With regards to the research question on the availability and accessibility of computers and other digital gadgets, Table 5 shows that although 90.2 % of the respondents possessed Personal Computers (PC) and other handheld devices, only 212 respondents (47.3) indicated that there was a computer lab in the school where they taught. Where available, only 39.3 % of the respondents had access to the computer labs with over 60 % not having access to the computer room. This indicates that to a large extent, computers and digital gadgets are not readily available and accessible in the private primary schools in Benin City. This narrative is further strengthened by the fact that only 27.7 % of the respondents were officially given computers and other electronic gadgets for the teaching and preparation of their lesson plans. The table also revealed that there was little to no Wi-Fi or internet connectivity with only 152 respondents (33.9 %) admitting that there was internet connectivity within the school premises with over 66 % not having Wi-Fi or internet connection.

Assessment of Teacher's Digital Literacy Proficiency

Tables 6 displays the level of proficiency of the study participants in response to the second research question "Are the private school teachers and instructors proficient in the use of computers and the internet?" using information obtained from section B of the research instrument.

Table 6. Distribution of Teacher’s Proficiency Level

S/N	ITEMS	YES		NO	
		Freq.	%	Freq.	%
	Digital Literacy Proficiency				
1	Can you turn on and shut down a computer correctly?	386	86.2	62	13.8
2	Do you know how to install a software programme?	285	63.6	163	36.4
3	Can you create and edit a basic Word document?	296	66.1	152	33.9
4	Can you create and edit a basic Excel spreadsheet?	281	62.7	167	37.3
5	Can you create a simple presentation using Power point?	278	62.1	170	37.9
6	Can you write files onto a CD, DVD or USB drive?	240	53.6	208	46.4
7	Can you download and use educational apps on digital devices?	264	58.9	184	41.1
8	Can you search for information online using web search engines?	356	79.5	92	20.5

Source: Researcher’s survey, 2021

From the table, 386 respondents (86.2 %) could boot and shut down a computer correctly while 63.6 % of them could install software programs on the computer by themselves. This is hardly a surprise given that (from Table 5), over 90 % of the respondents owned a Personal Computer (PC). Furthermore, results obtained from the responses of the study participants showed that over 60 % of respondents were comfortable using Microsoft Office programs for either creating a basic word document, spreadsheet or for making simple presentations using power point. This indicates that most of the primary school teachers were relatively proficient in the use of computers.

With 264 respondents (58.9 %) being able to download and use educational app on digital devices, one can infer that the teacher are also comfortable surfing the internet. This deduction is further strengthened by the fact that 356 respondents (approximately 80 %) could search for information online using web search engines.

Summary of findings

Findings from this study showed that although most of the primary school teachers owned personal computers (pc) and other handheld devices, and were relatively proficient, computers and digital gadgets are not readily available and accessible in the private primary schools in Benin City. The major hindrances to the implementation of digital literacy in the primary schools were lack of computers and internet connectivity along with epileptic power supply. Listed below are the findings from the field work carried out by the researcher.

1. Most of the private primary school teachers possessed Personal Computers (PC) and/or other electronic gadgets and were also relatively proficient with the use of the said PC's and handheld devices as well as been able to surf the net in search of relevant information for use in their teaching.
2. In the private primary schools were majority of the respondents taught in, computers and digital gadgets were not readily available and accessible as many schools do not currently have a computer lab.
3. Where available, most of the computers were not functional, outdated or insufficient with little to no Wi-Fi and internet connectivity in most of the primary schools.
4. Lack of/ insufficient number of computers and internet connectivity along with poor power supply and incessant power outage were a major drawback in the implementation of the digital literacy in the primary schools.

Conclusion and Recommendations

In this study, an attempt has been made to examine the progress made with respect to the implementation of digital literacy in private primary schools in Benin City, Edo state, Nigeria as well as identify and investigate the challenges of implementing digital literacy in private primary schools in Benin City in the hope that the findings would provide useful insight necessary for the incorporation of digital literacy in private primary schools within the state.

Whilst it is encouraging to note that most of the primary school teachers who are tasked with the responsibility of inculcating digital knowledge and awareness into the primary school pupils are relatively proficient in the use of computers and digital gadgets, findings from the study that revealed a relative lack of computers and digital gadgets in the selected primary schools within the state is disturbing given the fact that the world today is continuously leaning towards not just a digitally driven economy but one laced with Artificial Intelligence. The need to implement digital

literacy into primary schools and equip the future leaders of this state with the requisite digital knowledge necessary to survive in the 21st century cannot be overemphasized. However, to expose pupils early to computer and digital literacy and prepare them adequately for both further studies and future work life, the challenges revealed by this study must first be navigated. The researcher has therefore made some recommendations based on the findings from this study. Arising from this study, the following recommendations are suggested:

1. To be more responsive to the needs of the society in line with the demands of the digital age, the researcher recommends that – the responsibility of integrating digital literacy into both private and government owned primary schools in Benin City and Nigeria at large be a shared collective effort from all stake holders ranging from the government through her various representative agencies to school administrators, teaching staff, parents and the pupils who are being taught.
2. The State and Federal Government should ensure that it follows up on her past commendable efforts such as the establishment of the Digital Literacy Council of Nigeria in 2017 and the partnership entered into by “The National Information Technology Development Agency (NITDA)” with the Nigerian Union of Journalist (NUJ), FCT council on digital literacy and skill acquisition in Nigeria through prompt interventions in the areas of ICT deployments by tackling the challenges of digital literacy highlighted in this study via the provision of adequate funding, electricity and internet connectivity as well as subsidizing the cost of computer installations / maintenance.
3. School Administrators and Primary School Management Board should constantly organize extensive seminars, workshops and trainings on the use of digital technology in the classroom to regularly update teacher’s digital literacy competency and keep them abreast with best practices in an ever evolving digital world as well as instill confidence in their ability to effectively incorporate digital technology into daily classroom usage.
4. On the part of the parents, it is recommended that they constantly pay close attention to the online and offline activities of their children / ward that have access to mobile devices, personal computers and the internet.

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LATVIAN-LITHUANIAN ECONOMIC RELATIONS 1918–1940

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Abstract

This paper provides an overview of Latvian-Lithuanian economic relations in the interwar period. In the interwar period, economic relations between Latvia and Lithuania were mainly confined to foreign trade, although there were some investments in Latvia from Lithuania, as well as tourism. Latvia's foreign trade in relation to Lithuania was regulated by a number of trade treaties and agreements entered into in 1930, 1933, 1935, and 1936. Latvia's main imports from Lithuania in the interwar period were horses, seed flax, cattle, pigs and piglets, and timber and timber products, whilst Latvia's main exports to Lithuania were coal, machinery (agricultural and industrial), paper, timber and timber products, rubber goods (including galoshes), cement, as well as radios. In general, trade and thus economic relations were of marginal significance to both countries in the interwar period due mainly to similarities in their agriculturally based economic structures.

Keywords: Latvia, Lithuania, economic relations, foreign trade, interwar period.

Introduction

Latvians and Lithuanians are the last remaining descendants of the Baltic language group of people, which were a branch of the Indo-European family of nations. The Baltic language group of people consisted of the Old Prussians, Yatvings, Latvians, Lithuanians and Eastern Galidians and their original territory extended from what is now Moscow to the Baltic Sea. The ancestors of the Latvians and Lithuanians settled in their current territories as early as 1500 BCE and Latvians and Lithuanians have lived there ever since despite wars, foreign occupations, plagues, and other vicissitudes of life.

Whilst in the Middle Ages, Latvia had been conquered and occupied by the German Teutonic Knights – creating Livonia, Lithuania succeeded in remaining unconquered and went on to create a large empire (together with the Poles – the Polish-Lithuanian Commonwealth), which existed until the partitions of Poland-Lithuania in the 18th Century, when both Latvia

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(a little earlier) and Lithuania were finally conquered and occupied by Tsarist Russia. In the 19th Century, the economic development Latvia and Lithuania was radically different. Under Tsarist Russia, Latvia was industrialising and Riga became the third largest industrial city in the Tsarist Empire after Moscow and St. Petersburg.² Lithuania, on the other hand, was and remained an agricultural produce area of Tsarist Russia.

Both countries became independent in 1918, with Lithuania proclaiming its independence on 16 February 1918 and Latvia on 18 November 1918. On 23.10.1919, Lithuania formally recognised Latvia *de facto*³ and Latvia reciprocated. Similarly, Latvia formally recognised Lithuania *de jure* on 12.02.1921 (See Figure 1) and Lithuania reciprocated.

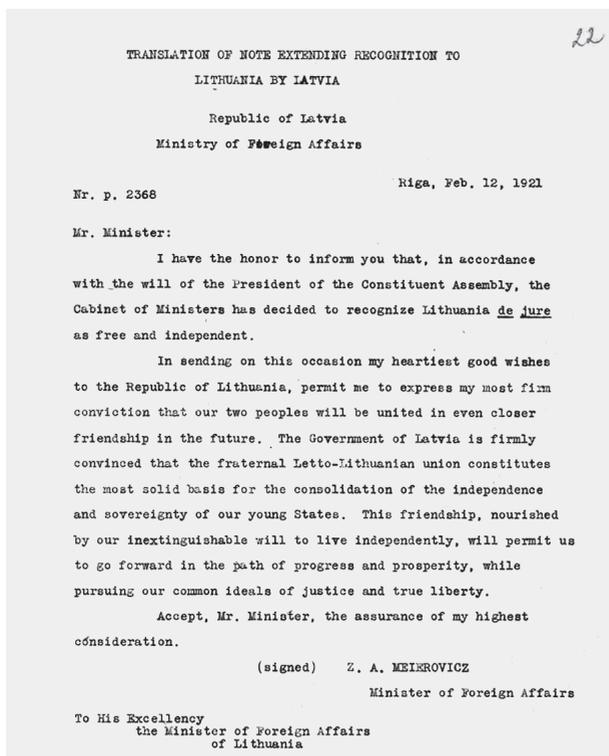


Figure 1. Latvia's recognition of Lithuania *de jure*

Source: E-mail communication from the Lithuanian Ministry of Foreign Affairs (11.10.2021)

² For detailed overview of Latvia pre-WWI see Karnups, V. P. (2013), pp. 18–30.

³ LVVA, 2570. f., 3. apr., 1126. l., p. 19.

Latvia's first diplomatic representative, Vilis Bandrevičs, was appointed to Lithuania in December 1918 and he was designated Latvia's first Envoy to Lithuania in March 1921.⁴ Apart from the Legation in Kaunas (in Latvian Kauņa), Latvia also had consulates in Klaipeda and Šiauliai (in Latvian Šauli). Lithuania's first diplomatic representative, Dovas Zaunius, was sent to Latvia on 13 February 1920⁵ and he was designated Lithuania's first Envoy to Latvia in December 1921. Apart from the Legation in Rīga, Lithuania also had consulates in Rīga, Liepāja, Daugavpils and Bauska.

Table 1. Selected economic indicators for Latvia and Lithuania in the interwar period

	Latvia	Lithuania
Population (millions)	2.0 (1939)	2.5 (1936)
Share of urban population (%)	34.6 (1935)	15.8 (1923)
GDP* per capita	4048 (1938)	2064 (1937)
Average annual growth rate (GDP per capita) 1920–1929	5.31	GDP per capita average yearly growth rate in 1924–1938: 4.3%
Average annual growth rates (GDP per capita) 1929–1938	4.1	
% Share in GDP of agriculture and forestry	39.2 (1938)	42.5 (1937)
% Share in GDP of industry	20.5 (1938)	13.6 (1937)

* GDP measured in 1990 International Geary-Khamis dollars

Sources: Darbiņš, A., Vītiņš, V. (1947); Broadberry, S., O'Rourke, K. H. (2016), Tuskenis, E. (ed.) (1997); Klimantas, A., Zirgulis, A. (2019); Norkus, Z. (2015)

As can be seen from Table 1, Lithuania's population was slightly more than Latvia's and Lithuania was less urbanised than Latvia in the interwar period. In addition, although their economic structures were very similar (primarily dairy farming, forestry, and agriculture), Latvia had less of a % share in GDP of agriculture and forestry than Lithuania. However, Latvia had a much larger % share in GDP of industry (mainly due to the higher level of industrialisation and that Lithuania only started industrialising after achieving independence). Nevertheless, both Latvia and Lithuania had for all intents and purposes agricultural economies. Interestingly, Latvia's average

⁴ Jēkabsons, Ē. & Ščrebinskis, V. (eds) (2003), p. 365.

⁵ Andersons E. (1982), p. 148.

annual growth rates both pre- and post the Great Depression were similar to that of Lithuania for the same period, however, total GDP per capita in Latvia was nearly twice as high as that of Lithuania. Of course, both Latvia and Lithuania started from a very low base.

Latvian-Lithuanian Economic Relations 1919–1940

Lithuanian and Latvian trade came into existence soon after the mutual *de facto* recognition in 1919 and prior to the Lithuanian recognition of Latvia *de iure*. In the second half of 1919 (from 08 July to 31 December), Latvian exports to Lithuania totalled 3455.32 lats, but no imports from Lithuania were recorded.⁶ A further 4282.24 lats worth of exports were recorded through Palanga (which was Latvian territory at the time⁷), presumably most of which went to Lithuania.⁸ In 1920, imports from Lithuania accounted for 0.25 % of total imports, and exports 0.55 % of total exports.⁹ In a sense, the pattern of Lithuanian-Latvian trade for the 1920s was set.

In the interwar years, Latvian and Lithuanian economic relations was mainly confined to foreign trade and investment although other forms of economic relations such as tourism were also important¹⁰.

Latvia's foreign trade in the interwar was based in large measure on a system of commercial and trade treaties. By 1929, Latvia had concluded commercial treaties with all important European states (except Spain). They provided the regulatory framework within which were stated the obligations undertaken by Latvia in its foreign trade relations with its trading partners up to 1931. All these treaties contained the Most Favoured Nation (MFN) principle, as well as in practically all, the Baltic and Russian clause. The Baltic and Russian Clause stipulates that the priority rights and privileges, allowed to Estonia, Finland, Lithuania, and Russia, may not be made applicable to other contracting states by virtue of the most-favoured-nation principle. Lithuania in most cases also included the Baltic and Russian clause in their commercial treaties.

⁶ *Ekonomists*, 1920, No. 3, p. 90.

⁷ On settling the border between the two new states, and as Lithuania had not yet annexed Memel (Klaipeda), in a gesture of goodwill, Latvia agreed to forego its claim to the coastal strip as far as Palanga (which had been part of Kurzeme province) so that Lithuania could have access to the fishing port of Svetoji to develop it as an international shipping port.

⁸ *Ekonomists*, 1920, No. 3, p. 91.

⁹ *Latvijas statistiskā gada grāmata* (1920), p. 119.

¹⁰ In 1930, 25268 tourists (or 30.4 % of all foreign tourists) from Lithuania visited Latvia (*Ekonomists*, 1931, No. 20, p. 738).

In the early 1920s, the Latvian Foreign Minister, Z. Meierovics, tried to involve Finland, Estonia, Lithuania, and Poland in the creation of a political and economic bloc, but to no avail.¹¹ In relation to Lithuania, the main stumbling block was Lithuania's on-going conflict with Poland over Poland's occupation and later annexation of Vilnius and the surrounding territory.¹² Although Latvia offered some morale support to Lithuania over the issue, it did not want to become involved, which soured political and diplomatic relations between the two countries.

On 01 July 1925, the Latvian Foreign Minister, Z. Meierovics signed the Kaunas Protocol to begin negotiations for a trade treaty with Lithuania.¹³ The Protocol provided for 1) differentiated tariffs based on lists of goods and 2) that in the fullness of time talks regarding a customs union should be commenced. Negotiations began in December 1925; however, they did not progress due to Lithuanian insistence on special privileges for Lithuanian agricultural products to which Latvia would not agree.¹⁴ By 1928, when Latvia introduced a new customs tariff, Latvia and Lithuania still did not have a trade treaty. However, Lithuania did not discriminate between Latvian and other foreign goods and in 1928, Latvia passed a law, which *de facto* accorded Lithuanian imported goods most-favoured-nation treatment, that is, accorded them the minimum tariff rates.¹⁵

Finally, on 24.11.1930, Latvia signed a Commercial Agreement between Latvia and Lithuania based on the most favoured nation principle and minimum rates of customs tariffs.¹⁶ Similar to the 1928 Treaty with Estonia, it contained a protocol consisting of lists of goods – List A, goods from Latvia to Lithuania and List B, goods from Lithuania to Latvia – which would receive preferential treatment. The protocol also contained an additional two lists of sections of the respective tariffs of the two countries (List C for Latvia and List D for Lithuania). The Agreement was within the stipulations of the Baltic and Russian clause and therefore did not apply to third countries. The Agreement was for two years, but could continue indefinitely unless denounced by either party.

After the denunciation of the 1930 Agreement by Lithuania, Latvia concluded a new Commercial Agreement between Latvia and Lithuania

¹¹ See Varslavans, A. (1988) for a more detailed examination of this period.

¹² For details see Kaslas, B. J. (1976), pp. 147–148.

¹³ *Latvijas Kareivis*, No. 150, 10.07.1925, p. 4.

¹⁴ *The Latvian Economist* (1928), p. 151.

¹⁵ *Latvijas Vēstnesis*, No. 78, 04.04.1928, p. 2.

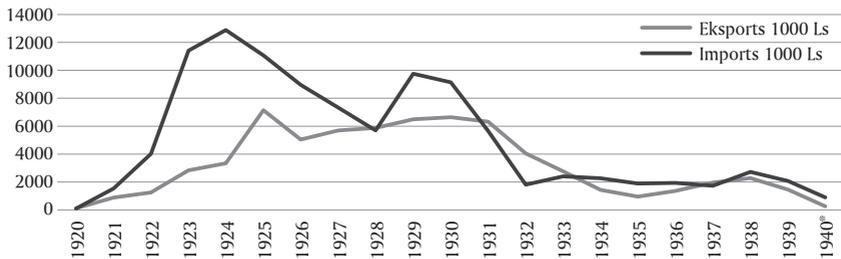
¹⁶ League of Nations, Treaty Series, Vol. CXII, 1931, pp. 417–431.

on 01.12.1933,¹⁷ which in essence was a copy of the 1930 Agreement, but with changes in the protocol lists. This Agreement was for one year, but could continue indefinitely unless denounced by either party. On the same date, Latvia also concluded an Agreement between Latvia and Lithuania regarding Miscellaneous Trade at the Frontiers,¹⁸ which contained a list of goods and their quantities, which could be traded on the border between Latvia and Lithuania free of tariffs.

As a result of problems brought on by the Great Depression, on 10.04.1935, Latvia and Lithuania signed a new Commercial Agreement between Latvia and Lithuania,¹⁹ which again was essentially a copy of the 1933 Agreement, but with changes in the protocol lists. This Agreement was also for one year, but could continue indefinitely unless denounced by either party. On the same date, Latvia also concluded a Clearing Agreement between Latvia and Lithuania,²⁰ which contained an Annex of a list of Lithuanian products payment for which shall be made independently of the clearing arrangements.

Latvian-Lithuanian Trade 1920–1940

As noted previously, some Latvian-Lithuanian trade had occurred in 1919. The value of Latvian imports from and exports to Lithuania in the interwar period can be seen in the Figure 2.



* 1940 for January–March only

Figure 2. Latvia-Lithuanian Imports and Exports 1920–1940

Sources: *Latvijas statistiskā gada grāmata* [Latvian Statistical Yearbook]. 1921–1939; *Mēneša Biļetens* Nr. 10, oktobris 1939 [Monthly Bulletin, No. 10, October 1939]; *Strukturbericht über das Ostland*. Teil I: *Ostland in Zahlen* (1942); LVVA, 1314. f. 5. apr., 100. l., pp. 39–40

¹⁷ *Valdības Vēstnesis*, No. 288, 21.12.1933, pp. 1–4.

¹⁸ *Ibid.*, pp. 4–5.

¹⁹ League of Nations, Treaty Series, Vol. CLIX, 1935–1936, pp. 305–319.

²⁰ *Ibid.*, pp. 321–327.

As Figure 2 shows, from a low start, imports increased dramatically in the early 1920s. This was probably due to the land reform and the needs of the new farmers for horses, cattle, seeds, etc. Imports reached their highest point in the interwar period with a pre-Depression peak of some 12 882 thousand lats in 1924. Interestingly, imports declined sharply after the signing of the 1930 Commercial Agreement and continued to decline to the end of 1932. They recovered slightly from 1933, probably due to the 1933 Commercial Agreement and the end of the Depression. Imports reached their post-Depression peak of some 2730 thousand lats in 1938.

Exports, on the other hand, increased more slowly with a pre-depression peak in 1925 and a value of 7140 thousand lats. Exports started to fall from 1930 and declined sharply to 1935. Thereafter they increased somewhat from 1935, probably due to the 1935 Commercial and Clearing agreements and reached a post-Depression peak of 2284 thousand lats in 1938, but then continued to decrease to 1940.

As Lithuania and Latvia had very similar economic structures based on agriculture, Latvia's main exports to Lithuania were manufactured goods. The exception being forestry products. On the other hand, Latvia's main imports from Lithuania were agricultural products, particularly livestock.

Generally, imports exceeded exports throughout the interwar period.

Latvian Exports to Lithuania

Latvia's main exports to Lithuania were Timber and timber products (including plywood), Machinery (agricultural and industrial), Coal, Paper, Rubber goods (including galoshes), Radios and Cement (See Table 2).

Coal was an important item of export to Lithuania in the 1920s. Obviously, as Latvia does not have coal mines, the coal was coal imported to Latvia and then re-exported to Lithuania. In part this was due to the fact that Latvian industry was still recovering from WWI and had excess supplies of coal. From 1933 its place was to a certain extent taken up by the export of radios, reaching a peak of 233 thousand lats in 1936. Latvian-made radios were popular throughout the Nordic and Baltic region.

An important and consistent export to Lithuania was cement, mainly in the 1920s (reaching a peak in terms of volume in 1932), but declining in the late 1930s. Machinery (agricultural and industrial) was also an important export to Lithuania throughout the interwar period. Rubber goods (including galoshes) were steady export reaching a pre-Depression peak of 1627 thousand lats in 1931, but declined thereafter and in the final years of the 1930s were no longer exported. Paper was a significant and steady export product throughout the interwar period.

Table 2. Latvia's Main Exports to Lithuania (1921–1939)

Year	Coal		Machinery (agricultural and industrial)		Paper		Rubber goods (including galoshes)		Timber and timber products (including plywood)		Cement	
	Tonnes	Value (1000 Ls)	Tonnes	Value (1000 Ls)	Tonnes	Value (1000 Ls)	Tonnes	Value (1000 Ls)	Tonnes	Value (1000 Ls)	Tonnes	Value (1000 Ls)
1921	Less than 1 tonne		313	193	95	101	0	0	456	32	17	11
1922	288	13	180	107	72	28	0	0	1911	10	108	11
1923	No data	No data	No data	No data	35	66	No data	No data	3996	128	No data	No data
1924	5404	230	353	445	126	52	39	278	5427	62	Less than 1 tonne	Less than 1000 Ls
1925	6700	250	693	731	327	184	77	521	7579	201	424	17
1926	2860	103	647	642	359	176	143	981	5485	61	318	16
1927	1130	46	829	840	554	319	177	1337	10970	72	103	6
1928	1281	43	1137	989	822	418	156	1311	9971	68	274	13
1929	1150	37	581	611	736	416	166	1474	18389	169	1104	67
1930	358	11	519	582	818	478	162	1337	14199	96	7421	377
1931	664	17	733	851	883	475	264	1627	12344	102	8471	349
1932	510	13	275	197	725	301	248	1123	17227	135	8558	247
1933	Less than 1 tonne		307	143	311	126	296	946	23659	226	1731	52
1934	6	32	97	58	175	65	56	107	16426	119	1056	30
1935	14	82	161	91	100	66	Less than 1 tonne	Less than 1000 Ls	1586	160	992	31
1936	33	233	156	112	335	161	3	14	5337	36	963	32
1937	15	178	253	255	262	191	0	0	2446	173	928	51
1938	15	196	296	354	351	397	0	0	9797	490	477	
1939*	Less than 1 tonne		2	10	86	56	51	194	0	0	0	0

* January–August 1939 (with commencement of WWII, Latvia ceased publication of detailed foreign trade statistics)

Sources: *Latvijas statistiskā gada grāmata* [Latvian Statistical Yearbook], 1921–1939; *Latvijas ārējā tirdzniecība un transits – 1924–1939* [Latvian Foreign Trade and Transit, 1924–1939]; *Mēneša Biļetens* Nr. 10, oktobris 1939 [Monthly Bulletin, No. 10, October 1939]

Interestingly, Latvia exported fairly large quantities of timber and timber products (including plywood) to Lithuania despite the fact that for Lithuania itself such products made up a significant part of their exports. Exports of timber and timber products to Lithuania reached a peak in terms of quantity in 1929 (18 389 tonnes) and value in 1938 of 490 thousand lats.

Latvia also exported various quantities of crockery, metal products (such as nails and wire); bicycles, seeds, hides and furs, and fish and fish conserves, as well as small quantities of other goods.

Latvian Imports from Lithuania

Latvia's main imports from Lithuania were Horses, Seed flax, Cattle, Pigs and piglets, and Timber and timber products. The amounts and value of Latvia's main imports from Lithuania in the interwar period are shown in Table 3.

Horses were an important part of Latvian farm production as the level of farm mechanisation was very low.²¹ Imports of horses from Lithuania were the dominant import in the interwar years (although Latvia also imported horses from Estonia). Horses from Lithuania were imported mainly in the 1920s, reaching a peak in 1924 with 15207 horses imported. As the number of horses from Estonia diminished in the 1930s, Latvia came to rely on imported Lithuanian horses, reaching a peak of 5763 horses imported in 1933.

Seed flax was an important import from Lithuania, reaching a peak in 1929 of 3400 thousand lats in value. Lithuania was the 4th largest European producer of flax in the interwar period. In the 1920s, cattle were a significant import from Lithuania, reaching a peak of 932 thousand lats in value in 1924. The amount of cattle imported decreased sharply in 1930s. Similarly, pigs and piglets were important import items in the 1920s, but also practically disappeared in the 1930s. Timber and timber products were a small, but consistent import from Lithuania, reaching a peak in 1930 of 11327 tonnes in volume and 444 thousand lats in value.

Latvia also imported various quantities of tobacco and tobacco products, textile products, poultry, seeds, and hides and furs, as well as small quantities of other goods.

²¹ On 01.07.1940 there were 1314 tractors in the whole of Latvia. (Strods, H. (1992), p. 165)

Table 3. Latvia's Main Imports from Lithuania (1921–1939)

Year	Horses		Seed flax		Cattle		Pigs and piglets		Timber and timber products	
	No. of horses	Value (1000 Ls)	Tonnes	Value (1000 Ls)	Tonnes	Value (1000 Ls)	Tonnes	Value (1000 Ls)	Tonnes	Value (1000 Ls)
1921	3035	888	145	48	0	0	0	0	Less than 1 tonne	Less than 1000 Ls
1922	7513	1885	1592	527	2	129	Less than 1 tonne	8	263	22
1923	11650	3094	6350	2347	3	241	5	109	587	12
1924	15207	3826	6368	3125	12912	932	13463	316	3437	58
1925	9617	2553	8853	3472	6740	456	8316	216	126	541
1926	7062	1742	4636	1654	7369	778	11213	272	2573	148
1927	5558	1138	8265	3179	2511	250	9283	177	355	59
1928	3051	590	4139	1780	1384	45	2816	59	200	12
1929	3613	996	7478	3400	613	109	5599	360	1796	137
1930	4985	1437	4312	1373	428	69	2615	157	11327	444
1931	4061	1185	1712	436	31	5	301	21	6149	422
1932	2892	534	3282	671	0	0	0	0	230	25
1933	5763	1084	3577	687	0	0	0	0	498	27
1934	5061	977	2942	554	Less than 1 tonne	Less than 1000 Ls	9	8	1331	111
1935	2750	690	3482	646	0	0	0	0	1455	145
1936	2899	834	2625	554	0	0	0	0	1198	99
1937	1728	655	1862	543	425	45	0	0	2426	170
1938	3265	988	938	255	Less than 1 tonne	Less than 1000 Ls	0	0	3914	232
1939*	2179	777	1090	334	0	0	0	0	106	16

* January–August 1939 (with commencement of WWII, Latvia ceased publication of detailed foreign trade statistics)

Sources: *Latvijas statistiskā gada grāmata* [Latvian Statistical Yearbook], 1920–1939; *Latvijas ārējā tirdzniecība un transitis – 1920–1939* [Latvian Foreign Trade and Transit, 1920–1939]; *Mēneša Biļetens* Nr. 10, oktobris 1939 [Monthly Bulletin, No. 10, October 1939]

Lithuanian investments in Latvia 1925–1939

Foreign capital in Latvia was mainly invested in banking, industry, transport, and trade. By 1927, over 60 % of the equity capital of all Latvian joint-stock banks²² was foreign owned, while foreign capital comprised 27.8 % of aggregate capital in insurance, 33.9 % in trade (commerce), 63.1 % in transport and about 50 % in industry.²³ Many investors hoped that from Latvia they would be able to expand in the huge Russian market. Figure 3 provides an overview of Lithuanian investments in the interwar period.

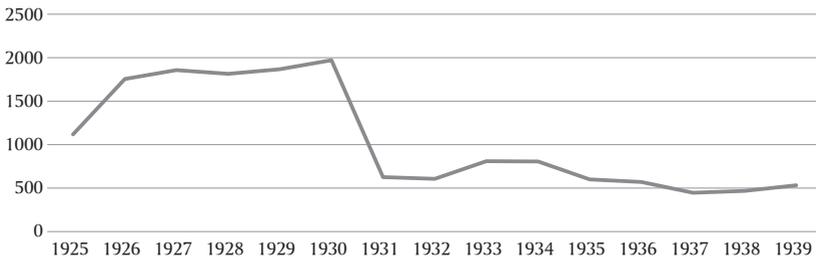


Figure 3. Lithuanian investments in the Company Capital of Latvian Undertakings (as at 1 January) 1925–1939 (1000 lats)

Sources: *Latvijas statistiskā gada grāmata. 1929, 1939* [Latvian Statistical Yearbook 1929, 1939]; *Latvijas PSR statistikas tabulas* (1940)

From Figure 3, it can be seen that up to 1930 Lithuanian capital investment increased to a peak in 1930 with a value of 1971 thousand lats, and then decreased during the Depression. However, they recovered slightly in 1933 and remained at more or less the same level for the rest of the 1930s. Lithuanian investments in 1930 were mainly in the chemical industry, real estate, paper industry and textiles. By 1939, the only notable investment sector was the textile industry.

Conclusion

In the interwar years, Latvian and Lithuanian economic relations was mainly confined to foreign trade and investment although other forms of economic relations such as tourism were also important. Nevertheless, despite geographical proximity the fact of similar export products made significant inter-state trade between Latvia and Lithuania unprofitable.

²² For a brief overview of banking in Latvia in the interwar period see Hiden (2000), pp. 133–149.

²³ *The Latvian Economist* (1928), p. 24.

In 1929, when Latvian foreign trade reached its pre-Depression peak, Latvian exports to Lithuania made up 2.37 % of total Latvian exports, and Lithuanian imports made up 2.69 % of total Latvian imports. However, in 1937, when Latvian foreign trade reached its post-Depression peak, exports to Lithuania were only 0.8 % of total Latvian exports, and imports from Lithuania were only 0.7 % of total Latvian imports. One suspects that the figures from the point of view of Lithuania would be similar. In other words, trade and thus economic relations were of marginal significance to both countries in the interwar period.

It is interesting to note that in 2020, Latvian exports to Lithuania were 16.3 % of total Latvian exports. Whilst imports from Lithuania totalled 17.9 % of total Latvian imports.²⁴ Trade with Lithuania has increased significantly since both Latvia and Lithuania joined the EU in 2004. At the end of 2020, Lithuanian FDI was 7.6 % of total Latvian FDI.

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²⁴ Data from LIAA [Latvian Investment and Development Agency]. <https://www.liaa.gov.lv/en/foreign-trade-statistics> [accessed 17.10.2021]

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MANAGING KNOWLEDGE TRANSFER AND SHARING WITHIN INTRA-ORGANIZATIONAL STRUCTURE

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Abstract

The literature review postulates the significance of knowledge transfer and sharing in the intra-organizational framework. The study operationalized Knowledge transfer, sharing and conjoint usage of knowledge exchange. Participation, contribution and attitude of managerial and non-managerial employees has shown discrepancies. Human traits, ownership of knowledge, insecurity of losing possession and position, distribution of knowledge, knowledge equality and biasness are most common hurdles of knowledge transfer. The paper theoretically examines previous researches and systematically carry out comprehensive literature analysis. The assessment of scientific theories are taken into consideration for developing the construct of paper. The selection of recognized academic references from various databases and journals have been evaluated methodologically. The analysis of scientific discussions and contribution from renowned authors have been used to finalize the concepts of literature review. The Integration of intra-organizational knowledge transfer, sharing and exchange balances the paper.

Keywords: Intra-organizational, knowledge, transfer, sharing, exchange.

Introduction

Knowledge transfer and sharing in intra-organizational platforms are perceived differently. Managing knowledge transfer and sharing is a combination of art and science. Business management recognize knowledge gained is a result of the process of converting individual

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knowledge into organizational knowledge. For individual employee's knowledge gained is an added advantage for their professional career development. This practice allows both the identities to achieve personal motives. The transition and transfer take it's time and commonly referred as accumulation of knowledge converted into knowledge stock (Tang, 2011).

In intra-organizational set-up the business administration align long term objectives as a part of constant learning, sharing and transferring technical skills. The creation of support system is a priority to facilitate knowledge transfer from experienced employees and leaders. The accumulated knowledge is then further disseminated or shared with young and unexperienced employees (Tsai and Ghosal, 1998).

The distinctiveness of knowledge transfer and sharing from experienced to amateurs have produced challenges and opportunities during interaction. More often than less the flow of knowledge is from experienced employees to unexperienced employees. The differences between both the parties has its own drawbacks followed by reciprocity during specified time limits, willingness to learn and adaptation of the knowledge gained within organizations internal systems (Ghoshal *et al.*, 1994).

The process of knowledge transfer and sharing are bound to have similar constraints. The absorptive capacity of receiver is questionable; however, the knowledge dissemination capacity of knowledge sender remains underexplored. The interpretation and communication of knowledge from sender to receiver have significant implications (Tsai, 2002). There is a lack of systematic review in intra-organizational context which aims to test the concept of how knowledge transfer and sharing is being managed within organizational boundaries lately. Based on prior research knowledge transfer and sharing have shown discrepancies. The emphasis of literature review is on recognized organizational dimensions, communications, interactions and interrelationship developed between subordinates for knowledge exchange.

Research Methodology

Knowledge transfer and sharing are integral part of intra-organizations knowledge management. To establishing the ground theories for research systematic approach and effective methodology have been used. For the purpose comprehensive literature review has been conducted, many publications have been explored through scrutinizing recognized scientific journals (Table 1). The search criteria include the use of key terminologies taken from research title and specific term have been used to examine literatures available on knowledge transfer and sharing.

Table 1. Methodology of selected articles

Terminology	Google Scholar	Emerald Insight	EBSCO	Science Direct
Managing knowledge transfer and sharing.	21	18	8	15
Knowledge transfer and sharing within intra-organizational boundaries.	19	11	12	17
Impact of knowledge transfer and sharing in intra-organizational setup.	23	16	14	13
Importance of knowledge sharing and transfer in organizations.	25	13	18	19

There are many critical factors have been considered for the purpose of selecting the relevant article (Table 2).

Table 2. Selection of reviewed articles

Abstract Reading/ Full revision of Article	Literature Review/ Research Methodology	Conceptual Framework	Quantitative Analysis/ Qualitative Analysis	Implication/ Limitation	Future research
28/42	27/38	22	37/33	45/57	62

The total number of articles collected for literature review are presented in (Table 3).

Table 3. Collection of reviewed articles

Literature Review	Case Study	Survey	Interview	Modelling	Stat. Ana.	Test/ Exp.	Tool/ Concept
29	14	12	15	10	18	24	9

Scientific Discussions

Managing knowledge exchange within organizational boundaries requires synchronization and collaboration between intra-organization identities. Functional and operational strategies, individual intricacies, human psychological traits have major implications on transfer and sharing. For developing the competitive environment sharing and transfer needs integration in intra-organizational setup. The coordination from top to bottom organizational structure have shown significant influence on intra-organizational knowledge transfer. Similarly formal and informal knowledge sharing has its own intrinsic value.

Knowledge Transfer

In general, the flow of knowledge in organizational structure is from top to bottom.

The process starts from experienced employees working as a mentor for less experienced employees. In intra-organizational networks the practice of knowledge transfer is highly diligent and strenuous. In general team leader and managers act as a moderator for managing knowledge exchange. The paradox of transfer is depending on individual capabilities of understanding, disseminating and absorption of knowledge.

The actors, sender and receiver, are engaging in more psychological advantage. In other words, sender establishes sense of superiority and receiver demonstrate potential gain in skills development. The knowledge creation within organizational boundaries have an effect on developing comprehensive knowledge-database (Nickerson and Zenger, 2004). Both sender and receiver have mutual benefits and the outcome of transfer befits organizational motives.

The overall impact of knowledge transfer is entirely depending on recipients' capacity to take in and the questionable ability of knowledge holder to transfer. In terms of efficiency and effectiveness both sender and receiver have a major role to play. Knowledge can be distorted during transfer. It is a partnership and collaborative effort between them (Baldwin, 1959). Both the sides perspective must match and be understood clearly to avoid miscommunication and disfunction (Reagan and McEvily, 2003). Other primary requirements for knowledge transfer are skills, language efficiency, level of understanding and competency (Cabrera, 2003). For sender it is pertinent to have appropriate ability for knowledge diffusion in exact terms for avoiding misinterpretation, and unacceptable disruptions. Behavior and job qualification of sender for knowledge dissemination is considered as yet another pertinent determinant (Minbaeva and Michailova, 2004). For receiver it is important to have appropriate abilities for knowledge absorption, identification, acceptance and application (Cohen & Levinthal, 1990).

For facilitating knowledge transfer the employees, members or colleagues are highly dependent on close network ties and bonding. Equality and the level of acceptance are other important variables that leads to effective knowledge transfer (Nonaka, 1994). Constant interaction and sense of belongingness strengthen the relationship for knowledge transfer, exchange engagements (Grant, 1996). However, research have contradicted communication and interaction alone are not the necessary requirements for knowledge transfer.

Similarly, there are significant barriers restricting knowledge transfer. Behavioral perspective and identification of right candidate or potential

successor of carrying knowledge forwards is a major hurdle (Szulanski, 1996). Participation qualities and inequalities has shown major procrastination in knowledge transfer (Bales, 1950). Feeling of insecurity and possession of knowledge to give away, tendency to safe guard the self-interest and dispersion of very selective knowledge, preference and choice of designated employees, undermining the quality and quantity of knowledge to be transferred are some of major reasons that negatively affects knowledge transfer (Bales and Slater, 1955).

On the other hand, apart from human traits business administration remains in quest to identify the potential of developing the knowledge indigenously within organization has its own distinct advantages. The researchers mentioned by acquiring home grown capabilities it enables organizations to focus only on absorption rather than acquisition of knowledge, saving cost, time and application (Cohen and Levinthal, 1990). In the process not only knowledge would be absorbed by intra-organizational networks but also it establishes the foundation for continuous knowledge development.

Managing knowledge transfer in Intra-organizational setup the participation is dominated by hierarchical networks instead of random selection (Berzonsky and Kuk, 2000; Kilduff, 1990; Krackhardt, 1990). Hierarchical networks has its own protocols regarding communication codes, information channels, promotion and coordination for facilitating knowledge transfer (Grant, 1996; Kogut and Zander, 1996).

However, researchers have highlighted consequences affecting knowledge exchange in relation to intra-organizational behavior, individual ambiguity, group complexity, characteristics and dynamic adaptation possesses non-linear effect on knowledge transfer (Carley, 1999). Subsequently intra-organizational relationship, close ties between employees, control and distribution of knowledge resources largely affects performance and pattern of knowledge transfer (Wrong, 1968; Bougon *et al.*, 1997). Individual self-selection and personal strategic motives hampers knowledge transfer in long run (Oliver and Marwell, 1988).

On the contrary, the presentation of knowledge that can be transferred requires codification and articulation. It is also expected that such knowledge can be formally and systematically expressed (Polanyi, 1996). Knowledge needs to be more teachable, observable and simple to understand just because the level of competency differs from person to person while disseminating at the same time (Winter, 1987). The forefront of knowledge transfer is depending on the speed at which it has been transferred. It has been observed in intra-organizational social ties and also the sources which have strong network links proliferate knowledge quickly and successfully (Albert *et al.*, 2000).

Knowledge Sharing

Knowledge sharing in dynamic organizational environment is considered as the capacity to acquire knowledge and process information into theoretical and technical skills for sustaining competitive advantage over rivals. Multinational corporations within intra-organizational boundaries execute rotational policies of employees worldwide. Knowledge is increasingly shared among geographical territories. With the practice in place, knowledge, ideas, skills set from one successful region is distributed to other underperforming business operations (Tsai and Ghosal, 1998). It provides an opportunity for mutual exchange, cooperation, dispersion and creation of new knowledge (Kogut and Zander, 1992).

In other terms knowledge sharing is referred as collective use of shared information to pursue common interests. The competition perspective of organizations tends to form alliance for mutual bilateral or trilateral knowledge sharing in order to outperform other competitive groups (Khanna *et al.* 1998). The purpose is to stay ahead from competitors and nullify imitation (Zander and Kogut, 1995). This trend is very common in airlines operating to similar destinations or using same air traffic routes.

Similarly, the alliance members learn from each other while competing in business and acquire knowledge within themselves or from close competitors (Hamel *et al.* 1989). Knowledge sharing in General Motors Corporation carries similar technological constraints as the manufacturing units are almost identical. Sharing knowledge among each other provides ideas of developing new car models or helps in resolving technical issues faced by other production units. Similar ideas, technological information are exchanged through knowledge sharing helps in scrutinizing and finalize future development plans (Gulati & Garguilo, 1999).

Knowledge sharing in intra-organizational boundaries is considered as coordinated effort, different units share their knowledge for improving organization's capability. This set of knowledge sharing within organization replaces contemporary knowledge exchange between organizations producing similar products and services (Grant, 1996; Madhok, 1996). In extent of knowledge sharing various departments integrate common efforts in systematizing knowledge sharing and streamline management functions. The advantage of such practice reduces imitation and duplication. It also fosters culture of sharing, cooperation, coordination and offering assistance for fulfilling organizational objectives (Spenders & Grant, 1996). Knowledge sharing is continuous process, the results and positive effects are seen in long run (Powell, 1990; Palmer and Richards, 1999). It enhances human psychological intricacies and opportunities for developing sustainable system that will impact inclusion of complex sources of different knowledge sets (Reagan and McEvily, 2003; Knott, 2003).

Various organizations approach knowledge sharing differently. Intra-organizational knowledge sharing varies from cooperation to coordination within organizational boundaries. The perspective is to increase knowledge flow and utilize knowledge database effectively by sharing vital information and technological knowhow.

Business administration and department executives within intra-organizational framework deliberately exercise organizational strategies for developing formal communication channels and mechanism for governing knowledge sharing (Burt, 1992). The objective behind formal interunit knowledge sharing is to realize the economies of scale and the strength of organization to work efficiently with its internal knowledge resources (Hill *et al.*, 1992). It accelerates technological progress and stimulate greater knowledge sharing for enabling continuous market expansion (Lado *et al.*, 1997).

In, informal intra-organizational knowledge sharing there are less restriction and conditions to follow protocols (Galbraith, 1973). Knowledge sharing in informal setup uses mode of internal social arrangements and very often occurs naturally. It persists horizontal communication and interactions between organizational units. Cross-unit knowledge sharing promotes lateral social integrative process within organization. It provides channels for information exchange increases knowledge access and resources to peers and organizational units (Homans, 1950).

Researches on informal intra-organizational knowledge sharing documented the importance of diffusing new ideas and new exchange and expansion of cooperative relationships (Ghoshal *et al.*, 1994). It creates an environment for developing new opportunities, exploration of current sources, and increases flow of knowledge sharing (Coleman, 1990). Informal intra-organizational knowledge sharing comprises of common synergetic benefits between the participants and sources, generation of trust, confidence in individual abilities and proliferates synchronization, association of team management activities (Tsai, 2002).

Conclusions

Knowledge transfer and sharing are bonded with constant networking and uninterrupted flow of information. Human interactions and absorption of knowledge have major impact on processing and decoding knowledge transfer and sharing. The human tendency and valuation of knowledge sharing, how much is it sufficient and to whom it is transferred remains incomparable and compromises the purpose of learning and knowledge exchange. The management layered structure and hierarchical dimensions have influenced the rate of knowledge transfer. The formal settings and social interactions have positive effect on knowledge exchange as compared

to formal settings and top to bottom management structure based on hierarchies. Both sender and receiver have experienced limitation and drawbacks in intra-organizational set-up. There are questions being asked about receptive capabilities and disseminative capabilities of receiver and sender. Knowledge transfer and sharing in intra-organization framework is a double-loop process (Tang, 2011). The least discussed issues are managerial ability and influence of top business administration executives in knowledge transfer and sharing.

It has been argued that in intra-organizational settings the absorptive capabilities of company and individuals have shown discrepancies. In spite of that they are interdependent on each other, more so organization than individuals. Organizations absorptive capability is highly depending on individual absorptive capability. Individual absorptive capability have some repercussions on organization's knowledge transfer in consideration to the behavioral attitude (Lin *et al.*, 2005; Tang *et al.*, 2006).

It is quite evident that individuals share knowledge with their subordinates who are in close circle and strong relational ties. Although each individual has its own perception towards knowledge transfer and sharing. The individuals approach differs from experienced to an inexperienced employee within organizational boundaries because of personal motives and interaction between them which facilitates transfer and sharing interns contribute to organization's knowledge capital.

However, the intra-organizational setup, disseminative and absorptive capabilities in the context of knowledge, personal choices and social preference has shown implications on knowledge transfer and sharing (Burt, 1982). Also, the linkage between the sender and receiver knowledge equilibrium in other words sharing and transfer of knowledge among themselves having similar attributes, characteristics and level of understanding are correlated to each other (Chesbrough and Teece, 1996). Intra-organizational and external knowledge hubs, individual and social networks within and outside organizational boundaries are responsible for controlling the acceleration of knowledge transfer and sharing. In similar context technical expertise can be exchanged but on other hand duplication & misunderstanding of knowledge can impact the whole purpose.

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RESEARCH ON INNOVATIVE MARKETING OF BALTIC AMBER JEWELLERY IN CHINA MARKET

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Abstract

Affected by the Novel Coronavirus epidemic, the challenge for SMEs in 2020 will change from “difficult mode” to “hell mode”. In order to prevent cross-infection, offline retail, catering, tourism, supermarkets, vegetable markets and other traditional industries are almost closed. In other industries, most companies have delayed the resumption of work, but rent and wages are still paid. Under the huge cost pressure, many enterprises are facing a crisis. In Latvia, one of the three Baltic states, Baltic amber processing and retailing is an industry heavily dependent on tourism, and local amber souvenirs and jewellery have been severely affected by the outbreak. The transformation of marketing channels is therefore a priority for Baltic Amber jewellery sellers. In the traditional online marketing, Baltic amber jewellery is not easy to be recognised by the majority of Chinese consumers because of its own characteristics, so on the basis of a variety of online marketing, the marketing of Baltic amber still needs innovation to achieve the expected marketing goals. With fierce competition from rivals in online marketing in China, there will still be many difficulties, among which the biggest difficulty is that many sellers on Douyin platform are selling fake amber. And many Chinese consumers lack sufficient ability to purchase the authentic Baltic amber. Based on these problems, the author takes Georgs Romulis /Amber with Soul Baltic amber jewellery brand as the research subject and potential consumers of Baltic amber on the Douyin platform as the research object to carry out the new online marketing methods. The author takes the literature method, statistical analysis, and comparative analysis as the research methods. Through Douyin and WeChat platforms, the author create the Douyin-WeChat Network Marketing Model as the innovative way to enlarge Baltic amber marketing in China. Finally, the author finds that an innovative way of online marketing method for Baltic Amber is to find target customers through Douyin platform, communicate with potential customers and get their payment through WeChat platform.

Keywords: China, Latvia, Baltic amber, Douyin, Followers, Marketing online, Purchasing.

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Importance of Marketing Online

Online marketing methods are diverse, different products in different online platforms need different marketing methods. But the development of online marketing has gradually replaced the traditional marketing in many countries. In the China market, Taobao, Jingdong, Buy together, Kuaishou, Douyin and WeChat have all become online shopping platforms in the daily life of Chinese consumers. These online shopping platforms also greatly meet consumers' daily life needs and convenience. Chinese consumers' age, income, education and marital status, and their perceived usefulness are significant predictors of online shopping intention (Gong et al., 2013). Website quality has a direct and positive impact on customer satisfaction, and that customer satisfaction has a direct and positive impact on purchase intentions (Bai et al., 2008). Information quality, web site design, merchandise attributes, transaction capability, security/privacy, payment, delivery, and customer service – are strongly predictive of online shopping customer satisfaction, while the effect of response time is not significant (Zheng et al., 2012). At the present level of internet development in China, online consumers can be segmented on the basis of their self-rated internet skills and their perception of the challenges involved in online shopping (Wang, Zhang, 2020). Participants in the “retailer’s country” experimental condition experienced higher telepresence and greater perceptions of product authenticity, and telepresence increased participants’ trust in the retailer and perceived product authenticity, which led to positive behavioural intentions (Baek et al., 2019). Chinese consumers’ attitudes and/or purchase intentions were positively linked to their perceived incentives and negatively associated with their perceived complexity for online food shopping (Wang, Somogyi, 2018). Neither the measure of cognitive trust nor the measure of organisation trust is a good predictor of consumer behaviour (Poon, Albaum, 2019). The focus of e-commerce in China will be different than it is in Europe and America because of the difference in traditional business models, conventional consumer behaviours, and consumer expectations (Wong, et al., 2004). There is a threshold which determines which of the two strategies is optimal and the numerical analysis further verifies the research results, through comparison and analysis of the advance selling price, consumer utility and retailer’s total profit of single advance selling strategy and advance selling with random rewards strategy. And the effect of the expected utility of random rewards on the advance selling price (Peng et al., 2020). The analysis suggests that seven constructs – price, convenience, product information, return policy, financial risk, product risk and delivery risk – are significant with customer satisfaction to re-purchase in e-stores (Khan et al., 2015). Internet marketing is conceptually different from other marketing channels and

internet promotes a one to one communication between the seller and the end user with round the clock customer service (Shanthi, Desti, 2015).

As more consumers become sophisticated (being able to infer the product quality based on the influencer's endorsement), Livestream Selling always hurts the product quality and the firm's profit, and may even lower consumer surplus, leading to a "lose-lose" outcome (Hou et al., 2021). Individualism is the only culture dimension to have a significant effect on purchase intention, and product type and individualism by price interaction also have a significant effect, whereas price does not (Moon et al., 2008). Consumers generally benefit from the manufacturer's optimal online distribution strategy because of low prices and high quantities (Pu et al., 2020). Organisations should enhance shopping platform quality in order to keep customers engaged, embed more online personal selling functions to facilitate e-loyalty (Zuo, Khan, 2021). Incentives for retailers carrying differentiated goods to make information environments maximally transparent, but to avoid price competition by carrying more unique merchandise (Lynch Jr, Ariely, 2000). Destination Marketing Organisations should promote the niche images, as well as the commonly held images in their online marketing effort (Pan, Li, 2011). It is proposed that the Chinese government pay attention to the mentality of its citizens when establishing an food traceability system and take measures to lift consumers' willingness to pay for certified traceable food (Xu, Wu, 2010). Internet users' concerns toward online shopping were assessed by considering financial issues, product quality issues, refund issues, product delivery issues, security issues and privacy issues (Huseynov, Yildirim, 2016). Website design, security, information quality, payment method, e-service quality, product quality, product variety and delivery service are positively related to consumer satisfaction towards online shopping in China (Guo, et al., 2012). However, the online shopping platforms and sales models of various countries have many common characteristics, but also different differences.

Essence of Douyin-WeChat Network Marketing Model

The supply of Baltic amber is less than the demand due to the limitation of its origin. Since the original production area of Baltic amber is only in the Baltic coast, and many Baltic countries restrict the original export, it is difficult for many amber sellers in China to buy affordable amber stone in China market. This has led many manufacturers to make fake Baltic amber stones, mostly plastic or cast plexiglass. At present, lots of amber stone is synthesized with chemical reagents (such as Marisan, one of the fake amber materials, is a toxic organic matter and very harmful to the skin and body). Due to the serious imbalance between market demand and supply,

on the basis of preventing Chinese consumers from buying fake Baltic amber, the author also puts forward a set of effective methods for Baltic amber jewellery online marketing.

Development of WeChat and Douyin Platforms in China

As is well known WeChat is one of the main ways people communicate in China. When doing business or consuming in daily life, people prefer WeChat to pay. From major supermarkets to the smallest of street shops, people can pay for things with WeChat almost anywhere in China. As long as a person have a Chinese bank account, this person can link that to a WeChat account. There are three ways to pay for something or transferring money via the app. Firstly, the store can scan the user's unique WeChat QR code. Secondly, the user could scan the QR code of the shop in which they are buying items or services. Third, WeChat friends can transfer money to each other or send lucky money package to each other. The number of monthly active WeChat accounts reached 1.151 billion by the third quarter of 2019, increased 6 percent from the same period in 2018. More and more netizens tend to use multiple WeChat signals to socialize with different groups. 97.5 % of the surveyed netizens said they had WeChat accounts, of which 48.6 % had a single WeChat account and 48.9 % had two or more WeChat accounts.² People of different ages pay different attention to the contents of Wechat official accounts. For example, most young people like to watch cartoons, more middle-aged people pay attention to the content of pregnancy, childbirth and parenting, and college students pay attention to academic research. As a head social platform, Wechat is no longer a simple social tool after years of development. It has penetrated into every aspect of people's lives. At present, Wechat's social relationship chain is large and stable, and users have developed a certain degree of dependence on it.

WeChat now has a serious challenger whose meteoric rise has taken China by storm (and WeChat's owner Tencent by surprise). That is Douyin, one of the most popular short video apps in China, as well as worldwide. It is owned by ByteDance (a.k.a Toutiao), an AI-driven media company in China and one of the world's most valuable start-ups, most recently valued at \$30 billion. ByteDance is a GGV portfolio company. Douyin is one of the few apps that has enjoyed wild popularity both inside and outside of China. In the first quarter of 2018, Douyin's international version of Tik Tok, was the most downloaded iPhone app worldwide, totalling 45.8 million and surpassing Facebook, YouTube, and Instagram, according to the American research company Sensor Tower. Douyin has grown into one of the most

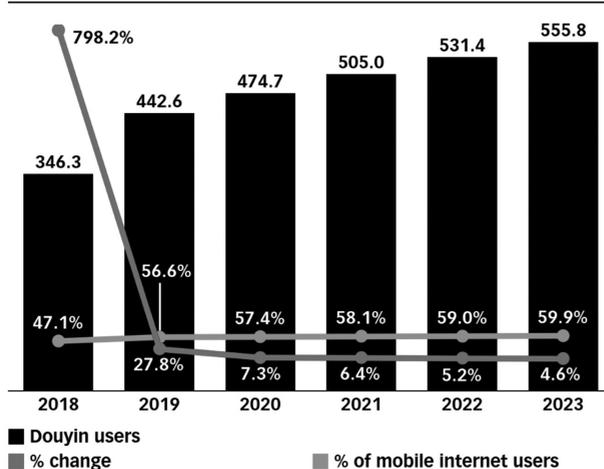
² www.chyxx.com

popular social platforms in China and its popularity translates into opportunities for many people. For the platform, it means more advertising revenue; for different brands – more advertising opportunities. And for the users with millions of followers, it’s a chance to make some money.

Sellers can also sell products directly through the window of Douyin. However, there are many cheating phenomena in sales of Douyin. For example, the products displayed by Douyin live broadcast are often different from the products received by consumers. But Douyin is an open platform, and as long as the product quality is good, more potential customers will pay attention on it. Douyin will overtake Taobao to become the largest shopping platform in China in the next few years. Therefore, by combining Douyin with Wechat marketing, customers will have a better understanding of the store’s products and get more scientific purchasing information from the shop. The Douyin users amount statistic is shown in Figure 1 below.

Douyin Users in China, 2018-2023

millions, % change and % of mobile internet users



Note: internet users who access their Douyin account via any device at least once per month; excludes Hong Kong

Figure 1. The Information of Douyin User in China from 2018 to 2023

Source: eMarketer, November 2019

It’s even more prevalent because services like Facebook are blocked in China. There is also a social feature called “Moments.” Users can upload a number of images or videos and their friends can comment or like the post. One will need to put in a passcode or use a biometric authentication tool to authorise the transaction. Instant money transfers to one’s WeChat contacts

can also be made via the messaging function, which makes it easy to split bills or just move money around China. It is possible to be nearly cashless in China and actually go out for the day without a wallet.

Due to the particularity of the jewellery industry, Douyin video has many drawbacks when presenting products to customers. So WeChat is a very good complementary tool to make up for Douyin's lack of direct presentation to clients. There are three reasons for this: First, WeChat can better show customers detailed pictures of each jewellery. In particular, WeChat photo albums are the best way to display jewellery. Totally nine pictures can be uploaded in a WeChat album, which can convey details of amber jewellery taken from different directions to customers. And pictures are static, so it can fully display the colour, light transmittance, size and other information of the amber jewellery. Second, due to incomplete information in the Amber market in China, most consumers will get lost and choose the wrong seller. Therefore, it is necessary to popularise the identification method of Baltic amber to customers. WeChat is superior to Douyin in terms of processing text and sending documents, so the customer service staff can convey the scientific knowledge of purchasing amber to each customer through WeChat chat. Third, WeChat is the most convenient way to do the payment. At present, Chinese people seldom use cash for transactions, which are basically replaced by WeChat Pay and Alipay in real life. So letting potential customers see amber jewellery in a photo album in WeChat platform is an important step of final transaction payment.

Frame of the Douyin-WeChat Network Marketing Model

Figure 2 below shows how potential customers are found from Douyin platform to WeChat platform and eventually become customers of our store.

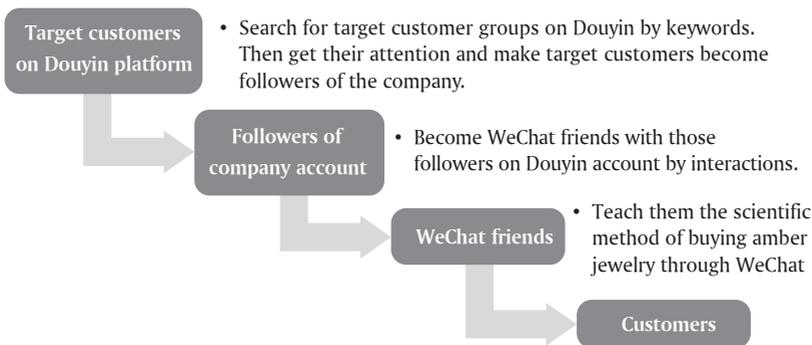


Figure 2. Douyin-WeChat Network Marketing Model

Source: Composed by the author

Douyin also has platform rules. When looking for potential customers, for example, one cannot follow more than 152 accounts per day by one Douyin account, and can follow 38 accounts in each time. There are also differences in the way and efficiency of getting attentions from potential customers. There are basically three channels to reach potential customers: people who are preparing to buy Amber Jewellery from other sellers in the live stream, people who wrote comments on works of peer Douyin accounts, and people in the follower lists of other sellers' accounts (only when there are no restrictions on the follower list). The results of these three ways to find potential customers are the same. In the end, if the potential customer pays attention to one's own account in turn, then this person becomes a Douyin follower. It means this Douyin user is already paying attention to the work published in one's account every day and can see the products. Through a large number of work experiments, the author found that out in 152 target potential customers who are followed each day, 30 to 40 of them become Douyin account followers on the shop Douyin account. Of those 35 to 40 Douyin followers, 10 to 15 will become WeChat friends, and of those 10 to 15 WeChat friends, 3 to 5 will become the final customers.³ The statistic is shown in Figure 3 below.

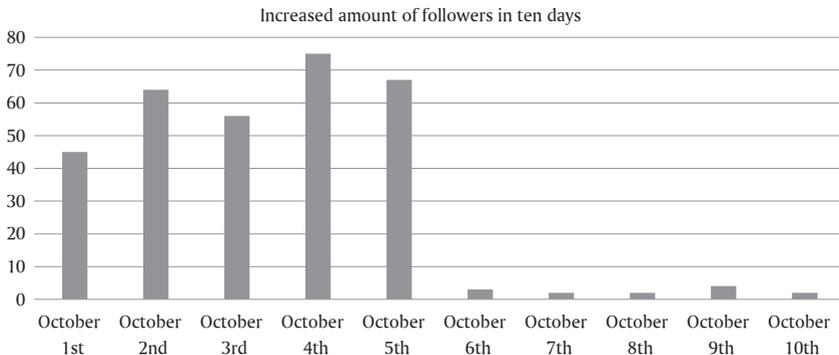


Figure 3. Comparison of Douyin followers' variation under different operations

Source: creator.douyin.com

From October 1 to October 10, 2021, the author created an experiment. During the five days from 1st to 5th, the author actively followed 152 potential target customers on Douyin platform every day, and 307 people became his Douyin followers in these five days. However, from October 6th to October

³ The statistical data are based on the author's work records from January to September 2021.

10th, the author stopped looking for potential target customers. During these five days, the company account only gained 13 followers. During these ten days, the company's Douyin account has not made any changes (no new videos, no new photos, no new product description). Therefore, it can be proved that the company's Douyin account actively pays attention to potential customers to attract their attention is a necessary way to expand the number of potential customers.

Innovative marketing of Georgs Romulis / Amber with Soul Baltic amber jewellery based on the Douyin-WeChat Network Marketing Model

Because amber began forming about 45 million years ago, the original geological conditions for the formation of ambers no longer exists, which is why all natural amber and its elements are such a rarity, and fine ambers even more scarce. Furthermore, ambers are considered non-regenerative resources, with each spent piece, it is one piece less in the world. The prices of amber rise annually, not only making them a precious stone with prolonged collection value, but one of long-time monetary value as well. Its rising value has made it a forty plus million years old treasure and deemed as the northern gold and sun, a historical gem. So Baltic amber jewellery could be sold in different ways.

Transmit the Baltic amber primitive culture as a marketing tool

Amber mainly consists of carbon, hydrogen and oxygen, with a trace of sulphur. It is fossilized tree resin (not sap), which has been appreciated for its colour and natural beauty since Neolithic times, commonly known as resin or carbon fossils. Baltic amber is, as the name suggests, a type of amber. Contrary to popular belief, amber is not a rock or gemstone. Amber is actually fossilized tree resin and can be found in many regions throughout the world. Baltic amber is specifically amber from the area near the Baltic Sea, including areas in Poland, Lithuania, Germany, and Latvia, just to name a few.

It has travelled the world for three thousand years, as even the Ancient Greeks had a name for it – the “substance of the sun”. People have always loved it – no one cared that it is not a gem. The Romans were an example, regarding amber as valuable as gold. The historic Amber trade route connected the Baltics to Rome. Latvians put it in their brooches, beads, textiles and song lyrics. They do occasionally call the Baltic Sea the Amber Sea. And they do not hesitate to name their brands or even children after it, either. Dzintars or Dzintra (meaning amber) are among the few given names

of Latvian origin. Amber is a pine tree resin fossilized through the ages. Vast pine forests have closed in on the half a thousand kilometres long Latvian sandy seaside. Amber fragments are still washed up along the Baltic Sea coast. The shiny specimens we see today have been around for 40 million years. Some amber contains plant and insect inclusions, such as ferns, frogs or dragonflies stuck in the pine resin back then. The organic material comes in a variety of shades which characterize Latvia. Some amber is as yellow as a field of grain, a bouquet of flowers or a spread of butter. Another is the caramel colour of bees and honey. At last, there is amber the red of seaside sunset or the rustic brown of homebrew beer. One may see amber artefacts at the Latvian Nature Museum, the Latvian History Museum and the Latvian Institute of History (in Rīga), and the Liepāja Museum of Art and History. One may buy a wide variety of amber souvenirs, most notably in the Old Town of Riga.

Communicate the medicinal benefits of Baltic amber to Chinese consumers

Since ancient times, amber pendants, buttons and beads have been made, as well as more complex items. Amber has been widely used to make religious artefacts. Latvian scientists and entrepreneurs have thought of innovative application elsewhere. As an organic material, it absorbs the body heat and is easy to work with. Equally ancient is the use of amber for medicinal purposes. The Baltic amber's unique healing properties may be connected with its content of succinic acid, which is an excellent bio stimulant. Medicinal amber filaments and fashion items such as shawls made of amber textiles are just a few of the unique new applications for the "substance of the sun". Besides, amber is applied as a strategic material on nuclear submarines and in the engines of spacecraft. By-products include amber oil and amber varnish. These are used to make high quality paints and varnishes. Amber varnish is essential for restoring the gilded roofs of architectural monuments. The optical properties of amber have been utilised ever since the Middle Ages, Spectacles were made from amber, and at the present day, several manufacturers of optical equipment use amber to improve the quality of lenses. Amber, particularly pressed amber or amberoid, is used as an insulator in electrical equipment. Such amber cores were also used in the equipment that measured radiation levels after the Chernobyl nuclear disaster. These facts just add up to the importance Latvians have always attributed to amber.⁴

⁴ <https://www.latvia.eu/priroda/amber>

Proposal of Scientific Purchasing of Natural Baltic Amber to Chinese Consumers

Georgs Romulis /Amber with Soul is an European Baltic amber brand in the world that can be achieved with three guarantees to sell their Baltic amber jewellery. Each piece of amber jewellery strictly follows the concept of scientific truth to ensure that each circulation process of amber purchasing is highly transparent, so that consumers will not doubt about product quality and authenticity. And each Baltic amber fans can enjoy the pleasure of purchasing Baltic amber at home by the mobile phone. In the three guarantees, the author believe Chinese consumers will have a clear mind to get the concept of scientific purchasing of natural Baltic amber.

(1) Quality guarantee

Authoritative scientific inspection certificate can prove each of the products is genuine natural Baltic amber. VSIA Latvian Proof Bureau offers certification of amber and its products. The Bureau uses state-of-the-art testing methods for certification using FTIR spectrometry.⁵ The scientific test report also can be scanned and sent to any foreign affairs departments in capital cities of China, as well as Latvian embassy in China to get the legalisation issued by the notarised central government certification. And each amber jewellery bought from the shop to any country and region of the world the legal jewellery inspection institutions can also give the inspected result to prove if it is real natural Baltic amber. If consumers find that any of the products or certificates is fake, one will receive a full refund.

(2) Brand guarantee

Each piece of amber jewellery from the brand shop is full of purchasing pictures, which fully proves that each amber jewellery is bought from top brand shop in Baltic country. The material of each hand made amber jewellery is made from the raw Baltic amber stone in the Baltic Sea, and the professional jewellery designer is Latvian famous Baltic amber master Georgs Romulis. The company even asks the designer to hold the amber items to take a photo to show the customer who bought this item. Based on these photos, customers can see the amber jewellery designer at the very beginning, which can increase the added value of each amber jewellery attached by this European brand.

(3) Channels guarantee

The purchasing process is transparent in the whole process. Each amber jewellery is purchased in Latvia, a Baltic country, and directly posted to

⁵ www.prove.lv

China. The shop assistant also takes photos of each amber jewellery in the shop, packs in nice boxes and posts to each customer in China. There are complete pictures of shop purchasing and post shipping, as well as videos. After the product is posted, the tracking number is existing, so the customers can check the original posting place and path of the package at any time and date. In addition, after the purchase of each amber jewellery, the most famous buildings in the old town of Riga, Latvia (all the unique buildings in the world) will be used as the background for photos and videos too. Each unique and famous building in Riga as background in the photos can strictly prove each Baltic amber jewellery is bought in Latvia.

Therefore, as the marketing manager of Georgs Romulis /Amber with Soul Baltic amber shop, he hopes that each consumer who is interested in Baltic amber can be more vigilant, and everyone should be responsible for the authenticity of their personal jewellery. Thus, the scientific method to distinguish the authenticity of Baltic amber is the first step of choosing an ideal Baltic amber jewellery. Figure 4 below is a logical process for Baltic amber jewellery purchasing. This process represents each step that consumers need to go through from understanding Baltic amber to the final purchase. Is a scientific and perfect purchase process.

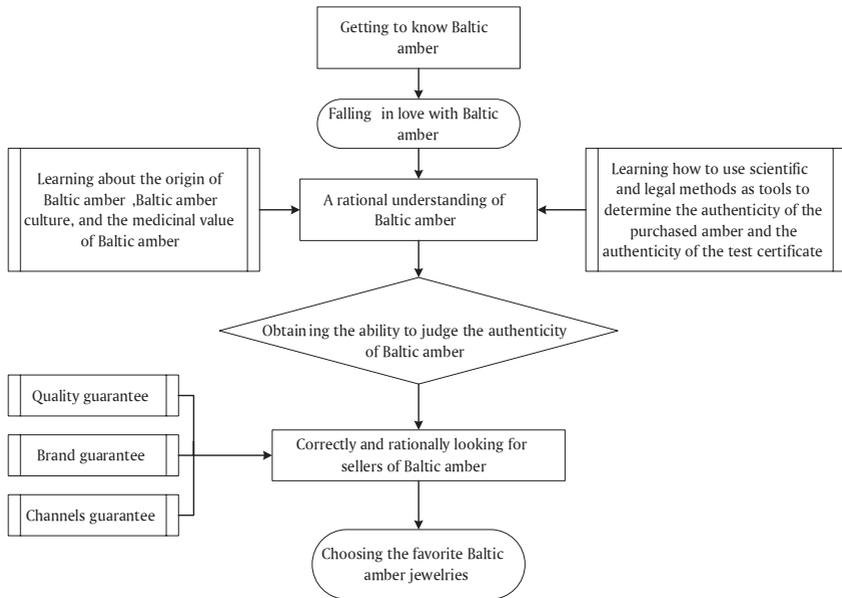


Figure 4. The procedures of scientific purchase of Baltic Amber

Source: Created by the author

In the marketing innovation design, customers who bought the amber jewellery are asked to be more personalised by saying the customer's name and wishing the customer good luck from the shop assistant in the video. The personalised wish also can be made according to customers' own requirements. By these short videos customers can make sure that each Baltic amber jewellery from the brand is 100 % from the original place of Baltic culture. They also can feel Baltic amber will spread positive energy to themselves through this purchasing. Some customers buy the products as birthday gifts. The shop assistants also wish happy birthday to them in Chinese in the short video. So this video will spread a good wish to the customer from Latvia.

Innovative Marketing Volume Change of Georgs Romulis /Amber with Soul after Applying the Douyin-WeChat Network Marketing Model

As the marketing manager of Georgs Romulis /Amber with Soul Baltic amber jewellery brand, the author calculated the amount of sold amber jewellery items as shown in the Figure 5 below.

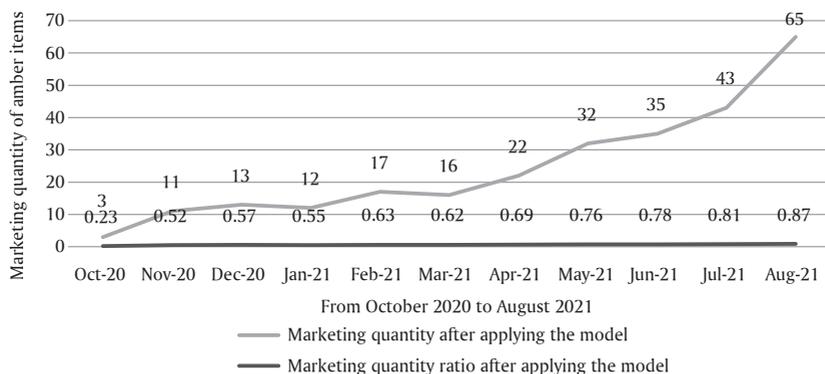


Figure 5. The marketing changes after the application of Douyin-WeChat Network Marketing Model

Source: Created by the author

By the data, it is obvious to see that after the application of this model, the sales volume of the store (only the transaction volume of customers obtained through the model) increases in each month, from 3 items in October 2020 to 65 items in August 2021. The proportion of sales through model application in total sales is also increasing, from 23 % in October 2020 to 65 % in August 2021. It can be seen that the original amounts of previous customers are not enough to support the rapid growth of

the store achievement, and this model can bring rapid growth of marketing achievement. Because of the epidemic, there are almost no tourists in Latvia at present, plus the local people basically do not buy amber. Therefore, this sales model has become the main way of sales in the store.

Conclusions

This article only takes Georgs Romulis /Amber with Soul Baltic amber jewellery brand as the research subject and observe the change of marketing performance after using Douyin-WeChat Network Marketing Model. In fact, this method is also suitable for other Baltic amber brand online sales. The innovative marketing research based on this model developed by WeChat and Douyin will certainly bring increased marketing achievements to the Baltic Amber industry under the epidemic time. Since this innovative marketing method has produced a certain effect, the author believes that cross-border Baltic amber jewellery marketing applied by this way will be an effective method to be adopted.

- (1) The essence of this article is the proposal of Douyin-WeChat Network Marketing Model. This model is based on the characteristics of the Amber jewellery market in China. Therefore, it has the basis of practical operation. To sum up, it is to find potential target customers through Douyin platform, make potential customers become Douyin account followers, and turn followers who are interested in the products of the store into WeChat friends. Finally, some WeChat friends will become customers. The Baltic amber market is so chaotic that fake products can easily confuse consumers. Therefore, the model proposed by the author combines the advantages of Douyin and WeChat platforms, which can not only efficiently find target customers, but also effectively communicate scientific purchasing concepts to customers.
- (2) This model has a strong innovation in the marketing of Baltic amber jewellery. Many sellers on Douyin platform sell Baltic amber directly through livestreaming and direct selling. But most of these sellers of amber or jewellery exaggerate too much about their products quality and price, so consumers are not able to ask for the proofs of product information given by the sellers. Therefore, their marketing method will largely mislead potential consumers. However, WeChat is used in this model to send scientific buying suggestions to customers, so customers can quickly have a perceptual and rational understanding of Baltic Amber through reading these scientific buying suggestions before buying. After the potential customers from WeChat friends have a rational understanding, the final turnover rate can highly be improved.

- (3) This article is based on a large number of online marketing scientific literature, which can be applied into practical methodology. It is easy to be used in the process of looking for potential customers. There are a lot of commercial promotion activities on Douyin, but these promotion activities are not free and some even cost a big amount of money. Some can help the account get more followers, some can help the work of each video get more likes, and some can help the account get more views. But these commercial promotions are only auxiliary, which only can achieve a certain advertising effect. By these paid commercial promotion activities probably the shop Douyin account will gain lots of followers in a short time, but it doesn't mean the marketing efficiency will be high enough. Since the marketing managers will never know which followers will eventually become customers, they still have to spend the same amount of time communicating and spreading the idea of scientific buying to each potential customer. Therefore, the model proposed by the author can effectively obtain the final customers with a high probability through the Douyin and WeChat platforms.
- (4) This model also has many limitations. For example, Douyin must be downloaded by the Chinese version, and only the Chinese version of Douyin (Not Tiktok) can openly reach the potential target customers of Baltic Amber in the Chinese market. Also the WeChat payment function needs to be bound to Chinese bank accounts, and the payment can only be done in Chinese RMB. In addition, when looking for potential target customers, the account user should prefer look for target consumers from the public list of other Baltic amber sellers. If there will be no public list of target potential customers, then the Douyin account user can look for potential customers in the comments from other amber sellers. However, due to the huge potential of the Chinese market and the increasing number of Douyin users year by year, many people who do not like Baltic Amber can also become potential customers. Therefore, using this model into the marketing work only takes a few minutes per day for Douyin account users to get the basis of customers. So in the marketing of amber jewellery in the store, the method provided by this model is innovative, practical and efficient.

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NEW TENDENCIES IN OPERATIONAL RISK MANAGEMENT IN BANKS: CHALLENGES AND OPPORTUNITIES

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Abstract

The importance of operational risk management in the bank increases every year. Banks need to take actions to prevent fraudulent activities, minimize errors in transactions, automate processes and improve data security. Ignoring operational risk procedures or failure to implement suitable control mechanisms could lead to unexpected losses, unsatisfied customers, and potentially regulatory sanctions, all of which could seriously harm bank's reputation in a highly competitive market. A specific focus is on payments and security transactions, as they are linked to the biggest risks. Any regulatory driven project failure or IT project failure in the bank, insufficient project governance, failed implementation of a new system or failure in external data sources can lead to even bigger losses. After a review of the Basel Framework and the new set of standards of the upcoming changes to take effect as of 2023, the aim of this article is to elucidate the changes related to operational risk capital in banks and to ascertain the weakest points in operational risk management. Therefore, this topic is timely relevant, as the aim of the research is to manifest the possible changes withing operational risk management in banks, by gathering and analysing empirical evidence. This article is based on academic research and professional experience. The methods used in the research are comparison, generalization and graphical illustration of statistical information, identification of the main idea of regulatory frameworks and legal documentation. The main results and findings of the research are that banks will need to rethink the strategies of their capital management and this article emphasizes the importance of a redesigned approach towards operational risk assessment in Basel III and substantiates the efficiency of the proposed framework. With Basel III, each loss may cause more challenges, as will be considered twice, as the direct impact on profit/loss and direct impact on future operational risk capital. Another finding is that the biggest amounts of losses are related to corporate items events and according

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to the static data taken from ORX membership community, top five monthly losses are far from normal distribution. Important finding was that most of the banks were not prepared for COVID-19-pandemic and had to review operational risk procedures immediately to secure their business in working from home environment, meaning that gap in operational risk management existed already before COVID-19-pandemic.

Key words: bank operational risk, operational risk management.

Introduction

Operational risk plays a meaningful role in any field, for instance, mechanical failure in the shipping industry, a mistake in medicine, a human error in engineering, an incorrect decision in law and economics, as human factors may result in a process failure, losses or even person's death.

Although operational risk is not a new area of research, the meaning of the definition has raised concerns about operational risk management, and its official definition was proposed by Basel II in 2001, stating that it is "the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events". Furthermore, banks are heavily affected by the mandatory regulations of the Basel Framework. Even though Basel III became effective in 2019, some important elements such as the revised operational risk framework should be implemented by 2023.

To form operational risk capital, banks need to analyse their operational risk appetite. Legal aspects of operational risk are recorded in the Basel Accords, which require banks to calculate minimum operational risk capital using different approaches.

The aim of this article is to shed light on the changes within the Basel framework, as operational risk capital in banks must be calculated using the Revised Standardized Approach (RSA) for operational risk, also called the Standardised Measurement Approach (SMA). All banks are required to use only this approach, which factors in historical operational risk losses as well as business indicator components (BIS, 2019).

Thus, the main research questions posed in this study are the following: *To examine the changes related to the regulations, why are there changes in the regulation and what are the main factors impacting operational risk capital? The effect and challenges of operational risk management and the impact on operational risk capital after these changes. What are the riskiest processes in banks and how to minimize the biggest losses?* The study findings are expected to contribute to ascertaining general gaps of operational risk management and could be used for further evidence to highlight the importance of operational risk management in banks, as well as the necessity of long-term planning of operational risk capital, establishing control procedures and timely collected data for the incident losses in the past.

Literature review

To conduct the assessment of the topic presented, the authors used different sources for the literature review. This article is developed by using theoretical, scientific and specialized articles from academic journals, O.R.X. member reports, European and international legal documents and working papers, Basel Committee on Banking Supervision regulatory frameworks and reports, European Central Banks reports, UK Financial Services Authority reports, Latvian Central bank's reports.

The existing literature emphasizes the relationships between operational risk management and operational risk capital. Earlier work, including Harmantzis F. (2003) and Froot T. (2003) provided critical aspects of operational risk management frameworks and the necessity of adequate risk capital in banks. Andersen (2011) pointed out that operational risk factors played a significant role in the financial crisis 2007/2008, claiming that the ignorance of operational risk management in banks resulted in poorly documented loans contributing to erroneous assessment of borrowers' creditworthiness. Warren Buffett (1993) claimed that risk comes from not knowing what you're doing. This supports Andersen et.al. claim that managers of financial institutions should examine thoroughly their products and understand all the different risks related to their business. De Johgh E. and de Jongh D. (2013) explored capital adequacy for operational risk and concluded that guideline for Advanced Measurement Approach for calculating capital allocation should be improved, even though considerable progress has already been made (BCBS, 2011). Cristea, M.-A (2021) in her studies concluded that the basic indicator method was mainly utilized for the assessment of the minimum capital requirement for operational risks in 2018. At the same time during her studies a continuous increase in the percentage of the use of the standardized approach and advanced measurement approach were discovered. Muhtaseb, H. and Eleyan, D. (2021) studies indicate that in the banking sector the most related to operational risk management are the financial-statement analysis, product profitability analysis and total quality management, confirming that monitoring and reporting of findings to the management is essential. Erzurumlu, Y. O. and Avci, G. (2021) provided evidence from Turkey that supported previous statement, that these two factors are the most important in the internal governance of banks: organization of the internal governance mechanisms, meaning structured controls and monitoring, and sufficient reporting to senior-level management in banks that secure that banks' products and processes are transparent for shareholders.

Xu Y., Tan T.F. and Netessine, S. (2021) studied how workload affects banks' operational risk event occurrence. They found out that due to high workload employees are making more standard mistakes, as they

are multitasking, however due to low workload employees tend to make performance-seeking risks. Afterwards they concluded that recruiting flexible personnel can considerably diminish the number of operational risk events by 3.2 %–10 %. This can be achieved by allowing employees to be flexible in their working responsibilities, for example, switching their business lines or changing branches within the same organization on a quarterly basis. Other observations indicate that frequency of operational risk events increased significantly with bank complexity (Chernobai, A., Ozdagli, A., Wang, J. (2021), meaning the activities of banks outside the traditional business of banking, here evidence from U.S. bank holding companies. The authors followed interpretation of term complexity provided by the Bank for International Settlements (BIS) and the Federal Reserve (BCBS, 2014). The results showed that larger complexity increases operational risk not only in banks' nonbanking business lines, but also in their core banking business line. Their experiments are strong by the fact that they are possible to replicate, and their findings are robust to an extensive array of tests. One of the operational risk management challenges is to assess the value of the maximum potential losses. Saputra, M.P.A., Sukono and Chaerani, D (2022) in their studies estimated the maximum potential loss for digital banking transactions using EVaR method. Through the simulation of the loss data for operational risk, they found out the threshold value and got the extreme data value. Afterwards, they used a Kolmogorov–Smirnov test to estimate GPD parameter, generalized Pareto distribution (GPD) method. EVaR was calculated based on portfolio approach to achieve a group of risk values as maximum potential losses. The results of their studies showed that the maximum potential loss is with a 95 % confidence level. Thus, mitigation of operational risk in digital banking is evident. Banks need to pay extra attention to digital banking transactions and reserve funds for potential losses, otherwise banks may face a collapse in unforeseen situations such as a global financial crisis that can happen at any time. Therefore, for risk mitigation activities the potential for maximum loss is an important concern. Much work on the operational risk management methodology has been carried out, yet there are still some critical issues which need to be resolved.

Methodology

The methods used in the research are literature review of empirical studies, comparison, generalization and graphical illustration of statistical information, identification of the main idea of regulatory frameworks and legal documentation. Descriptive statistics is used to analyse the data.

Research results and discussion

The next subsections of this article will present the aim of operational risk in the bank, the purpose of operational risk capital and the key challenges of operational risk management.

Operational risk in banks

In the traditional approach in the financial industry, three fundamental risk categories are defined: credit risk, liquidity risk and market risk. These risks can be divided into six types: systematic or market risk, credit risk, counterparty risk, liquidity risk, operational risk, and legal risk (Santomeo, 1997). In the banking sector, the attention to operational risk has been paid since the late 1990s after such popular cases, when fraud cases led to the bankruptcy of Barings bank and 1 billion USD losses for Daiwas Bank.

Operational risk history commenced in 1998, when the Basel Committee formed a working group that interviewed major banks on the operational risk topic, for instance, internal controls, measurements, procedures, etc. It released a paper on operational risk management based on the survey results, indicating the importance of the development of framework for operational risk. Mr. William J. McDonough, Chairman of the Basle Committee and President of the Federal Reserve Bank of New York, in press releases if the Basle Committee pointed out that “the Basel Committee intends to continue monitoring developments in this area of risk management and encourages banks to share with their supervisors the development of new techniques to identify, measure, manage and control operational risk”. The shortcomings of the survey discussions were grouped in five categories: Management Oversight; Risk Measurement, Monitoring and Management Information Systems; Policies and Procedures; Internal Controls; and View of Possible Role for Supervisors. This raises many questions, e.g., whether financial institutions estimate their operational risk exposure with quantitative measurements.

As pointed out by Froot (2003), operational risk can trigger liquidity and systemic risk in the financial sector. He claimed that this is the consequence of hedging market and credit risk through asset securitization. The gap in operational risk measurement is limited data availability. Other observations indicate that financial institutions are not eager to share sensitive operational loss data. This would also support Jorion’s (2006) conclusion that the source of uncertainty lies inside the organization, and this led to the hypothesis that operational risk is a result of inadequate control inside the organization. Thus, operational risk cannot be ignored in banks, and, according to Zeissler and Metrick (2014), in the “London Whale” case, it points to the shortage of other risk management areas.

In 2001, the Basel Committee on Banking Supervision defined operational risk as a separate category in the Working Paper on the Regulatory Treatment of Operational Risk as follows: “the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events” (Basel II). For internal procedures, banks can adopt their own operational risk definition considering their individual complexity of processes and the severity of operational losses.

Traditionally, risk has been assessed by measuring the *probability of incident* and *consequences*, namely the impact of the incident. In order to identify *consequences*, the authors analysed the data on the operational risk losses from 81 ORX banking members. The data collected from the ORX banking loss reports (Figure 1) indicate that operational loss as a percentage of income has decreased since 2015, probably, banks started to invest more funds in preventive actions and risk mitigation activities, however, the average size of an operational risk event (gross loss) has increased, and it was the largest annual average for the past 4 years in 2020. According to the ORX podcast, the largest losses in 2021 were related to frauds; for instance, Thodex lost 2000 million USD due to internal fraud and ABN AMRO – 575 million USD due to a wrong AML risk classification procedure.

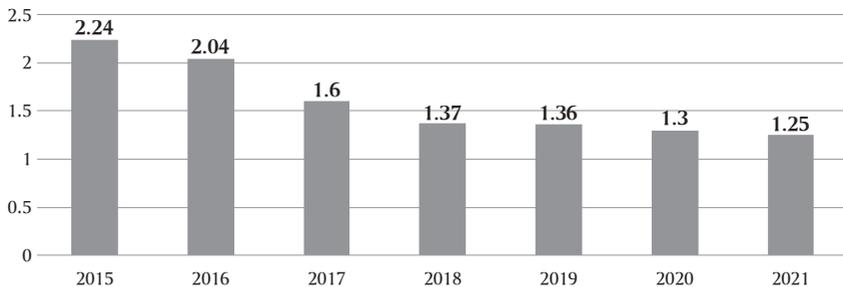


Figure 1. Operational loss to income ratio of ORX international members

Source: Author’s reconstruction of Banking Loss Report 2015–2021 (ORX, 2022)

Most operational losses are due to errors in transaction processing (Harmantzis, 2003). The Figure 2 below demonstrates total gross loss submitted for each event type in 2020 compared to the average across the previous five years. Execution, Delivery & Process management has in general highest losses, 6.5 billion were paid by ORX members only in 2020. Firstly, such losses result from a human error, meaning that everybody can make a mistake everywhere in manual transaction processing. To illustrate this point, let us consider a mistake in the amount or currency made by the employee. To correct the mistake, to return the transaction,

and to pay for currency conversion losses, this cost money for the bank and time for the client. Secondly, the absence or ignorance of properly documented procedures, also called manuals or work instructions, can also lead to the failure of the process. Thirdly, the implementation of control mechanisms in the processes is the key activity for these kinds of mistakes, but it is not always supported by management due to the lack of resources, for example, duality (the four-eyes principle). According to the Annual salary of sustainability analysts in banking operational risk in London in 2018 yearly salary for operational risk manager was 115000 GBP. On the one hand, it takes extra time, employees, and work; on the other hand, these are loss prevention activities for the future. Thus, proper process management is a key to success in operational risk management.

Another topic is external fraud events, according to data gathered from the same source, external fraud is 2 billion EUR higher in 2020 than the average for 2015–2019. Taking into consideration the COVID-19-pandemic, most of the banks were not prepared for this situation and had to improvise how to secure their business in working from home environment. Therefore, cybersecurity and operational risk management for the banks became top priority for the things to re-evaluate. Based on the existing experience, already now banks are reviewing their business continuity plans and crisis management strategies. There was an extreme drop of losses in 2020 in Client, Product & Business Practices. It can be explained again by COVID-19-pandemic, as banks were not focusing on new clients or building new business products, rather than maintaining existing production and rebuilding their ways of working remotely.

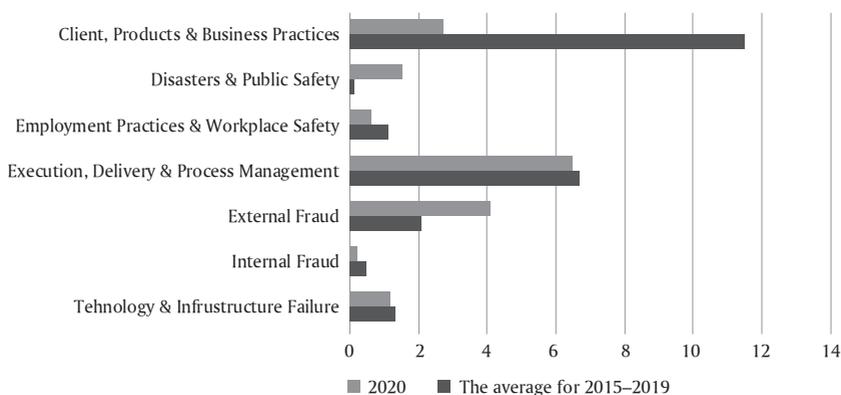


Figure 2. Total gross loss submitted for each event type in 2020 compared to the average across the previous five years (billions, EUR)

Source: Author's reconstruction of Banking Loss Report 2015–2020 (ORX, 2022)

Importance of Operational Risk Management in banks

Operational risk management is the practice of establishing and maintaining the internal controls, reducing errors, meaning, to minimize risks and to avoid losses in the future. It is not a new practice; furthermore, it is widely used not only in banking, but also in the financial industry in general. However, if compared to the management of credit and market risk principles, operational risk management is relatively new. Back in the days, banks improved their internal control mechanisms, complemented by the audit function, to manage operational risk. Nowadays, operational risk is managed within business units, and banks have adapted their organizational structures to manage operational risk in a more effective way. Even though business units are responsible for implementing control within their processes, a separate operational risk department of the bank, as the second line of defence, usually supervises control frameworks. Everything that reduces the probability, or the severity of a loss is a risk mitigation activity and thus is a control (Wernz, 2020). When calculating probability, also called frequency, banks need to evaluate historical data of their incidents and predict probability only based on this data. Unfortunately, as it was mentioned in a lot of sources, not all the banks own and maintain such kind of data or lack its accuracy. The next issue is to calculate the severity or impact of the failure in the process. The calculation of the severity helps managers assess the possible business impact in their processes. When the severity rate is high, managers will see which processes or process steps in their departments can lead to major losses and reputational impact as well. To calculate the impact, banks need to evaluate each process, analyse each step in the process, investigate all the deviations in the process, also analyse other risks that can impact operational risk, for example changes in regulations. For example, changes in payment infrastructure regulated by the central bank. In this case, banks need to adapt systems, processes, and educate people.

Figure 3 illustrates data gathered from 72 monthly ORX Top five largest loss events reports. Table 1 shows descriptive statistics of top 5 monthly losses of ORX members from period 2016 till 2021. The authors analysed 360 incidents, that are top 5 monthly for 6 years.

Three biggest losses happened in China, USD 11.9 billion in March 2018, when former Anbang Insurance chairman embezzles CNY 75.25 billion in illegally raised funds and insurance premium income. In February 2016 there was a loss of USD 7.57 billion for Ezubao, China's largest online financing business, where 21 employees have been arrested under accusations of having defrauded approximately 900,000 investors of CNY 50 billion. In April 2016 Zhongjin Capital Management's owner and at least 20 other people have been arrested following allegations that they illegally raised

around CNY 34 billion in a Ponzi-like scheme between July 2012 and January 2016. All these cases are “Internal Theft & Fraud” event types.

The positive skewness 8.70 with a positive excess kurtosis 93,57 is far from normal distribution, meaning that every year there is a month when the number of amounts observed is a lot higher than average. In July 2020 Deutsche Bank was fined USD 150 million for compliance failures over Epstein, FBME and Danske. It happened in Private banking and event type was classified as Improper Business or Market Practices. The drop in 2021, these are Thodex and ABN Ambro bank cases explained in the previous subsection. Also, the higher the standard deviation, the more spread out the data, in this case 898, the smallest top monthly loss was in February 2021 when BNL vaults were accessed by thieves who had stolen around EUR 1 million by disabling alarm system.

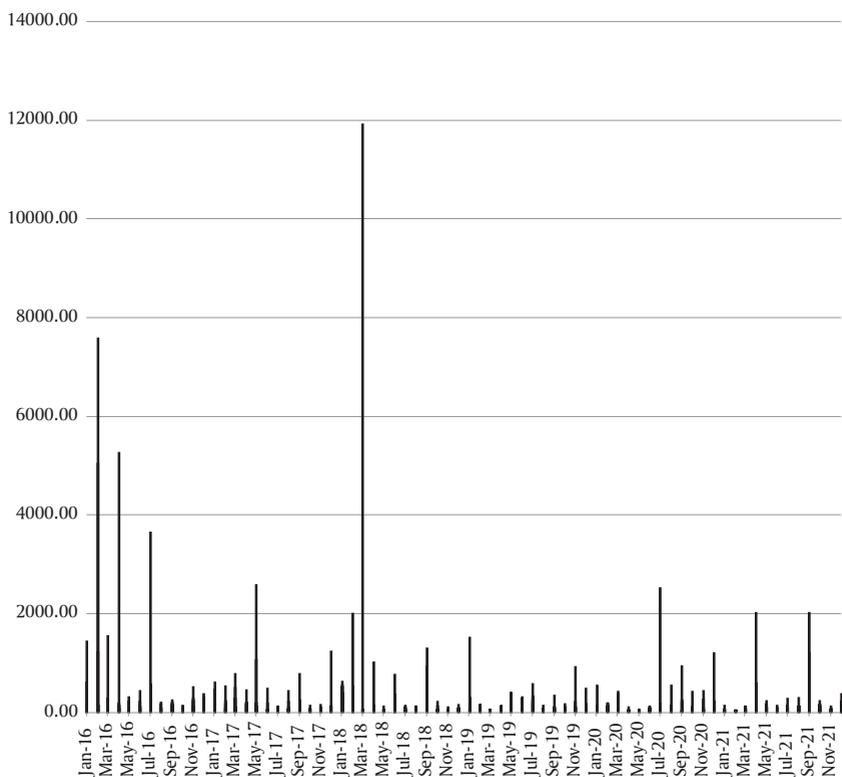


Figure 3. Top 5 monthly losses (millions, USD)

Source: Author's reconstruction of Top five largest loss events Monthly reports 2016–2021 (ORX, 2022)

Table 1. Descriptive statistics of Top 5 monthly losses (millions, USD)

Median	98.65
Mode	100
Standard Deviation	898.4051405
Sample Variance	807131.7965
Kurtosis	93.57083732
Skewness	8.707459764
Range	11898.8
Minimum	1.2
Maximum	11900
Sum	107692.79
Count	360
Confidence Level (95.0 %)	93.11843619

Source: Author’s reconstruction of Top five largest loss events Monthly reports 2016–2021 (ORX, 2022)

The pie chart, Figure 4, shows proportion of losses divided by business line for all 360 incidents, explained above. The underlying trend is obvious, global markets and corporate items events are around 50 % (22.11 % and 27.80 %) from the whole number of losses. From numbers of incidents perspective, the percentage of such events is not so high, global markets are 12 % and corporate items are 3%, meaning that if incident happens it will be quite expensive for the bank. One of the corporate items examples happened in Romania in March 2016, USD 197 million losses, Astra Asigurari’s former CEO has been blamed for causing RON 800 million in damages by illegally lending company money to other firms he owned.

The global market event example is Société Générale incident that happened in Libya in May 2017. Libyan Investment Authority claimed the bank had secured USD 2.1 billion of trades as part of a “fraudulent and corrupt scheme” involving the alleged payment of USD 58.5 million of bribes, and Société Générale paid EUR 963 million to settle a lawsuit. All the cases described are due to improper business, market practices or frauds. According to PwC’s Global Economic Crime and Fraud Survey 2022, economic crime had reached its highest level and remained relatively stable since 2018. PwC claims that 46 % of reported companies has experienced fraud, corruption or other economic crimes in the last year. Barclays bank in their press release are pointing out that during COVID-19-pandemic the “Fraud Triangle” have been present, or three factors that can urge an

employee to commit fraud: new opportunity, strong money motivation and capacity to rationalize their behaviour (Carpenter, 2022). Working from home with a newly adapted security systems or without adequate oversight and control was normal practice in the beginning of COVID-19-pandemic. Management can not see what employees are doing, which systems are using, therefore it is difficult to detect suspicious behaviour. Regarding motivation of money different sources are supporting Barclays in their statement about general financial pressure under crisis.

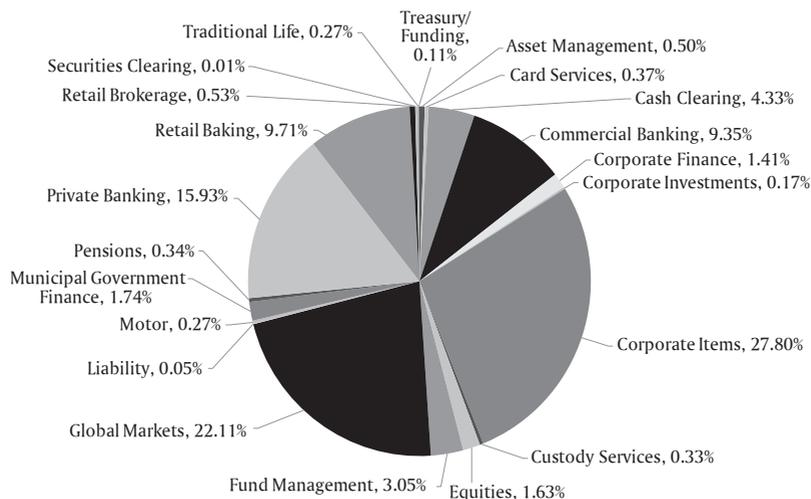


Figure 4. Top 5 monthly losses % by business line

Source: Author's reconstruction of Top five largest loss events Monthly reports from 2016–2021 (ORX, 2022)

With Basel III, operational risk controls are even more substantial, as each loss increases operational risk capital charge utilizing mandatory SMA calculations.

Self-Risk Assessment method is one of the feasible tools used by banks for ascertaining and measuring the operational risk. Self-Risk Assessment is usually driven by operational risk departments within all the units in the banks and includes workshops to identify the gaps of the operational risk environment. Checklists and scorecards are used to translate qualitative assessments into quantitative metrics that give a corresponding ranking of different types of operational risk exposures. The Institute of Operational Risk (2010) described the Risk & Control Self-Assessment (RCSA) as an integral component of a company's overall operational risk management framework that shows a sound system of risk management and offered

the framework for effective internal controls review. They claimed that these techniques and disciplines for estimating the risk can be incredibly subjective and difficult to measure. They argued that the use of RCSA as an integral element that contributes to assessing the results of the operational risk capital charge may be incomplete and concluded that operational risk is an empirical more than a mathematical science. The Risk Management Association (BEICF, 2008) noted that for capital estimation purposes, RCSA results are mostly used for a data loss and scenario analysis. For most of the companies the association recommended using the results to estimate the defined amount for the calculation of capital. The Basel Committee points out that the RCSA tool is mainly used for evaluating capital estimation; however, most of the employees in the companies using this tool believe that the main value of the RCSA is managing operational risk and contributing to assessing accurate results.

The UK FSA's Operational Risk Governance Expert Group (2005) observed essential differences that exist between operational risk and other risk types stating that the direct connection between measurement and management is challenging due to the difficulties in assessing accurate positions of the operational risk that a company faces and how to measure these positions. Six years later they also noted the challenges of creating the right awareness in the organizations towards operational risk culture. These initiatives should be driven by senior management in the organization with the focus of investing in resources in operational risk activities across business units, for example, resources for managing operational risk data and proper operational risk trainings across business units.

Key risk indicators (KRI) are crucial data collection to ensure that all potential pitfalls are considered in the organization. Any changes in KPIs must be reconciled with risk management departments in the banks and managers across all the units in the organization.

Importance of operational risk capital in banks

Froot (2003) was among the first to explain the need of operational risk capital as "collateral on call". To secure the fulfilment of the definition and to manifest the importance of Operational risk in banks, Basel II introduced three operational risk capital measurement methodologies, allowing banks to choose among the Basic Indicator Approach (BIA), the Standardised Approach (SA) and the Advanced Measurement Approach (AMA). Tables 2 and 3 indicate that according to ECB Supervisory Banking Statistics, most operational risk exposure amounts are calculated using Standardised Approach, including G-SIBs, that are global systemically important banks, meaning that banks already preparing for the upcoming changes within Basel review framework.

Table 2. Risk exposures composition by classification

Operational risk exposure amount, Q4 2021. Composition by classification (size), (EUR billions)	Total assets				G-SIBs	Total
	Less than €30 billion	Between than €30 billion	Between €100 billion	More than €200 billion		
Operational risk exposure under BIA	5.04	21.97	10.67	12.76	5.41	55.85
Operational risk exposure under TSA/ASA	7.9	58.96	43.99	145.54	127.66	384.05
Operational risk exposure under AMA	0.82	4.94	16.55	98.03	262.07	382.41
Operational risk exposure amount total	13.76	85.87	71.21	256.33	395.14	822.31

Source: Author's reconstruction, ECB Supervisory Banking Statistics Fourth quarter 2021

Table 3. Risk exposures composition by classification

Operational risk exposure amount, Q1 2022. composition by classification (size), (EUR billions)	Total assets				G-SIBs	Total
	Less than €30 billion	Between than €30 billion	Between €100 billion	More than €200 billion		
Operational risk exposure under BIA	4.22	19.44	10.68	16.03	5.66	56.03
Operational risk exposure under TSA/ASA	7.25	63.76	39.87	151.63	130.55	393.06
Operational risk exposure under AMA	0.78	5.02	19	100.42	257.27	382.49
Operational risk exposure amount total	12.25	88.22	69.55	268.08	393.48	831.58

Source: Author's reconstruction, ECB Supervisory Banking Statistics First quarter 2022

The new Basel III standards introduced in 2017 are gradual changes, where paragraph 644 replaces with 683 of the Basel II framework, prohibiting

the previous operational risk capital measurement methodologies. As a result, all the banks are required to use the Standardised Measurement Approach (SMA), which factors in historical operational risk losses as well as business indicator components (BIC). Essentially, Operational risk capital is ILM (Internal Loss Multiplier) x BIC. No other methodologies are permitted under Basel III as of 2023, as coming in force to the full extend. A Business indicator component (BIC) is a function of income and balance sheet, namely, it is a 3-year average sum of interest, leases, dividend, services, and financial components. ILM (Internal Loss Multiplier) is a factor that is based on a bank's average historical losses for the past 10 years. It means that banks are highly motivated to plan strategically operational risk capital as well as to improve operational risk management in a cost-effective manner to avoid bigger losses, as losses will stay in calculations for 10 years. With Basel III, each loss causes double challenges, as the direct impact on profit/loss and direct impact on future operational risk capital as losses will remain in the history of the bank and, therefore, will increase operational risk capital for many years. The biggest challenge of the changes is the refusal of internal models. The requirements for operational risk capital using internal models are less, therefore, these changes contribute to the increase of operational risk weights in the capital of the bank.

Figure 5 illustrates operational risk capital to income ratio of ORX international members. Average percentage in US is 29 and Europe 13.93, the reason for such difference can be commented that American banks estimations towards operational risk are stricter and they started to work with operational risk management much earlier. ORX members from US are Bank of America, BNY Mellon, State Street and other large companies.

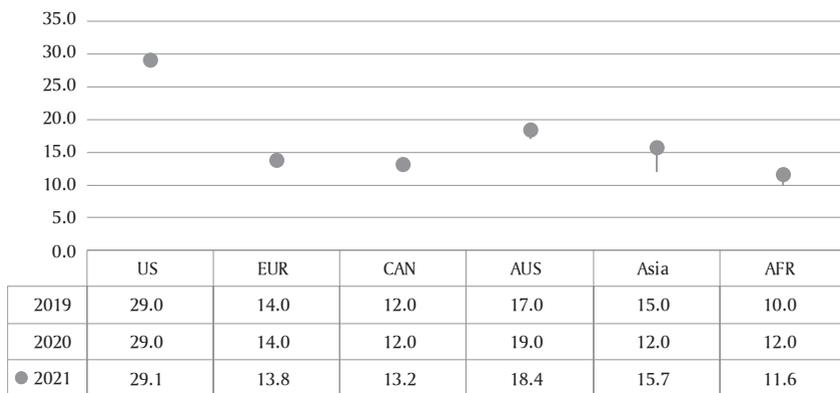


Figure 5. Operational risk capital to income ratio of ORX international members

Source: Author's reconstruction of Banking Loss Report 2015–2021 (ORX, 2022)

Figure 6 shows that in Austria operational risk exposure amount in average from 2015 till 2022 was 11 % of total risk exposure amounts. There is an increase in operational risk amount with low standard deviation 2.08. Maximum value was in September 2017, EUR 34.153 billion were spent for operational risk. The positive skewness 0.56 meaning that every year there is a month when the number of amounts observed is a lot higher than average and distributions with negative excess kurtosis -0.79 means the distribution produces fewer extreme outliers from the normal distribution (Table 4).

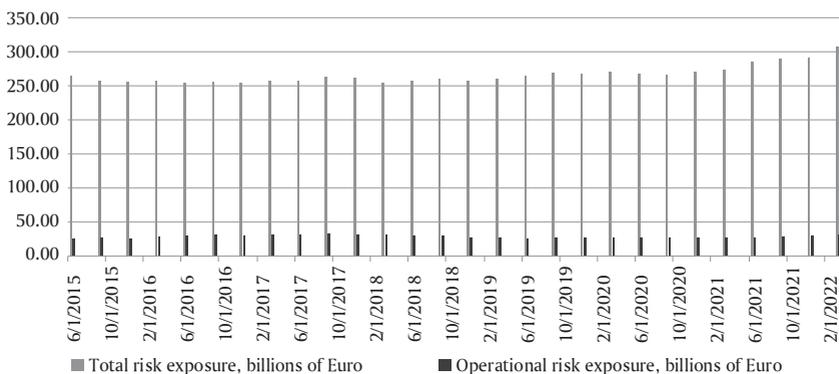


Figure 6. Total risk exposure amount and operational risk exposure amount, Austria, Billions of Euros

Source: Author's reconstruction, Supervisory Banking Statistics, ECB (2015–2022)

Table 4. Descriptive statistics of Operational risk exposure amount, Austria, Billions of Euros

Mean	29.36021481
Standard Error	0.400239376
Median	28.5341
Standard Deviation	2.079704805
Sample Variance	4.325172075
Kurtosis	- 0.79913122
Skewness	0.563583374
Range	7.3281
Minimum	26.8251
Maximum	34.1532
Sum	792.7258

Source: Author's reconstruction, Supervisory Banking Statistics, ECB (2015–2022)

According to Latvian bank statistics, total risk exposure amount for operational risk in Latvia for Q4 2021 was 961,020 thousand of euro. Operational risk capital requirements of total capital requirements average in 2021 was 10.47 %, in Austria it was 11.01. The largest risk exposure amounts for operational risk Latvia in 2021 had Swedbank, 298.769 thousand euros and Citadele banka 146,960 thousand euros quarterly.

Conclusions

This article has argued for the challenges within operational risk management in banks related to the regulatory changes in operational risk capital. Several findings have emerged as a result of the study.

First, this study has identified that with Basel III each loss causes double challenges, as the direct impact on profit/loss and also on future operational risk capital, as losses will remain in the history of the bank for many years.

The second finding has showed that even though loss percentage of income is decreasing, banks are still investing more funds in operational risk capital. Also, interesting fact that US banks are investing almost twice more money to operational risk capital than European.

The third finding was related to Top five monthly losses across ORX members. The biggest amounts of losses are related to corporate items events and the positive skewness 8.70 with a positive excess kurtosis 93.57 is far from normal distribution.

Another finding was that most of the banks were not prepared for COVID-19-pandemic and had to review operational risk procedures immediately to secure their business in working from home environment.

The results of this study indicate that an efficient way of operational risk assessment is to set up a framework for regularly monitoring and registering the frequency, severity, and other applicable information on individual loss events.

These findings suggest that identifying and addressing these shortcomings can significantly reduce the potential frequency and/or severity of a loss event immediately.

The research has also shown that an effective controlling process is crucial for successfully managing the operational risk, but at the same time it is expensive. However, a tremendous number of banking transactions can increase several operational errors that can cover higher costs to diminish the consequences.

Much work on the potential of the improvement of operational risk management has been carried out, yet there are still some critical issues which need to be resolved, calculating the severity of the process.

Further research should be carried out to establish a model for calculating severity of the processes. This would be a fruitful area for further work. The study findings are contributing to assessing general gaps of operational risk management and operational risk capital. This article provides comprehensive overview of the topic and will be used for further research within operational risk.

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CONSTRUCTION OF THE WOMAN'S IMAGE IN THE LIFESTYLE MAGAZINE "LILIT" (2019–2021)¹

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Abstract

The aim of the research "Construction of the woman's image in the lifestyle magazine "Lilit" (2019–2021)" is to reveal the methods used to construct the image of a modern Latvian woman in the interviews of the lifestyle magazine "Lilit" in the period from 2019 to 2021. The magazine is published in Latvia, intended for a female audience and written in Latvian. The article examines the influence of feminism in the portrayal of women in the media, the history of the development of the Latvian woman's image and women's image in terms of beauty. The narrative of the interviews, the ideas of feminism and photos of the interviews are analysed, as well as the visual image of a woman is compared in the narratives and photos of the interviews. The research methods used in the article are narrative analysis and the analysis of photography proposed by Roland Barthes.

Keywords: Latvia, female intellectual, gender, beauty, narrative, portrait photography, cultural feminism.

Introduction

The magazine, in which the researched interviews were issued, has been published in Latvian since 2005 and releases monthly interviews with well-known, successful and inspiring Latvian women. Ten interviews published between 2019 and 2021 were analysed in detail, focusing on the construction of an image that characterizes an intellectually and artistically creative woman engaged in writing (eight out of ten women are book authors, the other two have published smaller articles, reviews, interviews, etc. in print media). The considered time period was chosen with the purpose of revealing current trends in the creation of a woman's image, not yet knowing that this main trend could be slowed down or changed by lifestyle adjustments dictated by the Covid-19 pandemic.

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Based on the typology in a diachronic aspect used by Victoria Smeyukha (*Виктория Вячеславовна Смеюха*) in the work "Domestic women's magazines: historical and typological aspect", in the typology of Latvian women's magazines "Lilit" ranks among the literary social magazines. "Lilit" magazine positions itself as a lifestyle magazine for women, emphasizing in its self-promotion that Lilita was the first woman created by God. She was too independent and self-confident, so she left paradise.³

The understanding of media theory is mainly based on the work "Gender and the media" by Rosalinda Gill. Umberto Eco's studies are mainly used to actualize the concept of beauty. The analysis of photography mainly uses the approach of Roland Barthes, which he demonstrates in the book "*Camera Lucida: Reflections on Photography*", to look at the photographs in correlation with the visual image of the woman constructed in the text of the interview.

Feminism and the image of women in women's magazines

Lifestyle magazines for women are a means of mass information that has become an integral part of modern women's life. Here, "lifestyle" is understood as a set of habits of an individual, manifested in the use of goods and services, spending free time and forming social relationships. As Rosalinda Gill emphasizes, women's magazines chooses a form of communication that allows readers to be treated as equals, simulating the conversations of girlfriends. Magazines are oriented towards what women have in common as female representatives (Gill, 2007, 182–183). The self description of "Lilit" magazine highlights the characteristic of women's magazines mentioned by R. Gill: "A magazine that, like a good friend, shares its experience about relationships, fashion and beauty care, but does not insist that there is only one right way" (Lilita).

Women's magazines are a powerful tool for searching, creating, reflecting, and maintaining a woman's identity. Considering the fact that the content of the magazine is created as a search and reflection of women's values, it can also be seen as a representative of the ideology of femininity. "Femininity" is a complex of physical, mental, and behavioural characteristics that include stereotypical views of women's personal characteristics, appearance, comportment, clothing, hobbies, interests, and professional endeavours. It is a historical construct that summarizes normative attitudes and ideas about what a woman should be in a particular society and era (Cimdiņa, Šroma 2017, 68–69).

³ [Lilita]. (n. d.). Our magazines. *Lilita.lv*. Available: <http://www.lilita.lv/lv/musu-zurnali/> [accessed 24.04.2021].

Based on the approaches of describing feminine and feminist text proposed by Elizabeth Grosz in the work “Space, Time, and Perversion”, the researched magazine “Lilit” can be classified as both – feminine and feminist. This is indicated by the gender of the authors of the articles and interviews, who are women. The content of the magazine is based on women’s interests, useful advices and life stories of different women. Accordingly, the magazine’s audience is mostly women. The magazine itself defines its target audience as follows: “Lilit is a magazine for a woman who is not afraid to live: experiment, venture, win and make mistakes” (Lilita).

Since the 1990s of the 20th century, interest in celebrities has been growing, as a result, women’s magazines began to publish celebrity life stories more often, as well as stories about their marriages and sexual relationships. As the beauty industry evolves, it emphasizes the importance of feeling satisfied and beautiful in one’s body, as well as women’s own ability to develop self-confidence and control over their lives. There is also an emphasis on the abilities of women as activists and good organizers both at work and at home. The prevailing opinion is that a woman is capable of being a full-fledged employee, taking care of children, hosting parties at home, tending the garden and planning the interior of the house, etc. at the same time (Gill 2007, 184). Consequently, the side effects of female overload come into view, as well as the related “double burden” concept that appeared in feminist theory in the 70s of the 20th century (Cimdiņa, Šroma 2017, 54). Despite the “double burden”, most women are proud of their new role in society, taking on new responsibilities and not giving up the ones they already have.

In magazines aimed at a female audience, femininity is represented as fickle, its maintenance requires constant vigilance, starting with the body and external image, ending with the construction of oneself and one’s identity (Gill 2007, 211). “Lilit” appeals to a woman whose world is not limited to the wishes and needs of others, who loves herself, does not spare time and means to please herself (Lilita). It can be considered that the image of a woman described in “Lilit” is feminist, in the sense that it emphasizes a woman’s own ability to develop self-confidence and love for herself.

Woman and beauty

Western thinking has been characterized by the attachment to gender, as well as separation of mind and body. Man is attributed with mind, culture as well as theoretical and rational thinking ability, and woman – with body, nature, emotions, matter and experience (Cimdiņa, Šroma 2017, 39). Despite the efforts of feminism to position the female body as the space of a woman’s own identity, society still tends to perceive it as an object of desire.

Umberto Eco's book "History of Beauty" describes Saint Isidore's (*Isidorus Hispalensis*) opinion that different parts of the human body have practical uses, while others are intended only for ornament, beauty and attractiveness. Distinguishing between the useful and the beautiful, Saint Isidore proposed to see the female body as the facade of a building. Just as facade decorations enhance the beauty of a building, the body also appears beautiful because it has its natural (navel, gums, eyebrows, breasts) and artificial (clothing, jewellery) decorations (Eko 2009, 111). Clothes, hairstyles and accessories not only indicate gender identity, they also construct it. Traditional folk culture represents gender, age and social class wearing traditions of clothing and accessories. For example, in Latvia, young girls wore flower crowns, married women wore headscarves, *aubes*, *mices*, *galvautus* (different types of traditional head coverings). Men wore trousers, and women wore *brunčus* or *lindrakus* (traditional skirt names) (Cimdiņa, Šroma 2017, 90).

U. Eko sees an inseparable connection between the perception of beauty and good in human consciousness. He believes that we use the adjective *beautiful* to refer to what we like (Eko 2009, 8). Despite the fact that a person can subjectively determine the beautiful on an intuitive level, philosophers have long tried to explain the phenomenon of beauty. Socrates (*Σωκράτης*) and Plato (*Πλάτων*) addressed the theoretical explanation of beauty in Ancient Greece. Two of the most important concepts of beauty that were developed over the centuries arose from Plato's views. The first is beauty as the harmony and proportion of parts. The second is beauty as brilliance. Plato separated beauty from its physical carrier, so it is not attracted to an object perceived by the senses, but spreads its brilliance everywhere (Eko 2009, 48). In this aspect, human "beauty" is contrasted with the brilliance of "divine" beauty. According to Ella Buceniece, one of the authors of modernism who pointed out the connection between beauty and the essence of a woman is Georg Simmel. He believed that a woman should be beautiful and by the term "beautiful" he understood a harmonious unit of internal and external relations (Buceniece 2015, 258–259).

Friedrich Wilhelm Nietzsche saw a contradiction in beauty. According to him, the beautiful is the ideal, which we would not know without its opposite – the ugly. He also found contradictions in the definitions of "beauty" by various philosophers. F. Nietzsche discovered that Immanuel Kant defined the beautiful as that which pleases disinterestedly, contrary to Stendhal's statement that the beautiful "promises" happiness and excites the will and interest (Nīče 2005, 158–160). This contradiction could be explained by the fact that Kant and Stendhal are talking about different beauties and their own subjective reaction to, for example, a beautiful woman.

U. Eko also claims that beauty has never been and never will be absolute and unchanging. He emphasizes that an important role in a person's image is played not only by his body, but also by character and qualities of the soul, which are perceived not with the physical eye, but with the eyes of the mind (Eko 2009, 41). Both R. Gilla and U. Eko claim that beauty means not only the attractiveness of the external image, but also the inner beauty. Nowadays, it is the mass media that most widely play different standards of beauty.

The women interviewed

When creating a woman's image in the mass media, it is determined whether her visual image meets the standards of beauty, whether her personal life is fulfilled, whether she has achieved something in her career, whether she can be called a "successful woman" (Damean, 2006, 89–94), that is, whether she is worthy of attention as raw material for creating the imaginary structure. However, the lifestyle magazine "Lilit" offers interviews with Latvian women who are ready to be honest with themselves and their readers, to share their life experiences in order to educate and inspire other women.

Looking at the interviews of "Lilit" magazine, it can be seen that they are based on the interpretation of the interviewee's life story. A life story is a specific narrative that contains personal life experiences, and it is believed that by telling stories about one's life, a person creates their narrative identity (Pipare [n. d.]).

The intellectual and artistic self-expression of the women writers interviewed in Lilit magazine is quite versatile. Ieva Melgalve (1981) – writer and translator, author of several books, who says the following about herself: "Writing is one of the ways I think and communicate with the world from an early age." (Literatura.lv [n. d.]) Alise Zariņa (1987) is a movie director who publishes articles in the cultural and independent thought internet magazine "satori.lv", she is also the author of the collection of poems "Papjemaše" (2009). Art scholar and curator Inga Šteimane (1965) is the author of the monograph "Jānis Viņķelis" (2003) and co-author of several other monographs on art and artists. Writer and translator Baiba Zīle (1974) – author of several books, writes both in Latvian and English; also published under the pseudonyms Anna Kravicka and Barbara Sea. Journalist and theatre critic Henrieta Verhoustinska (1973) – author of several articles, interviews and reviews. Ten of them are interviews and articles published in "Lilit" magazine in the period from 2011 to 2017. Zane Zusta (1982) – journalist, author of children's books, head of the publishing house "Ucipuci". The children's story "Ucipuci domā ārpus kastēs" (Ucipuci thinks

outside the box, 2017) was nominated for the "Latvian Literary Award 2017" in the "Best Original Literary Work for Children" category. Writer Maija Pohodneva (1973) – author of several books, as well as film director and screenwriter. M. Pohodneva works in such genres as thrillers, crime novels and detective novels. Ramona Indriksone (1958) – writer, also published under the pseudonym Luīze Briede. In the book "Pāris metru zem ūdens" (A couple of meters under the water, 2019) she introduces herself "as a brave author who does not shy away from talking about the dark side of life openly, without exaggeration and with a deep understanding of complex situations and characters" (Literatura.lv [n. d.]), Zane Enīņa (1977) – traveller and blogger, her adventures on the trip across South America, Easter Island and Antarctica, collected in the first book "Nekaunīgais pingvīns" (Cheeky Penguin, 2020), followed by her second book "Uz Aļasku un atpakaļ" (To Alaska and back, 2022). Playwright Justīne Kļava (1990) – her original plays and dramatizations have been staged in major Latvian theatres, for has repeatedly received the "Spēlmaņu nakts" (Gambler's Night – the annual nomination of Latvia's best productions, established in 1993) awards for her plays.

In order to understand the image construction principles of the women interviewed by "Lilit", attention was paid to what themes and life episodes appear in their narratives. In four interviews, the narrator uses the third person to introduce the reader to the main character, and in six – wants to be present and uses the first person. The introduction has an important place in the composition of the interviews. It is like a portrait sketch of the woman being interviewed, a description of her profession and her achievements so far, often highlighting other aspects of her life as well. For example, I. Melgalve is announced as a mother of three children who writes books for children.

The use of the first person in the introduction of H. Verhoustinska's interview is confirmed by the pronoun *mani* (me), but in the introduction of I. Melgalve, the first person is expressed in the description of the circumstances of the interview. "Meeting on a rainy day. Drinking wine, eating zucchini pancakes." (Viģante 2019, 7) Also it reveals the environment and time. I. Melgalve's interview takes place on a rainy day, in the station cafe. A different mood develops in the conversation with B. Zīle, which takes place on a sunny day. The reader is already informed that in a few hours B. Zīle will board a plane to Frankfurt, where she works and lives. In the introduction of B. Zīle's interview, it is revealed that her book about weight loss "Rausītis un Karma" (2019) will be of great importance in the conversation, while in A. Zariņa's interview, the accent will be placed on feminism that permeates her life and profession.

The introduction is followed by a question-and-answer conversation between two women. The narrative takes place in three tenses – past,

present and future. The past is connected to the narrative of the life story, the present – to beliefs and the future to goals, hopes and dreams. The narrative composition and thematic orientation of the interviews are similar. Each interview contains questions about the interviewee's life: childhood, parents, school and study years, creative impulses, choice of profession, work and achievements, relationships with men, love, marriage, children, beauty and other visual image issues.

The interviews of H. Verhoustinska, Z. Eniņa and I. Melgalve begin with the question of their character traits, documenting also the peculiarities of the everyday conversational language of modern Latvians, a sample of especially uncensored lexicon, where traces of Russian and English appear. I. Melgalve admits her lack of sophistication, she explains that the use of slang is a conscious decision. Examples include the Russian slang words *hуйня* (*хуйня* – bullshit), *davai* (*давай* – let's), *грапонка* (*граненка* – faceted glass) and English words used in Latvian language conversation – *šainī* (shiny), *hepī* (happy) etc. I. Melgalve uses even the English-Russian compound *superkruta* (super, *крута* – cool) (Vīgante 2019, 14). On the other hand, Z. Eniņa reveals that he suffers from character traits that are considered Latvian – a high sense of responsibility, eternal running, busyness and overload, which forced Zane to radically change her life: “That crazy run stopped one day eight years ago, when on a straight path from a work meeting, I was taken to the hospital by ambulance. It turned out to be a ruptured lung. [...] It is said that shortly before death, people regret that they lived the life that others expected of them, and not the one that they would have wanted. I had the same feeling.” (Rudzinska, 2021, 4)

The interviews of I. Melgalve, J. Kļava and Z. Zusta are based on questions of career development. On the other hand, the interview with Z. Eniņa does not have the plot guidelines characteristic of “Lilit” interviews, the entire interview is about the journey of Z. Eniņa's soul and body to “find herself anew”. “Every person's life path is different, and that's great. If someone feels happy living in the countryside and, for example, taking care of cattle – all respect, really! [...] But another wants to sit in a fancy office in Riga and work only by the computer. [...] One wants a family, one doesn't – please! That's why we're interesting – because we're different,” Z. Eniņa shares her thoughts. (Rudzinska 2021, 9)

The questions at the end of the interview are not chosen randomly, each of them tells some generalization about the woman being interviewed. I. Šteimane's narrative forms a ring-shaped composition. As a child, she wanted to be a musician, but life turned in a different direction. At the end of the interview, the interviewer asks if I. Šteimane still plays the piano. To which Inga replies: “Recently I surprised my sister's son. We played together. But I can live without it. From this I conclude that the choice was

made correctly." (Vīgante 2020, 11) This realization forces the reader to reflect on her life choices. The interviews with B. Zīle and A. Zariņa ends with a question about relationships with men. In B. Zīle's case question is about love, but A. Zariņa's – respect. A. Zariņa claims that men need to be more involved in the feminist discourse, so that they treat women more respectfully and, accordingly, earn a more respectful attitude towards themselves (Burve-Rozīte, 2019, 27).

In the interviews with the writers, there are also advertising elements of their texts. At the end of M. Pohodneva's interview a 2-page fragment is offered from her book "Kaķu vārdotāja" (Cat's charmer, 2020). The interview with Z. Zusta also ends with a 1-page fragment from her book "Aiz durvīm" (Behind the door, 2019). In the end of the interview the journalist asks a question, whether the author sees the book's heroine Emma in herself, to which the writer replies: "Emma and I have a lot in common, but we are also different, because I will always fight until the end for what is important to me." (Rudzinska 2019b, 23) A similar construction is also formed in R. Indriksone's interview. The writer is familiar with the interviewer Dace Vīgante, they both met at the Literārā akadēmija (Literary Academy is a program, which implements projects related to the development of professional skills of writers). The women start the conversation about Ramona's pseudonym use and ends it with the writer's revelation: "Now when I write, it feels as if I have met myself from deep inside." (Vīgante 2021b, 21)

The interviews document significant facts about the world of thoughts and mental life of contemporary Latvian women writers, the personalities mentioned in the interviews have directly or indirectly influenced the formation of their personalities. The following Latvian cultural figures appear in the life stories of the interviewed women: Silvija Radzobe (1950–2020), Nora Ikstena (1969), Valentīna Freimane (1922–2018), Lilija Dzene (1929–2010), Normunds Naumanis (1962–2014), Dita Rietuma (1967), Ieva Melgalve (1981), Aivars Eipurs (1956), Dace Rukšāne (1969), Zigmunds Skujiņš (1926–2022), Mirdza Ķempe (1907–1974) Regīna Ezera (1930–2002). The names of foreign authors are also mentioned – Fyodor Dostoevsky (*Фёдор Михайлович Достоевский*, 1921–1881), William Shakespeare (1564–1616), Honoré de Balzac (1799–1850), Arkady and Boris Strugacki (*Аркадий Натанович Стругацкий*, 1925–1991; *Борис Натанович Стругацкий*, 1933–2012), Herbert George Wells (1866–1946), Ernest Miller Hemingway (1899–1961), Knut Hamsun (1859–1952), Henrik Johan Ibsen (1828–1906), Anton Chekhov (*Антон Павлович Чехов*, 1860–1904), Erich Maria Remarque (1898–1970). Some literary works are also mentioned – "Zaļā zeme" (1945) by Andrejs Upītis (1877–1970), "Don Quixote" (*El ingenioso hidalgo don Quijote*

de la Mancha; 1605, 1615) by Miguel de Cervantes Saavedra (1547–1616) and “A Streetcar Named Desire” (1947) by Tennessee Williams (1911–1938).

Feminist ideas revealed in the narratives

Magazine interviews, similar to post-feminism, respect each woman's individual choices in career and family life. If the introduction of I. Melgalve's interview mentions that she is a mother of three children, then A. Zariņa, who does not have children, reveals in her interview: “I sometimes think with admiration for women – she also has three children, when can she handle everything!?” (Burve-Rozīte, 2019, 27) She explains that a woman can combine a successful career with raising children, but it is a “double burden” that a modern woman can choose to carry or not.

Not all women whose lives and beliefs have been influenced by feminism call themselves feminists. The reason for this could be the internal contradictions of feminism, as well as the public's perception of the concept such as feminism itself. Society often sees feminists as representatives of radical feminism, although the ideas of liberal feminism may be the most widely represented in Latvia. Liberal feminism advocates women's personal and political autonomy and freedom of choice. Similar to the issue of children – despite the fact that a part of society still puts pressure on a woman in matters of reproduction, a woman has the right to make this decision herself.

Feminist values play an important role in the narrative of A. Zariņa's interview, informing and educating on issues of gender equality. She thinks that countries where equality is a value led to mental well-being and fight against the cultivation of gender stereotypes. She asks the cameramen to film the female and male bodies with the same attitude, without leaning towards the eroticism of the female body. In the division of labour, who will light the fire and who will cut the vegetables, she stands for freedom of choice, not division of labour by gender (Burve-Rozīte, 2019, 27). Feminism, which A. Zariņa talks about in the interview, is based on mutual respect between the genders and freedom of choice.

The interviewer asks H. Verhoustinska in which of the book worlds she would like to live in if she had the choice. She answers that she finds the second half of the 19th century the most interesting, with the development of science, the beginning of psychoanalysis and the ideas of women's equality. She also fondly mentions the women's dresses of the time (Rudzinska 2020, 6).

In the life of J. Kļava, her grandmother plays a significant role, the prototype of which appears in the play “Dāmas” (Ladies, 2016). Justine reveals: “Grandma didn't see the play. But it was on purpose, I didn't want

her to feel bad in any way. [...] I knew my Grandma very well and I know that it was difficult for her to see the reflection of her personality. The way she imagined herself, was not how the family members experienced her in life. [...] She knew, of course, about the play, and very often repeated how proud she was. Her mother was illiterate, so the fact that her granddaughter became a writer – meant a lot.” (Vīgante 2021a, 7) Laura Robinson through Charles Cooley’s concept of “mirroring the self” explains the influence of people on the construction of the self. She argues that people’s self-esteem lies in the perception that is formed from how we think society judges us. In this process, an individual enters the mind of another individual with the help of imagination and sees himself from the outside. It is an opportunity to see how a given individual’s appearance, mannerisms, deeds, character and goals are perceived (Robinson 2007, 9). Often this mirroring is just an illusion we choose to live in. J. Kļava does not reveal what the grandmother’s illusion about herself was, but notes that the play itself has feminist orientations: “Considering that this women’s topic – third-wave feminism – is generally relevant in the world now, I hope you will be interested in a play.” (Vīgante 2021a, 7)

In the interview, M. Pohodņeva philosophizes about women’s roles, which are assigned from childhood. Fearing condemnation, a woman accepts them without understanding either about herself or the roles. “A woman can live her whole life in an unsuccessful marriage and fit in – be a good mother, housewife, wife – but at the same time never be fully accepted. It is such a tragic moment when you realize that you have never really been loved, nor accepted, only fit in,” says Maija. (Rudzinska 2020b, 13)

On the term “femininity” Z. Eniņa writes as follows: “Now I am on the way to femininity. Never before have I been particularly attracted to all these external things – dresses, colours and beads. [...] Of course, femininity is not so much an appearance, but a set of inner feelings that I am still learning.” (Rudzinska 2021, 11) The path to femininity is different for every woman, the end point is also not clear, because modern women tend to perceive the term “femininity” in different ways. There is no unified view of this term in modern feminist literary and cultural theory either.

Visual image of a woman in interview photos

As previously noted, the body and external appearance still play an important role in the construction of the female gender identity (Gilla 2007, 199). In the interview, both types of perception are satisfied – sight with an image and mind with a text. Focusing on the relationship between the both – R. Barts pays special attention to the press photograph to which the text is attached. The text, connoting with the image, accelerates

the perception of the message. He argues that press photographs are part of some larger arrangement in which these elements work together (Barts 2006, 168–169). This article explores this collaboration by drawing parallels between the interviewee's appearance in the photographs and their view of their visual image, as well as their understanding of beauty in general. It is important to realize that a photograph includes not only the person being photographed, but also the photographer's vision. The third point of view also appears in the magazine photography – the magazine's intention regarding the visual material of the interview. In the last work of R. Barta's life "Camera lucida" (1980) there is a rejection of the semiotic analysis of photography. R. Barta is driven by the desire to find something in photography that everyone can see. Therefore, in the work "Camera lucida", R. Barts does not define photography, but describes it, because he does not want to create a theory of the image. The structure of a photograph, being in a group of multi-layered objects, will always bring with its referent – what it represents (Barts 2006, 14–16). In this article, only those interview photos, that were taken in specially organized photo sessions for interview purposes, are considered. There are ten photoshoots and the photos from each photoshoot will be analysed according to the following criteria: gender of the photographer, number of photos, location, colour, overall mood, pose and mimicry of the referent.

Looking at all ten interview photo sessions, it can be concluded that in nine out of ten photo sessions, the photographer was a woman. The reason for this could be the way in which the photographer constructs the image of a woman, emphasizing those visual gender characteristics of the representative that correspond to the policy of the magazine. The average number of photos in an interview is four. Photo sessions take place in both photo studios and outdoors, however, most photos are taken in photo studios. The poses tend to vary, but one thing is the same for almost all women – a frontal portrait, most often supplemented with a wide smile. The overall mood of the photo session harmoniously forms a relationship with the text of the interview. The style, tonality and mood of the photos of each interview are determined not only by the concept of the magazine, the personality of the interviewee, the style of the particular photographer, but also the time in which the photos were taken. The interviews that took place before the pandemic, in 2019, are bright and colourful – on the covers of magazines and in the cover pictures of interviews, women smile with wide smiles. With the beginning of the restrictions caused by the pandemic in Latvia, the photos of the 2020 interviews remain less bright and in the cover photos the women smile with a light smile in which you can't see their teeth, or they don't smile at all. Same smile trend can be observed in the photos of the 2021 interviews.

Visual image appearance in interview texts

In the interview, the statement is made that many women want to lose weight, whether or not they need it. B. Zīle is announced as a woman who not only focused on reducing her body weight, but also wrote the book "Rausītis un Karma" about it, which is an open diary about the author's slimming experience and practice of "body positive" philosophy. "Body positive" is a social movement whose goals are to create an equal attitude towards bodies of different sizes, genders and races. "No matter how we preach the *I'm fat, therefore beautiful* philosophy, I see many people with serious health problems caused by being overweight," [emphasis in original] (Rudzinska 2019a, 10) B. Zīle tells the interviewer. She started her slimming journey because she didn't feel good about her body and wanted to wear the clothes that no longer fit her. B. Zīle claims that men are not one of the reasons for losing weight. She believes, "If a woman feels good in her body, if there's a sparkle in her eyes, she'll be *wanted*." [emphasis in original] (Ibid.). Body shape doesn't matter as long as a woman feels good in that body.

I. Melgalve, when asked about how important appearance is to her, chooses to talk directly about her body. She talks about the thoughts that often hit her: "I look terrible, I'm fat and so on." (Vīgante 2019, 12) She attributes weight loss to healthy eating and exercise. As reasons for losing weight, she cites: dissatisfaction with her appearance, the desire to wear again the clothes she likes. The writer admits that she is now so strong in her body that she can lift and carry considerably heavy things to the fifth floor. She quips, "I look at all those slim girls who are what I want to look like, those beautiful, slim arms, and I think, oh man, what are they going to do when they have to lift a water bottle?" (Ibid.) Despite being dissatisfied with her body contours, I. Melgalve also sees positive power in her body. She finds that using cosmetics does not change her attitude towards herself as a more or less beautiful woman. While planning the photo session, I. Melgalve had the idea to take pictures with and without makeup. The caption to the photos in which she is seen without makeup makes think about how we perceive the relationship between the use of makeup and a woman's beauty: "How important is it for Ieva to have makeup? Is it important for Ieva or for those around her? Existential questions of our time. So important and actually so unimportant." [emphasis in original] (Ibid., 10)

H. Verhoustinska, unlike B. Zīle and I. Melgalve, does not talk about her body in terms of slimming, but in terms of aging. H. Verhoustinska hosts the program "Kultūrdeva" (Cultural dose) on Latvian television, therefore makeup artists, hairdressers and stylists make sure that she matches the image of a woman-presenter established by television. She says that

the stylist department is responsible for her beauty on the television and they manage to make her sleepless face and imperfect contours acceptable. Also, the high-heeled shoes in which H. Verhoustinska is seen hosting the program are not her choice, but the stylist's. She puts on these shoes only when she sits down in the presenter's chair. Although H. Verhoustinska is concerned about the aging process of her skin, she does not consider interfering with it with skin tightening or filler injections. She doesn't judge women who have made this decision, but she finds it scary what women are willing to do to prevent the effects of aging. H. Verhoustinska reveals that the attention of men is a secondary importance in her life, although she has never lacked this attention. She is more worried about how she hosted the show than how she looked on the show.

A. Zarina's interview introduction describes her visual image as colourful – pink tights, a pink backpack and a short dress. The relationship between her visual image and feminist views is explained as follows: "Feminism does not stand against the lifestyle and style traditionally considered feminine, but for the right of every woman to choose what to be, how to live and how to realize herself." (Burve-Rozīte, 2019, 17) She herself does not consider her dressing style to be feminist because she does not have pants in her wardrobe. Despite this statement, in the photographs of the interview, A. Zariņa is represented in pantsuits and leggings (as known, masculine-style costumes are the characteristic that comes from feminists of the 1930s). She says that hair colouring is an internal battle with herself. Being colourful is a challenge, because it often creates resistance, not only attracts attention.

In the introduction to I. Šteimane's interview, it is written that the conversation took place before the stagnation caused by Covid-19, but the photo session was in compliance with the contact restrictions established in the country. The journalist explains that this interview is like a peculiar turning point at a time when we have become a little different. Šteimane is described as follows: "Behind the painterly exterior, which could have been created by the brush of a Flemish old master, lies the missionary's faith in the living artistic process and the beauty of relationships." (Vīgante 2020, 4) Interview photos taken in a photo studio are monochrome. The background and clothes are matched to the colour of I. Šteimane's hair. In the opening photo, she stands straight with a direct gaze, this pose generally considered archaic (Barts, 2006, 127). Unlike the previous interviews where could see a lot of smiling pictures, in this interview there are none. Can assume that this is the result of the pandemic conditions. Hair is the only element of I. Šteimane's visual image that she has chosen to talk about in an interview, however, she prefers to talk about philosophical topics. I. Šteimane reveals that she is moved by beauty: "I am

emotionally very responsive when I feel the beauty of the relationships – it can be in an art exhibition, literature or people.” (Vīgante 2020, 11)

Z. Eniņa talks about her body in terms of health and the level at which it functions so that she can live. At the beginning of the interview, Z. Eniņa was called true, fragile and strong at the same time, feminine and cherishable, as well as an absolutely real woman. This feeling permeates the interview photos as well. Dressed in earth tones, with light makeup, without unnecessary accessories, natural movements and a light smile – this the way how she talks about finding her mental and physical path to herself.

“Then I meet Maija – a gorgeous, rich Venus – and I thought, what would Rubens or Michelangelo give for the opportunity to paint or mould her into a sculpture,” (Rudzinska 2020b, 13) writes interviewer Kristīne Rudzinska at the beginning of the interview with M. Pohodņeva. M. Pohodņeva’s the comparison with Venus is a reference to what U. Eco writes about in his works, saying that the standards of beauty have differed from each other in different periods of time (Eko 2009, 418). The beauty that Maija possesses would be highly appreciated in the circles of baroque painters and sculptors, but in the modern world, Maija feels differently. The interviewer asks why the heroine of the book calls herself a “fat girl”, to which she receives the answer: “Well, she doesn’t think very highly of herself.” (Rudzinska 2020b, 13) The prototype of the heroine of the book is the author herself, so this conversation, which is apparently about the book, is also about the attitude of the writer herself.

M. Pohodņeva talks about the norms and stereotypes accepted by the family and society, which young women have to face on a daily basis. She also mentions women’s desire to please a man, which is caused by the fear of being alone and unloved. “There are people for whom external appearance is very important – to look good,” (Ibid., 15) says M. Pohodņeva and adds that these people are often unhappy, but still maintain their image, because the visual image seems more important than inner well-being. Her recipe for beauty and femininity is self-acceptance and acceptance of others. The interview is not embellished with photos of the writer. The two interview portraits are laconic and energetically positive. In the photos, you can see Maija’s naturally wavy hair, which does not hide grey hair.

Self-acceptance is an important issue that the interviewer D. Vīgante talks about with R. Indriksone. R. Indrikson’s fear of being unaccepted by appearance comes from childhood. R. Indriksone also touches on the issue of beauty. In her opinion, the beautiful is what cannot be expressed in words: “The wind is blowing, the sun is warm, the waves, the sand is swirling. The tiny units of language are too small to express something so beautiful. Even Einstein couldn’t. Just feel.” (Vīgante 2021, 21)

At the beginning of the interview, J. Kļava is described as an open, energetic, healthy ironic woman who stands out for her sharp mind and direct language. Despite the fact that Justine is a young, beautiful woman, there are no questions in the interview that affect J. Kļava's visual image, femininity or attitude to beauty. In the interview photos, J. Kļava looks self-accepting and enjoying life. Dressed in an oversized knitted sweater with a high collar and a woollen skirt, she speaks of comfort and warmth with her visual image.

The most important insight related to the visual image, which can be found in all the analysed interviews, is related to the acceptance of oneself and one's external appearance at different age stages. It is important for women to feel good about their bodies and find inner peace. Most of the interviewed women have admitted that inner harmony is more important to them than external appearance.

Conclusion

Thanks to the feminist movement, a woman has the opportunity to read magazines in which women interview representatives of their own gender about what it means to be a woman today. The narratives of the interviewed women's life stories reveal what would have been missing without the presence of feminist ideas – a woman's opinion, freedom of choice, education, choice of profession, achievements, etc.

The magazine "Lilit" has a cultural feminism orientation – with the help of interviews, it informs the society and historically documents about existence of the strong and successful Latvian women, creating, although not unambiguous, an image of the 21st centuries creative Latvian woman.

The image of a woman in magazine interviews is constructed in the interaction of a life story and a photo portrait. The plot of the narrative is created by the interviewer, while the fable is created by the interviewee. In addition to the woman's self-image, various characters appear in the interviews – family members and other people who played a significant role in their lives. The interviewed women often referred to the personalities of the literature and theatre industry – writers, poets, literary scholars and theatre critics who have left an impression on the lives of the interviewed women.

Interviews reveal that a woman's self-esteem is related to her body (figure, aging process) and individual style (clothes, shoes, makeup, hairstyle). Although half of the women interviewed by magazine express an unsatisfactory attitude towards their body, the unifying thought in all interviews is that inner self-satisfaction is still more important than outer appearance.

Depending on the situation, the photos attached to the interview can be kept both in a united style, and also revealing the feelings and aspects of the personality of the interviewed woman over a longer period of her life. The style, tonality and mood of the photos of each interview are determined not only by the concept of the magazine, the personality of the woman being interviewed, the style of the particular photographer, but also the time in which the photos were taken. For example, the interviews that took place before the pandemic are brighter, more colourful and happier than after the Covid-19 pandemic started.

Studying the correlation between the photographs and the content of the interviews, it was discovered that the visual image of a woman in the "Lilit" lifestyle magazine is created according to the expressions of the interviewed woman's essence, without claiming to be a reflection of reality. In photo sessions, a makeup artist, hairdresser and stylist work with women, who create their visual image according to the plan, but makeup is used that does not mask the signs of aging – wrinkles. It can be concluded that in the "Lilit" lifestyle magazine, the visual image of a woman is constructed by deliberately beautifying, but not contradicting a woman's true nature and showing respect for her femininity.

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DO HEALTH SELF-EVALUATIONS IN URBAN AND RURAL AREAS IN LATVIA DIFFER?

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Abstract

Health self-evaluations are aspects analysed by researchers world-wide as from self-evaluation depend many aspects of person's feelings, satisfaction with life and motivation for active life. Researchers have identified that often health self-evaluation is better than reality and the person achieves many goals in their life even with not so good health, and there are many cases when the health self-evaluation is good, but reality is much worse. Comparative data analysis on health self-evaluations in EU countries, EEA countries and EU candidate countries are carried out in EU-SILC. The aim of this article is to investigate – do health self-evaluations differ statistically significant by inhabitants of Latvia in urban areas and in rural areas. Research methods applied: scientific publications analysis, analysis of data obtained in EU-SILC survey using different statistical indicators: indicators of descriptive statistics, cross-tabulations, statistical hypotheses test with t-test on equalities of arithmetic means. Results indicate that although the health self-assessment by inhabitants are higher in rural areas in Latvia in comparison with urban health self-assessment by inhabitants, the difference on averages of those evaluations is not statistically different with significance level 0.001.

Keywords: Latvia, health self-assessment; statistical analysis of survey data; urban and rural areas.

Introduction

Health self-evaluations are aspects analysed by researchers world-wide as from self-evaluation depend many aspects of person's feelings, satisfaction with life and motivation for active life. Researchers have identified that often health self-evaluation is better than reality and the person achieves

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many goals in their life even with not so good health, and there are many cases when the health self-evaluation is good, but reality is much worse. Comparative data analysis on health self-evaluations in EU countries, European Economic Area (EEA) countries and EU candidate countries are carried out in EU-SILC. The aim of this article is to investigate – do health self-evaluations differ statistically significant by inhabitants of Latvia in urban areas and in rural areas. Research methods applied: scientific publications analysis, analysis of data obtained in EU-SILC survey (EU Survey of Income and Living Conditions³ anonymised data) using different statistical indicators: indicators of descriptive statistics (indicators of central tendency or location: arithmetic mean, mode, median; indicators of variability – variance, standard deviation, range and standard error of mean; cross-tabulations, statistical hypotheses test with t-test on equalities of arithmetic means on health self-assessment of inhabitants in urban and rural areas in Latvia and finding confidence interval for self-assessment differences with probability 0.95.

Theoretical findings

Researchers world-wide have analysed inhabitant self-evaluations of their health depending from different aspects, of rural-urban evaluations of health self-evaluations depending from definitions (Dorélien, Xu, 2022) and also questions stated and included in the survey and used telephone interviews (Tagseth et al., 2019) as well as other important factors – mode of questions stated, as well as poverty and income level especially in rural areas (Ma et al., 2016), attitude to life and activities physical and social influencing health conditions and health self-assessment in cities of China (Li, 2006), as well as other influential factors like cross-sectoral study in Poland (Doroszkiwicz, 2022) where detailed aspects are raised by researchers and deeply analysed and evaluated. In Brazil (Peixoto et al., 2022; Martins-Silva et al., 2020) researchers have performed deep analysis where several aspects were analysed by different researchers in Brazil evaluating role of rural work with deep and detailed analysis. Researchers in United States of America (Ma et al., 2022) have found several influential factors and innovative methodology which could be taken into consideration also in other countries. Researchers in China (Zhou et al., 2020) have underlined and pointed out several cultural differences influencing also health self-assessment in different territories including importance of internet in rural areas. Researchers in Jordan (Almhdawi et al., 2022) where in their research there are several aspects have to be taken into account. Researchers from

³ Official Statistics Portal of Republic of Latvia (2022). EU-SILC.

Poland have raised several aspects influencing health self-assessment in cities of Poland (Marcinowicz et al., 2022) and researchers have found that differences are noticed for this aspect of health self-assessment in rural areas of Poland (Stelmach et al., 2004). Researchers have concluded that family life and life-style influence health self-assessment in urban and rural areas (Glendinning, 1998). Important aspect is active life (Nowak, 2006) in all age groups and important and researchers have stressed that very influential are daily living aspects (Xu et al., 2019) influencing health self-evaluation of the inhabitants. Researchers have raised several aspects of health inequality in Slovenia (Artnik, Premik, 2001) where the results of the research is corresponding with researcher's findings also in other countries where on great importance is income of the household taking into account cultural differences of inhabitants (Ahmed et al., 2002) – those factors influence health self-assessment.

Empirical Research Results

In Latvia self-assessment of health is evaluated differently by inhabitants which are surveyed in EU-SILC and anonymised survey data are available for deeper analysis. The main statistical indicators of health self-assessment in Latvia are reflected in Table 1.

Table 1. Main indicators of descriptive statistics of overall health self-evaluation in Latvia in 2019

Statistical indicators		Value of statistical indicator
N	Valid	10933
	Missing	0
Mean		2.81
Standard Error of Mean		0.008
Median		3
Mode		3
Standard Deviation		0.858
Variance		0.737
Range		4
Minimum		1
Maximum		5

Source: Authors calculations based on EU-SILC data, evaluation scale 1–5, where 1 – very good; 2 – good; 3 – average; 4 – bad; 5 – very bad

Survey data indicate that the most often health self-evaluation in Latvia was 3 (average) characterised by mode, half of population in Latvia evaluate

health on average (3) or less and half evaluate on 3 or more, characterised by median. Arithmetic mean of the health self-evaluations was 2.81, it means that there is rather big share of inhabitants influencing the value of arithmetic mean. Distribution of health self-evaluations by inhabitants in Latvia is included in table 2.

Table 2. Distribution of overall health self-evaluation in Latvia in 2019

Evaluations	Frequency	Percent	Valid Percent	Cumulative Percent
Very good	321	2.9	2.9	2.9
Good	3943	36.1	36.1	39.0
Average	4561	41.7	41.7	80.7
Bad	1733	15.9	15.9	96.6
Very bad	375	3.4	3.4	100.0
Total	10 933	100.0	100.0	

Source: Authors calculations based on EU-SILC data, evaluation scale 1–5, where 1 – very good; 2 – good; 3 – average; 4 – bad; 5 – very bad

Data indicate that the biggest share of inhabitants (41.7 %) in Latvia assess their health as average and 36.1 % of inhabitants have assessed their health as good. Indicators of confidence interval on health self-assessment are included in Table 3.

Table 3. Confidence interval of arithmetic mean on overall health self-evaluation in Latvia in 2019

Statistical indicators		Statistic	Standard Error
Mean		2.81	0.008
95 % Confidence Interval for Mean	Lower Bound	2.79	
	Upper Bound	2.82	
5 % Trimmed Mean		2.78	
Median		3	
Variance		0.737	
Std. Deviation		0.858	
Minimum		1	
Maximum		5	
Range		4	
Interquartile Range		1	
Skewness		0.426	0.023
Kurtosis		-0.089	0.047

Source: Authors calculations based on EU-SILC data, evaluation scale 1–5, where 1 – very good; 2 – good; 3 – average; 4 – bad; 5 – very bad.

The results of the calculations indicate that the confidence interval for arithmetic mean in health self-assessment by inhabitants in Latvia is between 2.79 and 2.82 (with 0.95 probability).

Table 4. Main statistical indicators on overall health self-evaluation by territories in Latvia in 2019

TERITORY	N	Mean	Standard Deviation	Standard Error Mean
Urban	7259	2.79	0.852	0.010
Rural	3674	2.85	0.869	0.014

Source: Authors calculations based on EU-SILC data, evaluation scale 1–5, where 1 – very good; 2 – good; 3 – average; 4 – bad; 5 – very bad

Table 4 indicates that higher average evaluations are by inhabitants in rural areas, but there are bigger variability of the evaluations. The question is – are those differences in arithmetic means of the evaluations statistically significant? Results of t-test of independent samples are included in Table 5.

Table 5. Main statistical indicators on t-test of equality of means in rural and urban areas on overall health self-evaluation by territories in Latvia in 2019

Levene's Test for Equality of Variances	t-test for Equality of Means								
	Main statistical indicators for hypotheses testing							95 % Confidence Interval of the Difference	
Variance	F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	Lower	Upper
Equal variances assumed	0.222	0.638	-3.241	10931	0.001	-0.056	0.017	-0.090	-0.022
Equal variances not assumed			-3.221	7249.628	0.001	-0.056	0.017	-0.091	-0.022

Source: Authors calculations based on EU-SILC data, evaluation scale 1–5, where 1 – very good; 2 – good; 3 – average; 4 – bad; 5 – very bad

As Table 5 shows, results of testing hypotheses indicate that the differences in evaluations of health self-assessment do not differ statistically significant in urban and rural areas in Latvia (with significance level 0.001) although the average evaluations in rural areas in Latvia are higher than in urban areas.

Conclusions

Academic research results world-wide have indicated that health self-assessment differ by countries, by territories (urban or rural), by cultural and religion differences, by possibility of internet use, but also by attitude to life and active living.

Health self-assessment is important for quality of life, ability to work and involvement in social life of the respective person.

Health self-assessment by inhabitants in Latvia rural and urban areas does not differ statistically significant although the evaluations in rural areas in Latvia are higher than in urban areas.

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