

## **E-EMPORIO**

### ***Increase SMEs export skills through e-learning***

LLP-LdV/TOI/2013/RO/012

#### **WP 2 Research and Analysis**

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## 1. Introduction

The Field Research in Latvia was conducted during the period **26/03/2014 - 7/04/2014**.

A variety of organizations and individuals in Latvia were contacted in order to answer the questions on training about export. In total, 78 SME's staff already exporting abroad as well as self-employed willing to start export activities took part in the research. Out of 78 respondents, 66 were already exporting abroad and 12 – not yet but were willing to. The Figure 1 below.

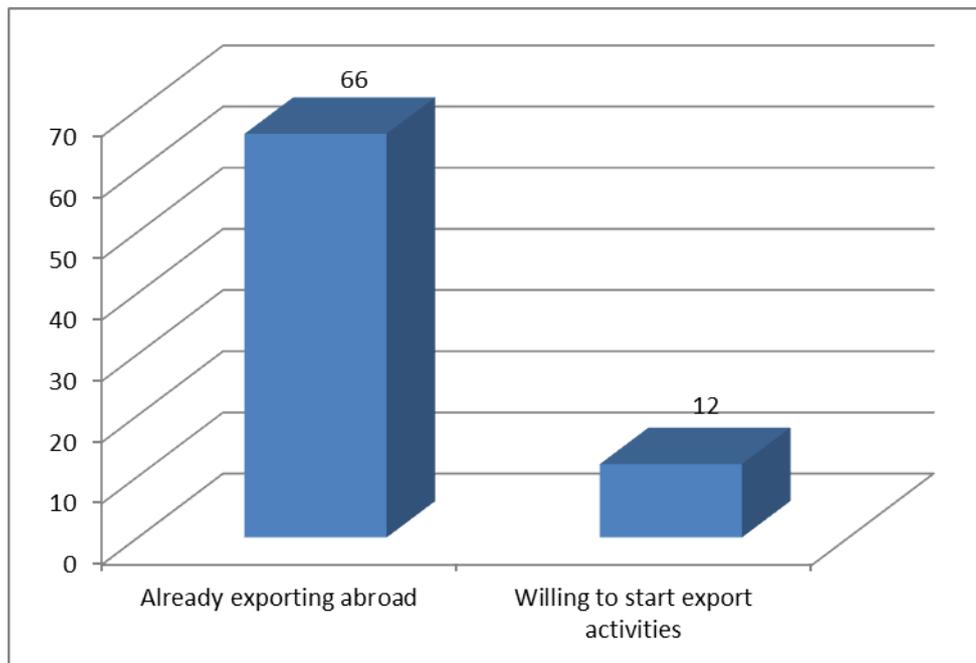


Figure 1: nr. of participants in the field research in Latvia

The method for conducting the research in Latvia was the following: LCCI staff contacted people via e-mails/phone and asked which option for them would be more convenient to answer the survey questions: online survey or in-person meeting. For majority of the respondents, more convenient was filling in the online survey.

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## 2. Characteristics of the sample in Latvia

### Represented sectors/industries of the respondents

In order to diversify the research sample and collect results from representatives from different sectors, the research participants represented the following industries: International trade of food products; consultation services about export; pharmaceuticals/food supplements; media/publishing services; manufacturing of dairy products; production of home interior items and home textiles; advertising agency' services; wholesale of fish products; manufacturing of fiberglass yarns; medical tourism and services; production of construction materials; development & production of measuring equipment for oil industry; wood processing; financial consultations; construction of parts for houses; natural gas distribution stations; production of clothing; engineering services; production of beverages; export of designed chairs; production of furniture; translations; production of metal constructions; production of textile; production of beverages and mineral water; agriculture; product certification services; cement production; IT services; meat production; production of biofuel; production of chemicals; wood packaging, etc. Although the represented industries were very diverse, the most represented industries in the research were the strongest industries in Latvia: food & beverages; metalworking services; wood and consultation services about export.

### Number of employees in respondents' organizations

The average number of employees in the participating organizations was 49, out of which the lowest number of employees was 1 and the highest - 250. The total number of employees in the respondents' organizations was 5 502.

### Number of years of experience in export

The average number of years of experience in export among Latvian companies was 7 years, out of which the shortest period of export activities was 1 year and the longest – 50 years.

### Main regions of export for the Latvian companies

Among regions to which Latvian companies were already exporting were named:

- 1) **Former post-Soviet Union countries: Russia; other Baltic States; Ukraine, Belarus; Uzbekistan; Kazakhstan; Azerbaijan; Georgia.**

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- 2) **Scandinavian countries:** Sweden, Denmark, Finland, Norway.
- 3) **Western countries:** **European Union** (Germany, UK, Ireland), **Switzerland, USA, Canada, Japan, Australia**, etc.
- 4) **Developing countries:** **China, India, African** countries, etc.
- 5) **Other countries:** **Mongolia, Israel**, etc.

Among regions to which Latvian companies would like to start export were named mainly the same regions & countries as mentioned for the already exporting companies: 1) former post-Soviet Union countries, including Russia, Baltic States, Eastern Europe (Ukraine, Belarus), Central Asia and Caucasus; 2) Scandinavian countries; 3) Western countries such as EU, USA, Australia, Japan, etc.

### Main export channels for the Latvian companies

As for the question about the main export channels for the Latvian companies that were already exporting abroad (in total 66 respondents), the statistics was the following: 17 respondents, i.e. 26% of the respondents, chose option “Directly to customers abroad” – 34 respondents (52%); 25 (38%) – “Directly to the wholesalers abroad”; 1 (2%) – “To the national wholesale companies”; 2 (3%) – “To the national original equipment manufacturers”; and 4 (6%) – “Other”. The Figure 2 below.

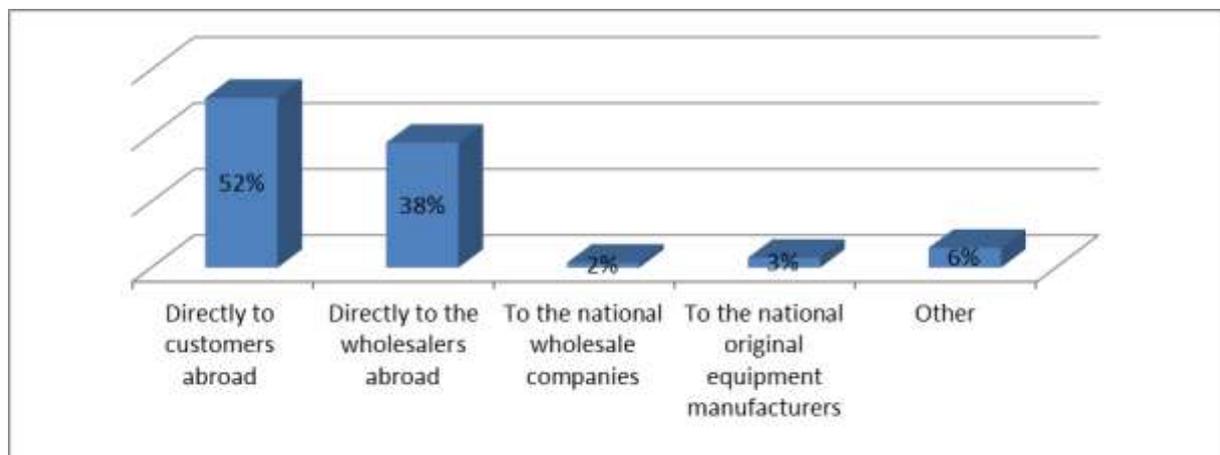


Figure 2: Main export channels for the Latvian companies

### Main barriers for the Latvian companies to enter foreign markets

During the field research, the Latvian companies named the following main barriers for entrance to foreign markets:

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- 1) Legal issues – 6 respondents (8% from all the respondents);
- 2) Language Issues – 3 respondent (4%);
- 3) Lack of financial support – 8 (10%);
- 4) Knowledge of the foreign market – 19 (24%);
- 5) Lack of foreign export skills among SMEs staff – 39 (50%);
- 6) Other (registration issues; time; no barriers) – 3 (4%). Figure 3 below.

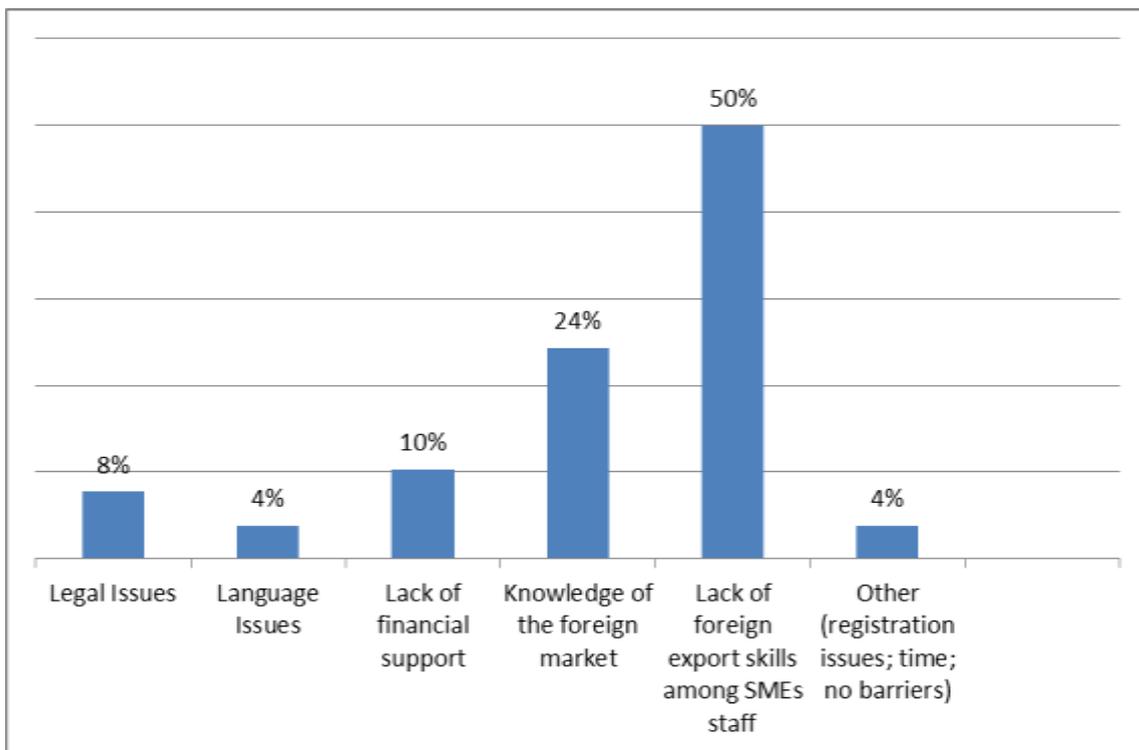


Figure 3: Main barriers for Latvian companies to enter foreign markets

### 3. Training Needs

#### 3.1 Limitations of the existing training materials

More than half of the respondents who took part in the field research (48 people, i.e. 61%) stated that they had not participated in the export related training before, whereas 30 respondents (39%) answered that they took part in such type of training. The organizations mentioned by respondents, who took part in an export related training, were the following: Latvian Chamber of Commerce and

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Industry (LCCI), Latvian Agency of Investment and Development, private companies: LatConsul Ltd., Mercury Ltd., Perfecta Consulting Ltd., Gateway Baltic Ltd., Komercizglītības centrs (KIC) Ltd., as well as such state institutions of higher education as Riga Technical University and University of Latvia. As for the evaluation of the attended trainings on export, responses included: “The course was interesting, useful, but included too little information”; “Fair and average”; “Informative, however, too simple”; “Relevant; probably sometimes not meeting specific needs of the company, but providing generally useful advice and guidelines”; “They were very useful, based on opinion of experts, actual topics of trainings”; “Advantages included useful information about export markets and how to find new clients”; “Very professional coaches, good materials, useful examples of situations”; “Lack of professional expertise”; “Useful. Assessment of channels, risks and benefits”; “The balance between general facts about particular markets and case studies (empiric stories) were well balanced”; “Any training in export and sales has not much to do with global finance tools and logistics possibilities available for companies in LV to use to ensure external activities”, etc.

### 3.2 Training needs

Top 5 training topics related to export that respondents marked as the most required were as follows:

Table 1: Top 5 important training topics related to export in Latvia

Nr.	Topic	Nr. of respondents (out of 78)
1.	Business planning in a foreign market	28
2.	Payments, terms and transport obligations	25
3.	Marketing strategies in foreign trade	15
4.	International business cultures	6
5.	Packaging, labeling and foreign trade	4

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### 3.3 Learning methods/pedagogics

TOP 5 learning methods that respondents in Latvia would prefer to see in an e-learning course:

Nr.	Topic
1.	Best practices / success stories
2.	Real life examples
3.	Templates to follow
4.	Theory
5.	Other (all options mentioned above)

### 3.4 Specific training needs about the partner countries: Greece, Romania, Cyprus, Turkey, Spain

More than half of the respondents in Latvia (45 / 58%) stated that they were not interested in these markets. Among another 42% of the respondents who showed interest either in information about all 6 countries or specific countries (the highest interest was in such markets as Turkey, Spain, Greece, Romania) mentioned the following topics of their interest: "Where to look for partners, which institutions and which persons can help"; "Companies that use fiberglass yarns in their production and how to contact them"; "Export opportunities in the Turkish market for Latvian companies"; "Natural Gas market/tourism opportunities in all of the mentioned countries"; "Reliable trade channels for the export"; "Customs"; "Competitive financing/banking tools, high quality competitive logistics solutions"; etc.

### 3.5 Added value of the E-EMPORIO online course

The respondents who believed that the e-learning course could help to enhance their exporting skills mentioned that such tool should include: "Specific information about the foreign markets: business culture, legislation, procedures, etc."; "Practical tasks"; "Guidelines & templates of documents".

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#### 4. Training on ICT and Language Skills

Majority of the participants (70 out of 78 respondents, i.e. 90%) stated that they had not participated in e-learning course which included topics of ICT/language skills.

As advantages of the taken courses, the participants mentioned: “The course was short”; “Excellent open-source learning platform”; “Engaging, interactive”; “If well organized and contains valuable info, there are no any disadvantages”. As for the disadvantages of such type of a course, were mentioned: “If they do not provide homework or to do exercises, learning is not applied”, etc.

No answers were provided for the question “Are you able to follow a course through the Internet?” which could be interpreted as that nowadays everybody could follow the course online. The question could be if the online course could be as effective as face-to-face training.

Majority of the respondents from Latvia stated that they were fluent in at least 2-3 languages (Latvian, English and Russian). Additionally, as for the knowledge of foreign languages, were mentioned such languages as: German, Swedish, French, Chinese, Danish, Italian and Turkish.

Majority of respondents – 92% - stated that they would be able to follow an online course in English.

#### 5. Interviews with experts

Three experts have taken part in the research whose responses have been summarized during in-person meetings in LCCI premises: 2 representatives from private consulting companies specializing in export questions as well as university professor teaching the export course.

The main outputs from interviews with experts have been:

- 1) The main limitation of the training that is currently available in Latvia regarding export is lack of hands-on practical support material for SMEs staff which gives a basis from which managers can start planning and implementing export activities;
- 2) New e-learning course could have the following added value in comparison with the courses that are currently available:

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- a) More practical and customized to real day-to-day SMEs needs in such a small country as Latvia;
  - b) Includes a simple step-by-step guide on how to start export and has templates of required documents to start export activities;
- 3) According to the experts' opinion the main training needs in the sector/topics SMEs staff has a lack of skills are:
- a) Sales and marketing skills;
  - b) Knowledge on how to do business in different cultures;
  - c) Branding of Latvian SMEs and their goods/services;
  - d) Financial questions;
  - e) Legal aspects;
  - f) Certification questions;
  - g) Logistical questions.
- 4) The main problems in export which are related to the skills of SMEs staff and could be improved through training:
- See answers to Q3.
- 5) Learning material that should be included and how it should be presented in order to have an effective e-learning course:
- a) Firstly, an e-learning tool and content are created;
  - b) Secondly, trainer/responsible person teaches/shows to entrepreneurs/SMEs staff *how* to use the tool;
  - c) Thirdly, the tool should have short sessions (max. 15-20 min. each) on specifics of countries/regions for export;
  - c) Fourthly, the tool should have interactive tasks/ home tasks for learners to revise the learned material and make it more interactive;

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- d) Fifthly, SMEs staff should be constantly reminded about the tool (PR, constant communication/advertisement).
- 6) Whether there are export skills that currently are not in demand but might be useful in the future? Not really, all the needs required in the future are required also now.

## 6. Main Conclusions

As for the field research in Latvia the main conclusions have been:

- 1) **Top 5 training topics related to export** for the Latvian companies are: business planning in a foreign market; payments, terms and transport obligations; marketing strategies in foreign trade; international business cultures; packaging, labeling and foreign trade.
- 2) **TOP 4 learning methods** that respondents in Latvia would prefer to see **in an e-learning course: best practices/success stories; real life examples; templates to follow; theory.**
- 3) Topics of interest about partner countries are very practical: where to look for partners, which institutions and which persons can help; export opportunities in specific markets for Latvian companies; reliable trade channels for the export and questions related to customs.
- 4) **Added value of the E-EMPORIO online course** could be:
  - a) **Specific information about the foreign markets:** business culture, legislation, procedures to follow;
  - b) **Practical tasks with homework to do;**
  - c) **Guidelines & templates of documents** required for export activities.
- 5) 92% of the respondents from Latvia would be able to follow an online course in English.

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