

Human Resources

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Employment relationships in Latvia are regulated by the Labour Law, which transposes many aspects of EU employment law and social policy directives, such as those relating to equal treatment, collective redundancy, working hours, and rest breaks.

Monitoring of Labour Law compliance is executed by the State Labour Inspectorate and representatives of employers and trade unions.

Work productivity is kept high by Latvia's relatively low number of public holidays:

- 1 January – New Year Holiday
- 2 days (set yearly) – Good Friday and Easter Monday
- 1 May – Labour Day
- 4 May – Independence Proclamation Day
- 23 and 24 June – Midsummer Days
- 18 November – National Independence Day
- 25 and 26 December – Christmas
- 31 December – New Year's Eve

At the beginning of 2020, Latvia's population was 1.908 million, including approximately 50.9% or 0.971 million economically active (age 15-74) people. Economic activity is concentrated mainly in and around Riga, where around half of the country's population lives. Many of the people living in the surrounding districts work in the capital city.

In July 2020, the unemployment rate was 9.0%. The highest unemployment levels in Latvia are among unskilled workers, though there are shortages of qualified specialists in certain areas and positions. Statistics from the State Employment Agency reveal that in 2019, most vacancies were registered in major groups of medium-skilled occupations (lorry drivers, house builders, retail shop assistants, cooks), followed by highly-skilled occupations (programmers, sales managers, sales representatives, senior experts) and low-skilled occupations (ancillary workers, construction labourers, cleaners, shop workers). Nevertheless, the greatest increase in demand in comparison to the previous year was registered precisely in occupations in the medium-skilled group, particularly in the major groups of skilled workers and craftsmen.

Source: Eurostat

According to the results of *Eurobarometer* research, Latvia ranks second among European states for the percentage of residents, who in addition to their mother tongue can speak at least one foreign language: 95% of Latvia's residents are fluent in some foreign language and 54% can speak at least two foreign languages (1st highest score). 13% can speak at least three foreign languages. Moreover 44% of respondents acknowledge that they speak a foreign language on a daily basis – at work or in their private lives.

Source: Eurobarometer

The majority of adults know Russian, English and German. Other popular languages in Latvia are Lithuanian, Polish and French.

In Latvian general schools, 98.2% of pupils are taught foreign languages. In primary education (grades 1-6), 98.1% of pupils are taught foreign languages, in elementary education (grades 7-9) – 98.7%, but in secondary education (grades 10-12) 98.2% are taught foreign languages. 45.1% of pupils learning foreign languages learn two or more foreign languages. The majority of pupils (97.6%) are learning English, followed by Russian (32.1%). German is learnt by 10.8% of pupils, but French – by 2.1%. As well as the languages already mentioned, pupils are also taught the Arabian, Danish, Estonian, Italian, Japanese, Jewish, Chinese, Latin,

Lithuanian, Norwegian, Polish, Finnish, Spanish and Swedish languages.

Source: Central Statistical Bureau of Latvia

Salaries in Latvia

Monthly salaries in Latvia range from the minimum wage of € 430 gross for low-skilled workers in the manufacturing and retail sectors up to € 10 000 gross to top managers in the largest international companies.

According to the Central Statistical Bureau of Latvia, the average monthly salary in Latvia in 2020 Q2 was EUR 1118 gross, which is EUR 824 net. Salaries in the Riga region are about 12% above the Latvian average, but in other areas they are 15-30% below average, with the lowest being in Latgale (the eastern region of Latvia). This does not apply to highly qualified specialists and the most demanded positions, where salary levels are similar across the country.

For example, highly qualified engineering and production management staff can often be attracted from Riga to work in regional factories by maintaining appropriate salary levels.

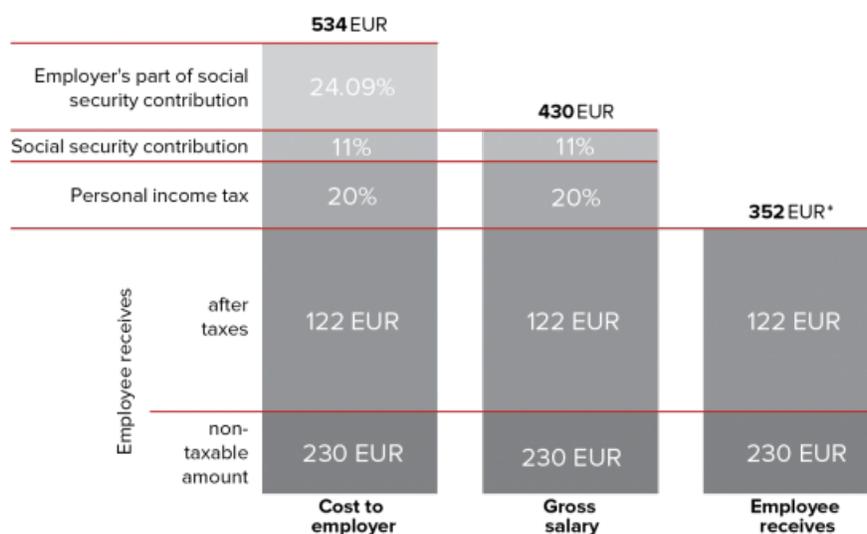
Salary surveys confirm that the total level of remuneration in Latvia is increasing by 4-6% annually. However, this average figure is only a trend; wage growth is increasingly being tied to employees' individual performance indicators and companies' overall results. Consequently, we can anticipate growing salary gaps at various levels and qualifications in the future.

Sectors with the highest level of remuneration (above average): IT/ Telecom, Pharmacy, Financial Services, Construction, Wholesale (representative offices).

Compared to other EU countries, the general level of compensation in Latvia is low. For example, the level of compensation for unskilled jobs is three to four times lower than in such Western European countries as Germany and France, while in terms of wage-adjusted labour productivity, Latvia is ahead of most EU member states.

SALARY STRUCTURE AND TAXES

Minimum stipulated salary by the State is EUR 430 gross



* Calculation of an employee's net salary is based on the general algorithm, the actual formula is more complicated, also taking

into account a number of tax discounts, e.g. for dependents.

Bonuses

Additional benefits provided to employees vary between sectors and positions.

The IT and financial-services sectors are among the most generous industries with benefits including health insurance, paid health and sports activities, telecommunication services, partly or fully provided catering.

The most common benefit in the manufacturing sector is health, life or/and accident insurance (varies by industry and profile) as well as compensation for transport costs.

Other most common benefits include discounts on company products or services, additional holidays, pension funds as well as company cars for managerial and business development positions.

Additional information at:

www.lm.gov.lv

www.nva.gov.lv

www.vid.gov.lv

www.csb.gov.lv

<https://www.liaa.gov.lv/en/invest-latvia/business-guide/human-resources>