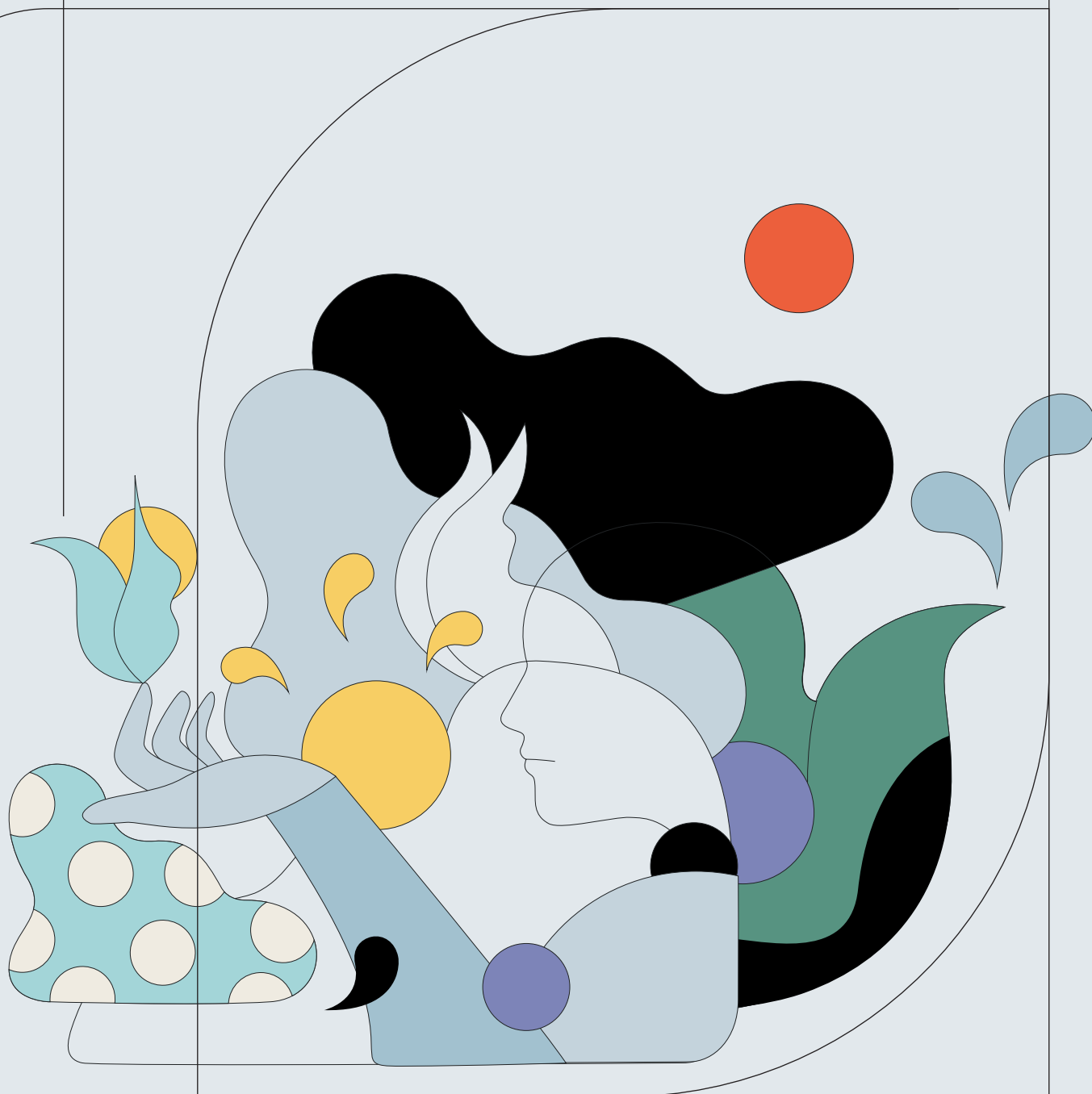




Country profile - Latvia

Policies for longer working lives and good practices

for BSLF for Sustainable Working Life Project



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1 COUNTRY PROFILE

1.1 Background

The economy

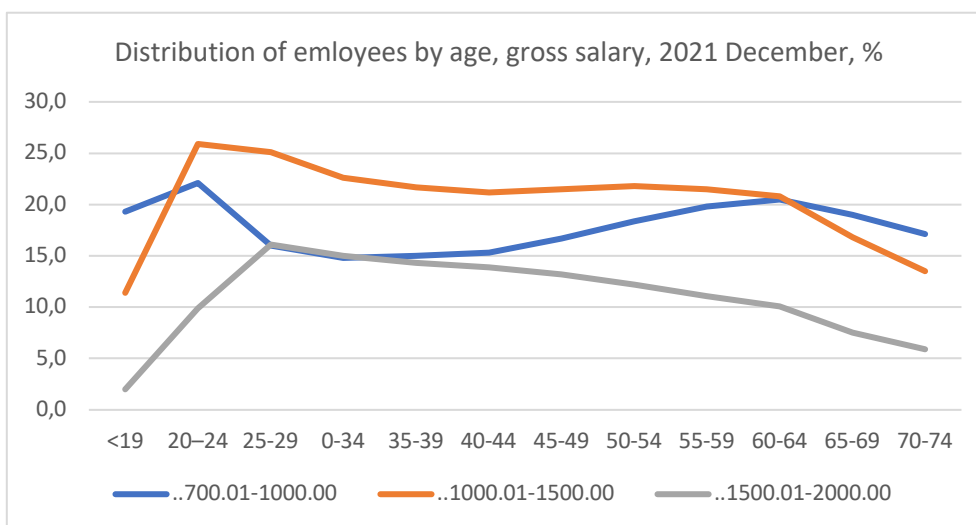
Latvia is a relatively small country situated between the two Baltic states of Lithuania and Estonia. Since the economic crisis in 2008-2010 and up to the crisis caused by the COVID-19 pandemic, its economy has developed sufficiently fast and been stable, with an average GDP growth of 3.3% between 2011 and 2019.

In the spring of 2020, the COVID-19 pandemic began, which had a significant impact on GDP growth. In general, the GDP in Latvia in 2020 decreased by 3.6% compared to 2019. With the spread of COVID-19 and the measures in place to limit its proliferation, GDP decreased by 3.8 percentage points in 2020 compared to 2019. However, with the decline of COVID-19 in the summer of 2021, GDP showed strong growth, increasing by 4.8 percentage points compared to the year 2020. The growth in 2021 was mainly based on the increase in wood and metal exports.

Wage trends

Meanwhile, from 2014 until the COVID-19 pandemic, the increase in the average monthly wage has been above 6.2%, except in 2016, when the increase in wages was slightly lower at 5%. Despite the impact of the COVID-19 pandemic on the labour market, the average monthly wage in 2021 increased by 11.8% compared to 2020.

Figure 1.



Source: Central Statistical Bureau, Official Statistics Portal

In 2021, the minimum wage increased significantly from 430 euros in 2020 to 500 euros in 2021. It is important to note that according to the salary survey conducted by the personnel

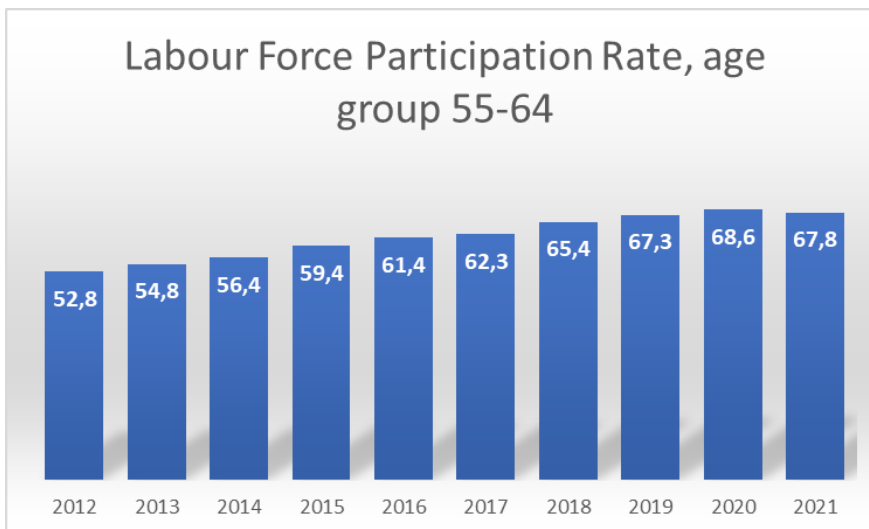
selection and management company Fontes, in Latvia salary increases are mostly felt until the age of 40-45. After that they gradually decrease, i.e., the highest salary point is reached at the age of 40-45 years of age. This is partly confirmed by the data of the Central Statistical Bureau, i.e., with age, the share of older employees in the specific high-income age group decreases (see Figure 1).

1.2 Employment situation among older workers

Anti-discrimination is not widespread in Latvia, but it is undeniable that employers prefer younger workers, as evidenced by wage trends. The gender pay gap is more pronounced and is increasing every year - if in 2014 the gender pay gap was 17.3%, then in 2020 men earned 22.3% more than women for similar work.

Based on employment indicators, 68.6% of the age group 55-64 were employed in 2020 (Figure 2). Moreover, this figure has tended to increase, as during the last 10 years the employment rate in this age group has increased by 18.1 percentage points (In 2011 this indicator was 50.5%). Employment in the age group 55-64 has continued steadily to increase in recent years, i.e., the increase is not only related to the exit from the 2008-2010 economic crisis. In 2021, a slight decline in the labour participation rate in this age group was discernible (see Figure 2).

Figure 2.



Source: Eurostat

Compared to other EU member states, Latvia's employment rate in the 55-64 age group can be assessed as good. For example, the EU-27 average was 59.6% in 2020.

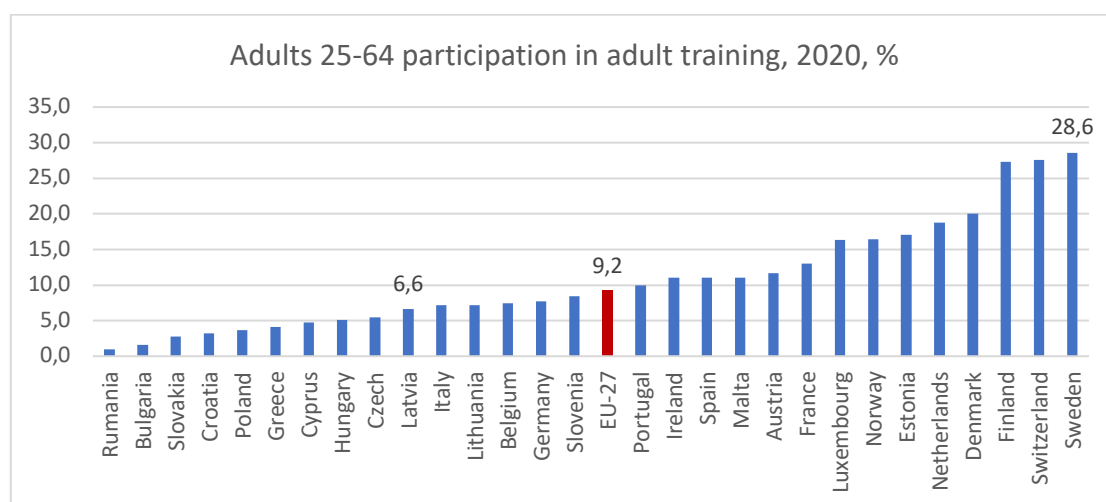
Latvia typically has fewer part-time employees, compared to the EU-27 average of 17.2% in the third quarter of 2021. In Latvia, only 7.8% were employed in part-time work, which is mostly due to the low pay for part-time work, deemed too little by many employees. Similar trends remain in the 55-64 age group: 9.6% were employed in part-time jobs, while the EU-27 average is at 19.7%. There are no significant changes in the gender breakdown, compared to the EU-27 average. For example, in the 55-64 age group, 12.2% of women

were employed in part-time work in Latvia, compared to 32.9% on average in the EU-27. In the third quarter of 2021, men in the 55-64 age group in Latvia were employed twice less in part-time work than women, at 6.5%. This indicator is close to the EU-27 average of 8.4%.

1.3 Lifelong learning

For the growth of exports and for wage growth and well-being, skills development and lifelong learning play an important role. In Latvia, a relatively small number of adults are involved in adult education – less than 1 in 10 (Figure 3.) No positive change has been observed in recent years. In contrast, in countries such as the Netherlands or Sweden, almost one in five or even a third have taken part in adult learning in 2020. In Latvia, adults are less involved in adult education than the EU-27 average. According to Adult Education Survey, the main barriers to participating in learning and training include finance, time and family responsibilities.¹

Figure 3.



Source: Eurostat database

Adults with higher education participate in studies much more often (11.2%), while the rate of adults with secondary education is only at 4.1%. As in the general case, women with higher education are more often involved in studies, their participation rate is at 12.8%. Among men with higher education, 8.4% participate in studies. As has been emphasised in several studies (for example, the OECD Skills strategy for Latvia), adults with low skills (primary education, early secondary education) do not participate in educational activities – only 3.4% of all adults with low skills do so.

Comparing the data by age group, it can be stated that participation in educational activities decreases with age in Latvia. If 11.8% in the 25-34 age group participate in educational activities, the figure is already at 5% in the 45-54 age group. In the 55-64 age group, only 2.7% participated in educational activities. By comparison, on average in the EU-27, 4.8% of

¹ <https://ec.europa.eu/eurostat/web/microdata/adult-education-survey>

adults aged 55-64 participate in education, compared to 9% in Estonia and 4.2% in Lithuania. The best results are observed in the Scandinavian countries. In 2020, 19.1% or one in five Swedes at the time of the survey confirmed that they had participated in training during the last four weeks.

In the EU Structural Funds programming period for 2014-2020, Latvia is implementing an ambitious European Social Fund project “Improvement of Professional Competence of Employed Persons”. The project was launched in 2017 and covers workers aged 25 and over. By the end of 2020, more than 42,000 employees had participated in the training. The target group of the project is employees with low skills, with the aim to improve their digital skills. While it involved more than 30,000 people in the 25-44 age group, or just over 70% of all project participants, it also had 7,400, or slightly more than 17% of all participants, in the 50+ age group. It is interesting that more women than men are involved in training, almost two-thirds of all participants are women.

1.4 Working conditions

According to the data of the State Labour Inspectorate, in 2020 the Labour Inspectorate investigated 35 fatal accidents at work that were not related to the exposure to work environment risk factors, of which 28 (80%) were so-called natural deaths.² Analysing the data on deaths in the workplace by gender and age, it can be concluded that the highest number of deaths were for men (22) and employed in the 45-64 age group. With regard to occupational diseases, according to the annual report of the State Labour Inspectorate for 2020, 52% of new cases of occupational diseases for employees were in the age group 55 to 64 (SLI, 2020).

According to the study “Working Conditions in Latvia”, the highest proportion of employees who have not concluded a work agreement with their employer was mostly found in the age group 55-74 years. The main reason why employees did not have an employment contract, according to the employees' own answers, is that they have a verbal agreement (39%). Assessing the awareness of the population on labour protection issues, the lowest level of awareness in 2018 was among young people aged 15 to 24 – at 17.1% – and among the population with a low level of education (primary or incomplete primary education) – at 43.6%. In turn, the highest level of awareness of labour protection issues was among the population aged 35 to 44 – at 68.7%, and among respondents with higher education – at 71.2% (Civitta *et al.*, 2020). Analysing the share of the population according to the preferred communication channels for receiving information on labour protection issues, older employees (in the age group 55-64) would prefer to receive it from television compared to other age groups. However, comparing communication channels, older workers (55-64 years) would choose an employer as a communication channel (39.4% of all workers in the age group 55-64), followed by a labour protection specialist (32.5%) – this is more than the average among all age groups. On average, 27.6% of all workers in the 15-74 age group

² The employee has died naturally at the workplace, and the Labour Inspectorate has prepared a report on the accident at work, the SLI assesses the causes of the accident and concludes that the cause of death of the victim at work is not the result of exposure to work environment factors.

would choose a labour protection specialist as a communication channel. Compared to other age groups or younger workers, older workers (55-64 years) have chosen relatives, friends, acquaintances (informal channels) and social networks (three times less often) as the preferred communication channel. The highest-rated information channel for all age groups is the employer, so raising the awareness of employers plays an important role.

The study concludes that when planning activities for the prevention of fatal accidents, additional measures should be provided for employees in the age group of 45 to 54.

1.5 Situation of older jobseekers

The State Employment Agency (SEA) does not offer special forms of employment or options specifically for older jobseekers, but in the period from 1 January 2017 to 31 July 2020 the SEA in cooperation with social partners – the Free Trade Union Confederation of Latvia and the Employers' Confederation of Latvia – implemented the European Social Fund project "Support for Longer Working Life", which aimed to prolong the retention and employment of older workers (see good practices section).

In March 2020, the Ministry of Welfare, in cooperation with the social partners – the Free Trade Union Confederation of Latvia and the Employers' Confederation of Latvia – launched the project "Balance for all - B4A" in order to successfully adopt Directive (EU) 2019/1158 of the European Parliament and of the Council of 20 June 2019 on work-life balance for parents and carers and repealing Council Directive 2010/18 / EU. The project activities were not focused on a specific target group, but on all employees in general. As part of the project, LBAS conducted a study on practical solutions for balancing work and private life through collective agreements. From an age perspective, the most common practices in collective agreements are additional leave for seniority, certain bonuses or bonuses up to a certain number of years, flexible working hours, etc.

With a view to the future

In connection with the next EU Structural Funds programming period, the Ministry of Welfare has prepared the "Guidelines for Social Protection and Labour Market Policy for 2021-2027". They state that along with the shrinking labour force and high level of migration, it is becoming increasingly important to make the best use of existing human resources in Latvia, including in the context of active ageing, and to pay more attention to the inactive population, creating the conditions for the most inclusive employment possible according to people's abilities and ability to work³. The draft guidelines aim to improve access to various financial instruments and adaptation of the environment, rather than to promote employment. One of the sub-objectives of the guidelines is "To ensure a safe and healthy working environment and to promote a longer working life for employees".

Sources used:

³ <http://polsis.mk.gov.lv/documents/7177>

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https://www.vdi.gov.lv/sites/vdi/files/media_file/petijums_darbaapstakliunriskilatvija.pdf

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2 TWO GOOD PRACTICES

2.1 Support for Longer Working Life

In the period from January 1, 2017 to July 31, 2020, Latvian Free Trade Union Confederation (LBAS) implemented the project “Support for Longer Working Life”. The aim of the project was to promote the retention of ability to work and employment of older workers. A beneficiary of the project financing was the State Employment Agency. The project was implemented in cooperation with two partners - Latvian Free Trade Union Confederation and Latvian Employers' Confederation.

The following support measures were planned within the project for the project target groups – persons at risk of unemployment over the age of 50, as well as employers (businesses and state or municipal institutions):

- public awareness-raising measures to promote longer and better working lives;
- evaluation of the work environment and human resources potential;
- support measures for the target group (according to the assessment of the working environment and human resources):
 - career counselling;
 - skills development measures (non-formal education);
 - mentoring (non-formal education);
 - measures to increase competitiveness;
 - workplace adaptation;
 - health improvement measures.
- training of State Employment Agency staff (career counsellors) to work with older people and employers;

- evaluation of the working environment and human resources potential and support measures for the target group;
- collective bargaining on ageing governance issues.

In the project, the Latvian Free Trade Union Confederation ensured collective bargaining on ageing governance issues, as well as the inclusion of aging governance issues in collective agreements, employment contracts or other employer documents binding on employers and employees.

Representatives of LBAS themselves assessed the project as very good, the task of which was to ensure that the 50+ stay in the labour market longer. According to the project expert, it is necessary to start thinking about a healthy working life already in the 20+ year group.

The task of the project was first to select jobs based on seminars and/or meetings. The companies themselves also expressed their wish to the State Employment Agency to participate in the project to evaluate 50+ jobs.

Companies could choose to:

1. inspect workplaces, or;
2. inspect employees.

The employees were inspected by a special committee consisting of an occupational therapist, an occupational health doctor, a work safety specialist, a personnel manager and a career development specialist. For example, in one of the companies in the region, a proposal was made to improve the Latvian language skills.

One of the project activities also contained trainings amounting to 250 euros – language training, stress management training and ergo-therapist consultations. A medical examination of the employee was also included. The committee was also tasked with reviewing the company's internal regulations and providing advice.

Unfortunately, due to the COVID-19 pandemic, the project was closed earlier than planned because visits to companies were no longer possible. It is likely that the project will be renewed in a new format in the next European Union Structural Funds planning period.

2.2 “Initiating of activities for implementation of the autonomous framework agreement on active ageing and an inter-generational approach” (AAIA)

In the period from January 2019 to December 2020 (due to the COVID-19 pandemic, the project was extended until October 2021) the Free Trade Union Confederation of Latvia (LBAS), as a partner, implemented a project on the implementation of an autonomous framework agreement between the European social partners on active ageing and intergenerational cooperation. The full name of the project is “Initiating of activities for implementation of the autonomous framework agreement on active ageing and an inter-generational approach” (AAIA) (No. vs/2019/0007).

The leading partner of the project was the Polish trade union confederation SOLIDARNOŚĆ. Cooperation partners were LBAS (Latvia), CISL (Italy), ACV-CSC (Belgium) and KSS (Macedonia).

The project was based on the European document “Autonomous Framework Agreement on Active Aging and the Intergenerational Approach”, signed by the European social partners on 8 March 2017. In many EU Member States, there is no systematic solution to age governance and effective use of experience for workers with long professional careers. Actions to improve the employability of people of pre-retirement age must be comprehensive and preventive. They are also defined in the autonomous agreement, identifying the four most important areas of activity of the social partners: strategic assessment of the demographic of the workforce; health and safety at work; management of skills and competences; organization of work safety and productive working life. This is particularly important due to the demographic change and the lack of generational renewal in the labour market.⁴

The aim of this project was to start the implementation of the agreement at the national level – the signatories should start the implementation measures within three years from the date of signing the agreement. National seminars of the social partners and other actors involved in the implementation process in the partner countries were one of the implementation activities. In order for the seminar process to be effective, a common tool was developed within the project – questionnaires to be completed during interviews/case studies in six selected companies in each project partner country.

There is a clear need to include the professional involvement of seniors in the public policy-making process, and this has been confirmed by many studies, such as the Polish Central Institute for Occupational Safety and Health (CIOP). Studies show that the real workload increases with age (people over the age of 45), as physical capacity usually decreases. Nevertheless, expectations on performance remain at the same level. The inverted 'age pyramid' seems to be dominant and inevitable, which is why it is so important to implement measures early enough to extend active and efficient working hours, even in the context of increasing life expectancy.

The result of the project is a report on the current state of active ageing activities and an intergenerational approach with systemic solutions of good practice in this area from project partner countries. In addition, the report includes proposed solutions and good practices in the field of ergonomics and workplace modification for selected workers in selected occupational groups, as well as recommendations for improving working conditions. The report includes information on the actual possibilities for individual measures available to the social partners, as well as the scope and form of joint measures for the implementation of the agreement. The report describes good practices in stimulating seniors in the labour market from, but not limited to, the project countries.

⁴ - www.arodbiedribas.lv/projekti

In addition, SOLIDARNOŠČ will relaunch national efforts to implement and promote the Sixth European Framework Document, the official outcome of the European Autonomous Dialogue (third the European Framework agreement is on Work-Related Stress, Violence and Harassment at Work, an Inclusive Market and the two frameworks on European Agenda for Gender Equality and youth employment), which will lead to public employment policy-making. The results of previous projects have been partially incorporated into the current law and have significantly contributed to the improvement of industrial relations in the partner countries.

The main goals of the project:

1. Ensure the preconditions for the implementation of the autonomous framework agreement on active ageing and the intergenerational approach by developing national action plans and an analysis of the current situation, as well as developing a catalogue of good practices during the project.
2. Improve the social partners' knowledge of how to improve working conditions through longer working lives and promoting the content of the document Autonomous Framework Agreement on Active Aging and the Intergenerational Approach through training and promotion measures.

The task of the project was to assist the project partner countries in implementing the framework agreement. The task was to compile a summary by Member State, to provide advice to companies on legal and practical aspects. As part of the project, a questionnaire was developed, and several companies were interviewed as examples of good practices. The task of the project was to analyse case studies and suggest the best solutions. The questionnaire included questions such as:

What were the reasons for taking the activities? What activities have been executed and how? What effects (intentional and unintentional) have been achieved? What was the main success factor? What barriers had to be overcome? What lessons have been learnt on how to improve the effectiveness of such activities? What was the role of social partners and/or employee representatives (including trade unions) in the implementation processes? Were the activities undertaken as a one-off program or are they carried out cyclically or continuously? If they have been terminated, then for what reason (the issue has been solved, other reasons)? May the described activities be implemented also in other enterprises, including SMEs? etc.

Example of case studies

One of the examples of case studies is the Joint Stock Company Cēsu Alus. JSC "Cēsu Alus" is a brewery and alcohol beverage producer in Cēsis, Latvia. Once a year a "Senior Day" is arranged at the company for 55+ years old employees, but also younger employees are allowed to attend the event. Each year a specific program for the event is being prepared, including useful information on work safety, ergonomics, healthy working approach, health; interactive tests on the above mentioned issues; consultations of invited specialists on health, active ageing and stress reduction; gymnastics, etc. "Senior Day" takes place on a working day, and it is being paid to all participants. In accordance with the collective

agreement, there are also additional vacations for the years worked in the company – if an employee worked in the company 20 or more he/she receives additional 2 days of paid annual leave.

Another focus for a case study is a company in Latvia that employs approx. 550 where approx. 40% of employees are 50+ years old. The following activities are included in the collective agreement upon initiative of the trade union:

- protection of employees of pre-retirement age. In case the employer fires the employee within the period of 5 years before retirement (not due to employee fault), the employer has to pay to employee compensation which is almost similar to the salary that the employee would earn in the years remaining till the retirement. The employee has to work at least 10 years in the company to receive the compensation;
- retirement allowance which is paid to employees who worked in the company for more than 20 years;
- premiums for work anniversaries of 20, 30 and 40 years;
- the 3rd level pension funds for the employees.

The company implements different recruitment campaigns for different age groups, but in 2018 the company decided to implement a specific recruitment informative campaign for 50+ years old people. The activity relates to the implementation of an informative recruitment campaign and combating age-related stereotypes. The decision to organize such a recruitment campaign was made at the company management level in order to both find new employees and promote the inclusion of older people in the labour market. The informative recruitment campaign had two main goals: finding new employees; and addressing the social challenge – to address representatives of the corresponding age group and to help overcome age-related stereotypes. The informative recruitment campaign was implemented using different channels and media – TV, radio, digital media and visual materials in stores. The main message of the campaign was: “We appreciate your life experience and will be honoured if you work with us.” The campaign and its materials were prepared with the participation of employees who shared their positive experience about work in the company. The company also ensures work environment improvements, which are especially important for older workers (e.g., ergonomic workstations for cashiers, non-slip rubber mats at workplaces, eliminating thresholds and elevations, reducing the height of the shelves, lifting tables in the office, etc.). The activities had a positive impact – the number of job applications from 50+ years old people increased, thus promoting their employment. The company has a good practice of promoting employees at the age of 50 to the role of supervisor.