

5. Latvia: Working Too Hard?

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PART I NATIONAL ASSESSMENT

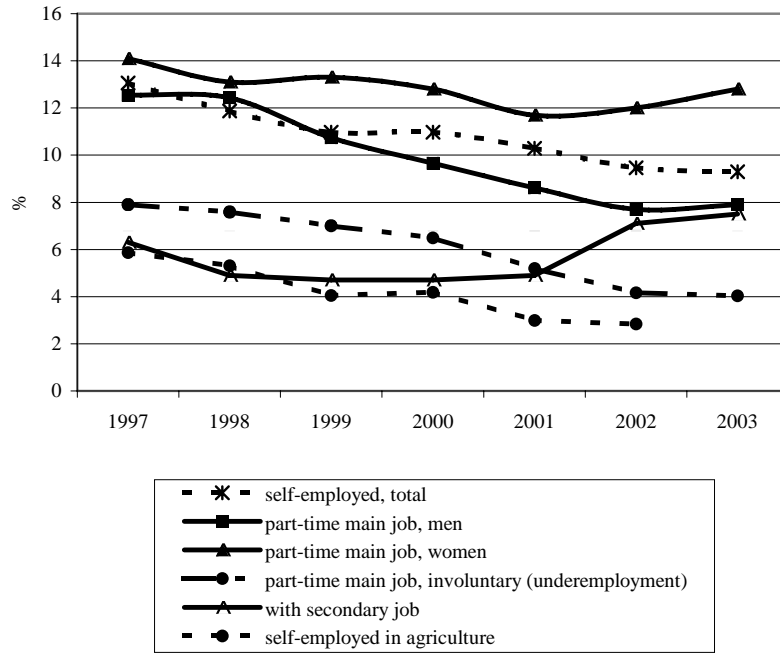
1. WHAT USE OF SELF-EMPLOYMENT, PART-TIME AND SECONDARY JOBS?

Self-employment: the only Baltic country in which it is declining

Figure 1 summarises recent trends in self-employment, part-time employment and multiple jobs. Since 1997, the share of *self-employed* persons (employers and own-account workers) in Latvia has dropped from 13 to less than 10 per cent, which is below the level found in most new member states, except Estonia and the Slovak Republic. The decline was driven by the reduction in agricultural self-employment (in 2002 only 30 per cent of the self-employed worked in agriculture, compared with 45 per cent in 1997). Figure 2 compares the incidence of self-employment and its trends in the three Baltic countries. It appears that Latvia is the only one in which self-employment has declined. Self-employment in Latvia is much more common in rural areas, where it is dominated by own-account workers, while in towns and cities most of the self-employed are employers (Figure 3). However, the share of *professionals among the self-employed* increased from 2.2 per cent in 1997 to 5.1 per cent in 2002.

Part-time work: underemployment or a voluntary choice?

The proportion of *part-time workers* declined from 13 per cent in 1997 to less than 10 per cent of all workers in 2002, but has increased somewhat since then (10.3 per cent in 2003 and 10.2 per cent in the first 9 months of 2004). While the decline in part-time employment was particularly strong for men (see Figure 1), the contrast between Latvia and EU-15 is especially sharp for women. Only 13 per cent of women workers are part-timers in Latvia, while in EU-15 this proportion is 30 per cent. However, in other CEE countries, except Romania and Poland, the proportion of part-time workers is even lower than in Latvia, in some cases substantially.



Source: Author's own calculations based on LFS.

Figure 1 Self-Employment, Part-Time Employment, Underemployment, and Secondary Employment (% of employment), 1997–2003, Latvia

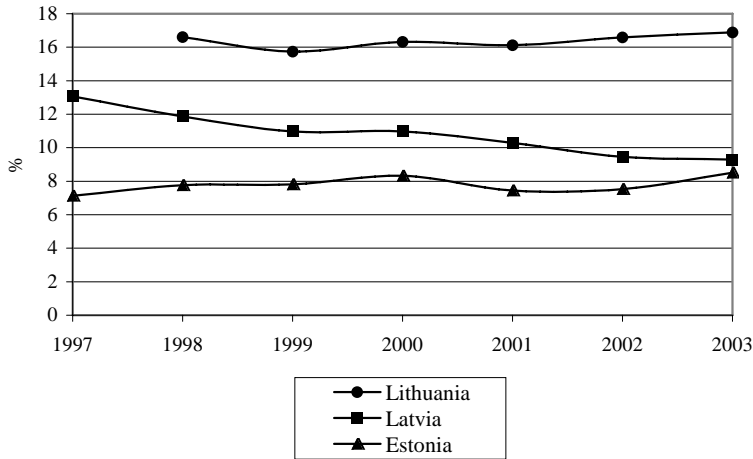


Figure 2 Self-Employment in the Baltic Countries, 2000–2003

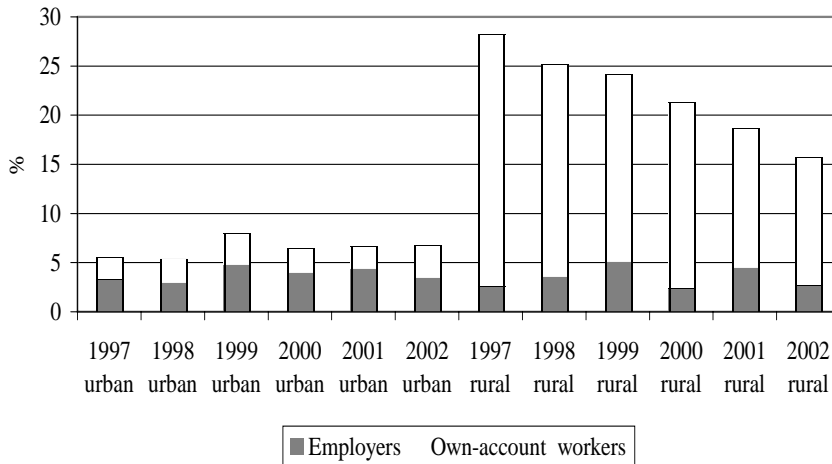


Figure 3 Self-Employment in Urban and Rural Areas, 1997–2002, Latvia

Part-time employment is an important way of enhancing labor market flexibility, so the relatively low share of part-time workers, together with low youth activity rates might suggest that there are too few part-time jobs on offer for young people. Part-time work, however, does not only indicate labor market flexibility. Although the *proportion of part-time workers who would have preferred to work full-time in their main job has declined substantially since 1999*, it is still about 40 per cent. Such acceptance of fewer than desired hours of work is one of the most common definitions of underemployment. In all age groups, only a minority of jobseekers report preferences for part-time jobs (Table 1). The probability of having a part-time job as the primary job is decreasing with education. Thus it appears that *part-time main job employment in Latvia is largely a result of a shortage of full-time jobs*. In 2003, only 9 per cent of part-time working men and 25 per cent of their female counterparts indicated family and personal reasons for not working full-time (preliminary figures for 2004 are even lower).

Multiple jobs on the rise in 2001–2003

Multiple jobs play an important role. The number of part-time jobs in the economy greatly exceeds that of part-time workers. Apart from those whose main job is a part-time one, more than 7 per cent of those employed in 2002–2003 have at least one (typically more than one) secondary job (LFS data). This is a substantial increase compared to 1998–2001 (see Figure 1). This increase is likely to be associated with the introduction (June 2002) of the new Labour Law which excludes the possibility of having, for example, an additional half-time contract with the same employer (this frequently

Table 1 Jobseekers Looking for a Job as an Employee by Age and Preferred Type of Job (Full-Time or Part-Time), 2002, Latvia

Age	15–19	20–24	25–54	55–59	60–64	65+	Total
Preferred job% of all jobseekers							
Full-time	43	54	63	57	29	31	59
Part-time	28	15	4	6	15	20	7
Not specified	30	31	33	37	57	49	34
Number obs.	134	270	1 430	121	43	22	2 020
% of unemployed jobseekers							
Full-time	40	51	60	52	23	33	55
Part-time	26	18	4	3	14	21	8
Not specified	34	31	37	45	62	45	37
Number obs.	99	182	930	88	36	20	1 355

Source: Calculation based on LFS 2002.

meant just working more hours in the same job without being paid overtime), as well as the strengthening of the Labour Inspectorate. However, in 2004 the incidence of secondary jobs declined to 6.4 per cent of all employed (first 9 months of year). The prevalence of secondary jobs is probably underestimated in the LFS because respondents on whose behalf information was given by another household member report a second job 1.5 times less frequently than those interviewed directly. Second jobs are typically part-time.

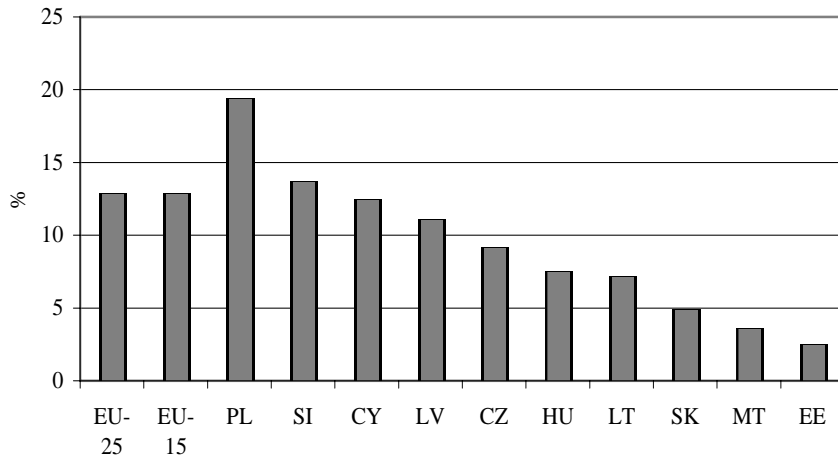
2. FIXED-TERM CONTRACTS AND VERBAL AGREEMENTS WIDESPREAD

Among the highest shares of temporary contracts

The Latvian Labour Code (since July 2002) makes it illegal to keep an employee on a temporary contract for more than two years. Moreover, the law restricts temporary and seasonal employment to specific work areas (the list is approved by the government but undergoes modifications from time to time). Despite this, Latvia has one of the highest shares of *temporary and seasonal* employees among the new member states (Figure 4). In 2002 this share has reached 14 per cent, according to LFS; in 2003 it fell to 11 per cent, but among new member states this proportion was higher only in Poland, Slovenia and Cyprus.

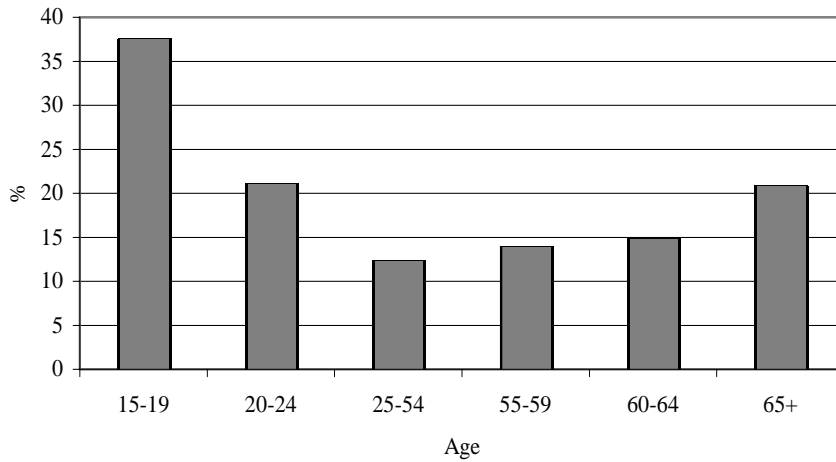
Other sources quote figures which deviate from this level substantially. This is the case particularly for the European Foundation's survey of working conditions in 2001, based on a sample of just 770 employees, which puts this

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Source: Eurostat.

Figure 4 Temporary Employment in the New EU Member States, 2003 (% of all Employees), Latvia



Source: Author's own calculations based on LFS data.

Figure 5 Proportion of Employees with Fixed-Term Contracts by Age, 2002, Latvia

proportion at 23 per cent, plus additional 7 per cent on temporary agency contracts. Both numbers – especially the second one – are implausibly high. The first temporary agency firm in Latvia was founded in 2002, and even now it employs, on average, a full-time equivalent of less than 20 workers. The other two or three agencies are even smaller. An investigation of the European Foundation's primary data confirms that something went wrong in relation to this question.¹

The incidence of fixed-term contracts is highest for teenagers, followed by young and older workers (Figure 5). However, more than three-quarters of temporary workers belong to the prime age group. Just 21 per cent of temporary employees in 2002 were non-manual workers, while for permanent employees this proportion was 44 per cent.

We have estimated an earnings equation (trying to identify the explanatory variables of earnings) whose results suggest that employees on fixed-term contracts in Latvia receive net wages 12 per cent lower than similar permanent workers (Hazans, 2005, Appendix, Tables 24–25).

Oral agreements a Latvian practice

While it is well known that perceived job security for temporary workers is substantially lower than for permanent ones (see, for example, OECD, 2004, Chart 2.8), workers with verbal agreements or with no contracts at all are of course the least protected. The Latvian LFS does not provide information on work without written contracts, but according to the Living Conditions Survey *NORBALT II* (1999) more than 9 per cent of employees did not have a formal contract: 4 per cent worked with a verbal agreement, while 5.1 per cent did not have any contract (according to the same survey, the incidence of work without a written contract in Estonia and Lithuania was below 7 per cent). Workers without contracts were found in all age groups and many sectors (agriculture, manufacturing, construction, trade, transport, business activities and other services); 40 per cent of these workers were women. *NORBALT* data are consistent with the *Working Life Barometer*, according to which the incidence of work without a written contract was 8 per cent in 1998 and 10 per cent in 2002 (Antila and Ylostalo, 2003, p. 144). Since then, the situation has perhaps improved, but the issue of illegal employment remains current. In 2003, the Labour Inspectorate (SLI) found 477 employees without work contracts (a drop in the ocean if one believes that the real incidence is about 10 per cent), including 92 just in just one enterprise and 22 in another (SLI Latvia Annual Report, 2003). In 2004 no-contract employment was announced as the top priority of the Labour Inspectorate, but the number of discovered cases was not large (367 in the first six months), not least because

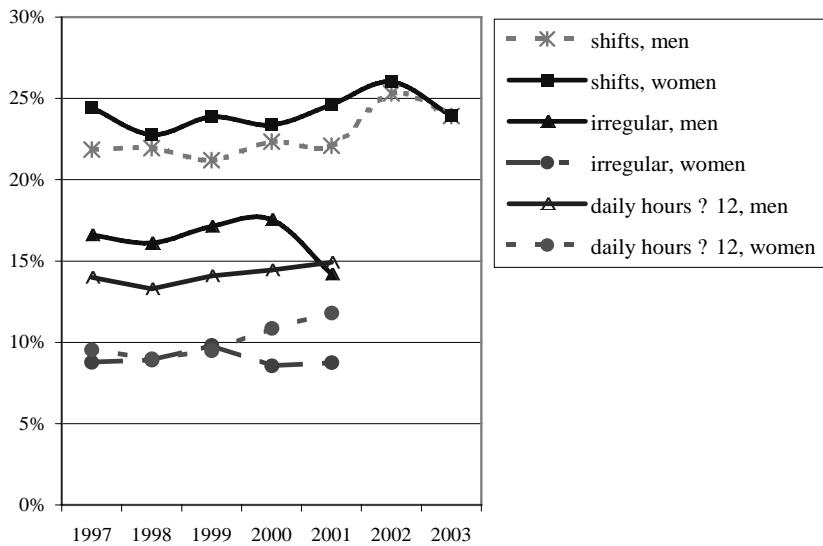
1. Details are available on request.

detection is extremely difficult. Inspectors refer to construction (including of course renovation) and retail as the sectors with relatively high shares of illegal employment.

3. ATYPICAL WORK: SIGNIFICANT COVERAGE

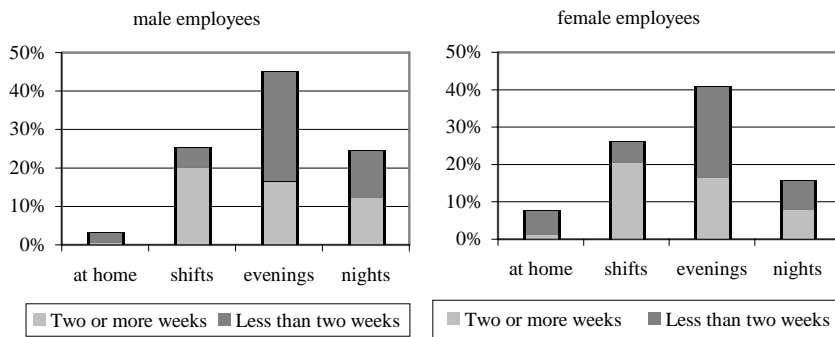
Between 20 and 25 per cent of employees of both genders are engaged in shift work in Latvia. This proportion has remained more or less stable since 1997. On top of this, about 15 per cent of male employees and about 9 per cent of their female counterparts work irregular hours (the latest available data refer to 2001). About 15 per cent of men and more than 10 per cent of female employees worked on average 12 hours or more per day during the survey week (only days actually worked counted; some members of this group work either not every week or less than five days a week). (See Figure 6.)

Figures 7 and 8, using LFS 2002 data, document a very substantial incidence of night and evening work, as well as weekend work. These two types of schedule frequently overlap: 44 per cent of those working some nights tend to work at least four out of eight weekend days.



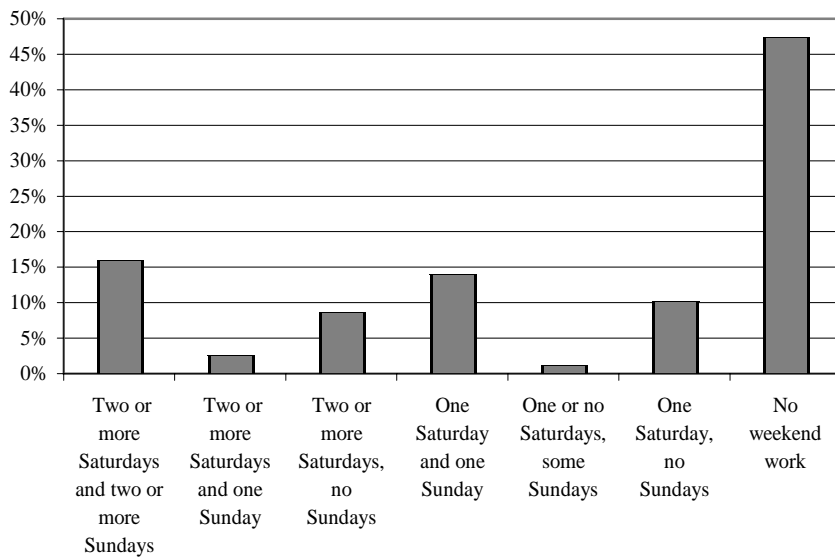
Source: Author's own calculations based on LFS data.

Figure 6 Proportion of Employees with Atypical Work Schedule, 1997–2003, Latvia



Source: Author's own calculations based on LFS data.

Figure 7 Incidence of Working at Home, Shifts, Evening and Night Work by Frequency (Out of Four Weeks) and Gender, 2002, Latvia



Source: Author's own calculations based on LFS data.

Figure 8 Employees by Weekend Work (Out of Four Weeks), 2002, Latvia

4. LONG WORKING HOURS AND OVERTIME: HIGH AVERAGES

Working longer than in other EU countries

Both LFS data and Working Conditions Survey data indicate that employees in Latvia work on average longer than in other EU countries. This is true for full-time employees (43.3 hours per week in 2003, second only to Iceland), as well as for part-timers (25 hours per week). Moreover, for full-time employees aged 15–64 average usual weekly hours display an increasing trend since 2001 (Table 2).

Table 2 Average Usual Weekly Hours Worked (Employees Aged 15–64), 1999–2003, Latvia

	1999	2000	2001	2002	2003
Total	40.3	40.1	41.1	41.9	42.0
Men	40.7	40.1	41.2	42.5	43.0
Women	39.9	40.2	41.0	41.3	41.0

Source: Author's own calculations based on LFS data (quoted from Latvian National Employment Plan 2004, p. 69).

Thirteen per cent of employees work 50 or more hours per week in the main job; almost a quarter work at least 45 hours. Table 3 presents the sectors in which long working hours are most common (figures depend to some extent on the relevant thresholds).

One-third of the employees working at least 50 (or at least 45) hours per week are concentrated in trade and construction, and another 30 per cent in six other sectors (see Table 4).

According to LFS, the proportion of employees who worked more than their usual hours during the survey week due to paid or unpaid overtime was 3.5 per cent in 2002 and 2.6 per cent in 2003; males and temporary workers were on average more likely to be found in this situation (Table 5). This measure refers to what can be called occasional overtime; it clearly underestimates the true incidence of overtime work because it does not capture cases in which the employee regularly works, say, 9 hours a day instead of 8. Indeed, 13.5 per cent of all employees usually work at their main job at least 50 hours a week (Table 3); they are obviously working overtime, and 96.4 per cent of this group did not fall into the occasional-overtime category in 2002. Table 5 also reports that in most cases (about 70 per cent) occasional overtime work is involuntary.

Another source of information on overtime is the earnings structure survey

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Table 3 Sectors with Highest Shares of Long Usual Working Hours, 2002, Latvia

	% of employees within sector		
	≥45 hours 2002	≥50 hours 2002	≥50 hours 2003
Water transport	51	40	40
Hotels & restaurants; Trade; Construction	30 to 38	22 to 23	24
Computer and related activities; Business activities	30	20 to 23	11 to 19
Manufacturing of furniture and food products	30 to 31	19 to 23	14 to 16
Fishing	23	21	33
Forestry	30	18	18
Mining; Manufacturing of other transport equipment	34 to 38	14 to 17	19 to 23
Land transport and pipelines; Auxiliary transport activities;			
Manufacturing of wood products	30	11 to 14	13 to 18
All sectors (average)	23.3	13.5	15.0

Source: Author's own calculations based on LFS data.

Table 4 Sectors with Highest Prevalence of Long Usual Working Hours, 2002, Latvia

	Sector's share (%) among all employees usually working: ≥50 hour per week	
	2002	2003
Trade	23.9	25.1
Construction	10.1	14.3
Manufacturing of food products	5.6	3.6
Land transport and pipelines	5.2	6.2
Forestry	4.7	3.5
Health and social work	4.7	4.2
Public administration	4.5	4.5
Hotels & restaurants	4.3	4.2
Other	37.0	34.4
Total	100.0	100.0

Source: Author's own calculations based on LFS data.

Table 5 Incidence of Unusually Long Weekly Hours Due to Overtime (% of all employees), Latvia

	2002		2003	
	Total	Involuntary	Total	Involuntary
All workers	3.6	2.5	2.6	2.0
Men	4.4	2.9	3.3	2.5
Women	2.8	2.1	2.0	1.4
Part-time workers a	2.9	1.9	2.9	2.2
Temporary workers	6.4	4.6	3.5	2.4

Notes: Those who declared themselves as such *and* usually work less than 35 hours a week.

Source: Author's own calculations based on LFS data.

of enterprises carried out in October 2002 (see Central Statistical Bureau of Latvia, 2004). This source is problematic in that actually paid overtime hours are included. Even so, the incidence of reported overtime work in a representative sample (almost 10,000) of manufacturing workers available for analysis was 12.5 per cent. Antila and Ylostalo (2003, p. 137) report that in their Working Life Barometer survey 39 per cent of wage earners usually work overtime (about 11 hours per week on average, 12 for men and 10 for women), and half of them are not compensated for it.

Table 6 compares the determinants of: (1) systematic overtime (usual weekly hours ≥ 50 ; LFS) in all sectors; (2) systematic overtime in manufacturing (LFS); (3) paid systematic overtime in manufacturing (paid overtime ≥ 20 hours per month; Earnings Survey); (4) paid overtime in manufacturing (at least one hour of paid overtime in October; Earnings Survey); (5)–(6) occasional overtime in manufacturing and in all sectors (LFS).

There is no significant difference between genders in terms of occasional overtime, as well as in terms of being paid for some or even for a large number of overtime hours; however, females are less likely to regularly work more than 50 hours a week than otherwise similar men.

Temporary workers doing more unpaid overtime

Other things being equal, temporary workers are much more likely to be engaged in occasional or regular overtime work, as well as to be paid for a large number of overtime hours. On the other hand, they are less likely to be paid for overtime in general. This suggests that *temporary workers, other things being equal, are to a larger extent subject to unpaid occasional overtime work*. In manufacturing, short tenures are associated with a higher

propensity to work 50+ hours per week, but also with a lower propensity to be paid for overtime.

To some extent this applies also to *part-time workers in manufacturing*: they do not differ from full-time workers in their propensity to work overtime occasionally, but are significantly less likely to have paid overtime.

Social dialogue making overtime being paid

After controlling for other factors, manufacturing workers are significantly more likely to receive overtime pay when the firm is covered by a *collective agreement*. It is plausible to assume that overtime work as such is more widespread in the uncovered sector, so it seems that the presence of a trade union improves workers' prospects of being paid for overtime work.

Some categories more exposed to overtime

Other things being equal, middle-aged workers in all sectors have the highest propensity to work overtime occasionally or systematically (predicted probability in columns (1), (2), (5), and (6) of Table 6 peaks between 38 and 44 years of age).

As far as occupations are concerned, managers, service and sales workers, and semi-skilled manuals are most likely to bear a heavy regular overtime load when all sectors are considered, but it is not the case in manufacturing (here semi-skilled manuals even have a lower propensity to work long hours). Occasional overtime differences between occupations are smaller; unskilled manuals and service workers are less exposed, while semiskilled manuals are more exposed than others.

The results in columns (2)–(5) also suggest that professionals, associated professionals and unskilled manual workers in manufacturing are subject to unpaid occasional overtime.

Plant size does not have any impact on employees' propensity to work overtime, be it occasionally or regularly. Models in Table 6 do not control for size, but when such control is included in models (3) and (4) it appears that workers in large firms are significantly more likely to receive overtime pay (other effects do not change qualitatively). This suggests a *high incidence of unpaid overtime in small firms*.

No enforcement of legislation on overtime and night work

The Latvian Labour Code stipulates overtime premiums of at least 100 per cent and premiums for night work of at least 50 per cent. Comparison of Table 7 with the information presented in Figure 7 and Table 3 on the incidence of long hours and night work suggests that this was rather far from being enforced in October 2002.

While the above results refer to 2002, experts interviewed at the beginning

Table 6 Determinants of Long Hours and Overtime Pay, 2002, Latvia

	(1) ^a	(2) ^a	(3) ^a	(4)	(5)	(6)
Dependent variable Y=1, if	usual weekly hours ≥ 50	paid overtime ≥ 20 hours per month	paid overtime	some overtime paid	occasional overtime worked	
Sectors covered	All	Manufacturing		Manufacturing		All
Observed mean Y	0.166	0.151	0.050	0.125	0.043	0.035
Variables	Marginal effects ^c dP/dx					
Age	0.012***	0.009*	0.000	-0.001**	0.007**	0.003***
Age squared/100 b	-0.016***	-0.011*			-0.009**	-0.003**
Female	-0.081***	-0.052***	-0.003	-0.013	0.002	-0.004
Temp. worker	0.020*	-0.019	0.017**	-0.032**	0.062***	0.030***
Part-time worker	NA	NA	NA	-0.023**	0.018	-0.006
Tenure b		-0.004***	0.001***	0.001**		
Collective agreement	NA	NA	0.012***	0.036***	NA	
Public ownership	-0.061***	-0.027	NA	NA	-0.019	-0.011*
Occupation (vs. skilled manual workers)						
Managers	0.048**	0.010	-0.033***	-0.073***	0.001	0.003
Professionals	-0.018	-0.079**	-0.032***	-0.078***	-0.004	0.010
Associate professionals	0.010	-0.012	-0.021***	-0.050***	0.008	-0.005
Clerks	-0.037	-0.019	-0.012	-0.013	-0.017	-0.007
Service, shop and market sales workers	0.068***	-0.011	0.021	0.003	-0.017	-0.021***
Plant and machine operators	0.033**	-0.045**	-0.005	-0.003	0.016	0.013*
Elem. occupations	0.000	-0.036	-0.009	-0.040***	-0.009	-0.013**
Other controls	Sector of economic activity, worker's education					
Data source	LFS	LFS	ES	ES	LFS	LFS
No./observations	8049	1579	8352	9549	1632	8555
Pseudo R-squared	0.091	0.054	0.163	0.147	0.075	0.046

Notes:

^a Part-time workers are excluded from the sample. ^b Age-squared and tenure included only when significant. ^c Marginal effect of a dummy variable is a change in predicted probability, P, when the variable changes its value from 0 to 1. For a continuous variable, e.g. x = age, marginal effect is dP/dx. Effects are calculated at mean values of independent variables.

***, **, * indicate that underlying coefficients are significantly different from zero at 0.01, 0.05, 0.10 level respectively.

of 2005 (trade union leaders, representatives of the Ministry of Welfare and the Labour Inspectorate) admitted that unpaid overtime is still not unusual, especially in small enterprises and the uncovered sector, although its incidence has somewhat declined.

According to the experts, compensation for night work is typically being paid, although violations also happen.

Occupational differences in working hours and wages

Further analysis by occupation relies on the annual October Survey on Occupations carried out by the Central Statistical Bureau.

Average actual number of worked hours per week for the largest share of occupations is significantly lower than 40 because both full-time and part-time workers on their main job were included. Figures 9–12 summarise the

Table 7 Share of Overtime Pay and Compensation for Shift Work in Total Earnings by Occupation, October 2002, Latvia

Occupations	Earnings related to overtime, % of total	Special payments for shift work, % of total
All	0.5	0.5
Legislators, senior officials and managers	0.1	0.1
Professionals	0.2	0.1
Technicians and associate professionals	0.3	0.3
Clerks	0.4	0.6
Service workers and shop and market sales workers	0.5	0.7
Skilled agricultural and fishery workers	0.0	0.0
Craft and related trades workers	0.8	0.6
Plant and machine operators and assemblers	1.1	1.5
Elementary occupations	0.8	0.8

Notes: Sectors covered: Mining and quarrying; Manufacturing; Electricity, gas and water supply; Construction; Wholesale and retail trade; Repair of motor vehicles, motorcycles and personal and household goods; Hotels and restaurants; Transport, storage and communications; Financial intermediation; Real estate, renting and business activities. Budgetary institutions are excluded.

Source: Earnings Structure Survey 2002.

data on average hours actually worked and real hourly wages for selected occupations with long average hours² in 1998, 2002 and 2003. They highlight great occupational – and within some occupations by gender – differences.

A reverse trend due to reinforced legislation and labour inspection?

In many cases the increasing trend in hours was reversed in 2003, most likely because of the new Labour Code which came into force on 1 June 2002. The new law has limited normal working time at a given employer to 40 hours a week, and overtime (which implies double pay) to 144 hours over a four-month period. More importantly, with respect to both working time and overtime pay the new legislation was accompanied by stricter enforcement than previously through the strengthening of the Labour Inspectorate. Overall, 48 per cent of employees in 2003 were employed in occupations in which average working hours reported by the enterprise displayed an inverse U-shaped time profile: they increased between 1998 and 2002 but declined in 2003. Reductions of more than two hours per week in 2003 are found, for example, for architects, nursing professionals, medical assistants, economists, university teachers, electronics and telecommunications technicians, controllers, operators, cleaners, and so on. It remains unclear to what extent these data reflect real changes rather than changes in reporting. All interviewed representatives of the Statistical Bureau, Ministry of Welfare and trade unions admitted that it is not unusual for enterprises to underreport working hours in order to keep the numbers in compliance with the law. This leads (envelope wages aside) to the overstating of hourly wages because total officially paid amounts are reported correctly.

Gender differences in workload and pay

In terms of workload there are clear disparities between males and females in some of the observed occupations. Relatively high gender disparities are observed among electrical engineers, pharmacists, police inspectors and detectives, as well as earthmoving- and related plant operators. Female police inspectors and detectives not only work fewer hours a week but also receive lower hourly pay.

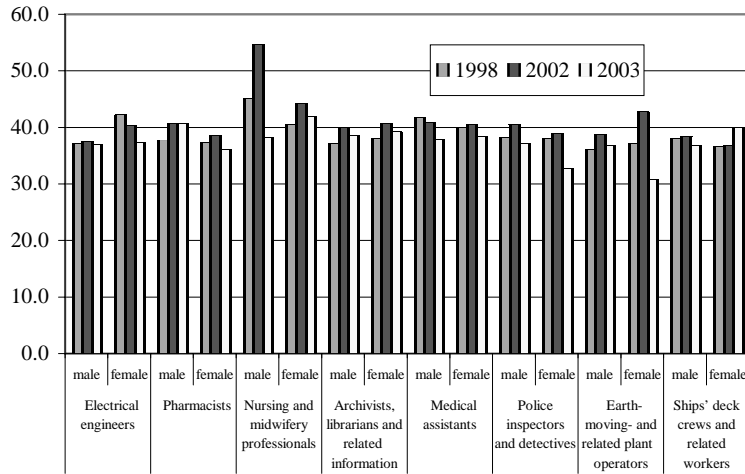
Long hours can be associated with both low and high hourly pay; nursing and midwifery professionals provide an example of the former, and electrical engineers of the latter (see Figure 10).

A significant increase in reported hourly wages since 1998 is found for males employed as nursing and midwifery professionals, at 35 per cent (for females the change is only 18 per cent), males employed as archivists and

2. Criteria for selection: hours actually worked per week reported as more than 39 in at least one of the observed periods.

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Source: Occupation survey data 1998, 2002, 2003.

Figure 9 Reported Average Hours Actually Worked per Week by Selected Occupations and Sex, 1998, 2002 and 2003, Latvia

librarians, 37 per cent (females – 13 per cent), male medical assistants, at 36 per cent (against 25 per cent for females) and female electrical engineers, at 29 per cent (compared to 8.5 per cent for males). Remarkably, all these examples refer to decreasing working hours.

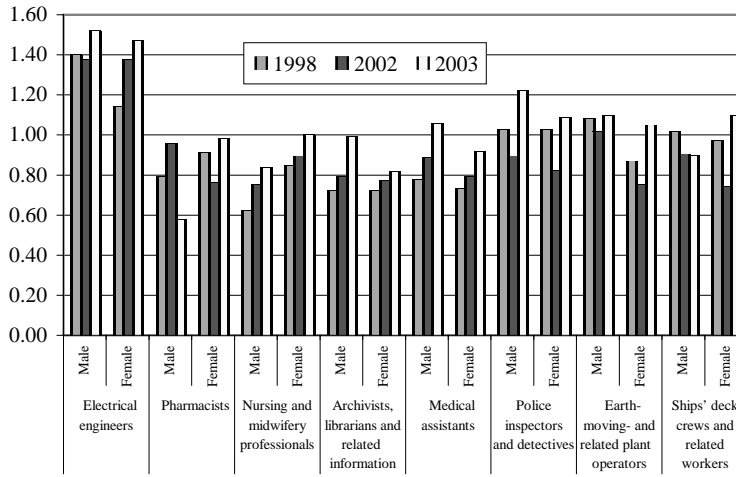
Working time decrease along wage increase

A significant decrease in working hours was experienced by male medical assistants, personal and protective workers, protective service workers, nursing associate professionals and nursing and midwifery associate professionals (average decrease: 3.5 to 4 hours per week, or 9 to 10 per cent), as well as for females working as electrical engineers: 4.1 hours per week from 1998 to 2003, or 11.6 per cent.

Many of these occupations also seem to have experienced an increase in pay per hour, although in general larger reductions in hours do not correspond to higher increases in pay. For instance, hourly pay of personal and protective workers per hour has increased since 1998 by only 11 per cent, while the highest hourly pay increase was experienced by nursing associate professionals and associate professionals, at 42 per cent compared to 1998, medical assistants, at 36 per cent, and medical doctors, at 33 per cent.

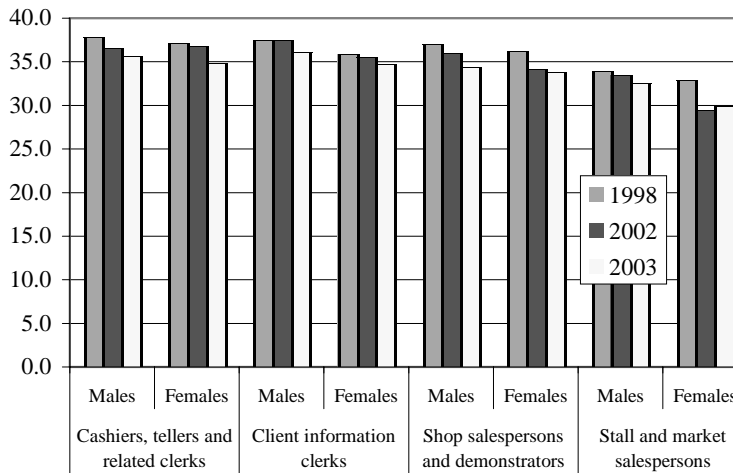
Figures 11 and 12 document decreasing trends in reported weekly hours (and in most cases an increase in reported real hourly wages) observed for

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Source: Author's own calculations based on Occupation survey data 1998, 2002, 2003.

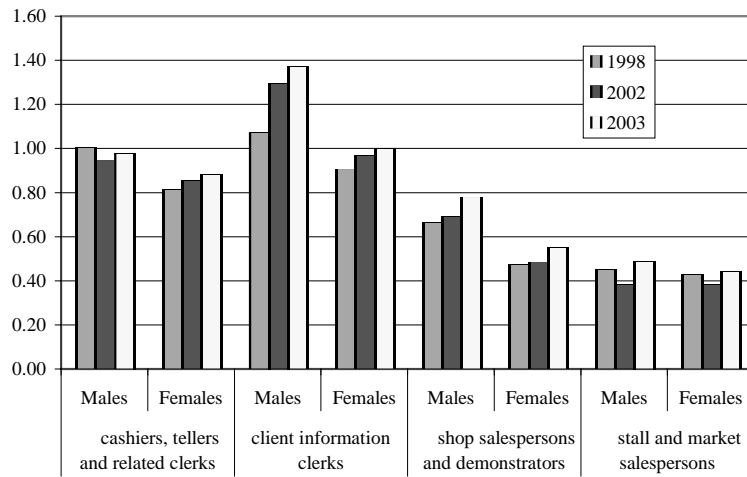
Figure 10 Reported Average Real Gross Wages³ per Hour by Selected Occupations and Sex, 1998, 2002, and 2003, Latvia



Source: Occupation survey data 1998, 2002, 2003.

Figure 11 Reported Hours Worked per Week by Selected Occupations and Sex, 1998, 2002 and 2003, Latvia

3. Average gross wages per hour are given in lats, in 2003 prices; LVL 1 = EUR 1.54.



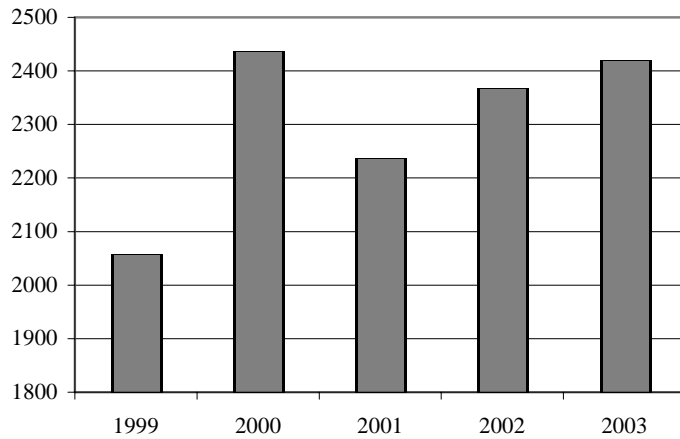
Source: Calculations based on Occupation survey data 1998, 2002, 2003.

Figure 12 Reported Average Real Gross Wages per Hour by Selected Occupations and Sex, 1998, 2002 and 2003, Latvia

customer service clerks, shop/market salespersons and demonstrators (recall that these are occupations with a high concentration of 50+ weekly hours, according to LFS).

5. COLLECTIVE AGREEMENTS: COVERING ONE QUARTER OF THE LABOUR FORCE

Less than a quarter of workers covered by the Earnings Structure Survey 2002 (budgetary institutions were excluded) have their wages regulated by a collective agreement. Agreements are in most cases (87.5 per cent) at enterprise level. Figure 13 displays the evolution of the number of collective agreements. Collective agreements are almost exclusively found in unionised firms or sectors, and union coverage shows no signs of increase. One important exception is expected to happen this year if the parliament lifts the ban on trade unions in the police force: according to the leader of the initiating group, about 80 per cent of policemen have signed the petition, motivated by unpaid overtime, lack of compensation for night work, and sometimes adverse working conditions



Source: Latvian Employers' Confederation (<http://www.lddk.lv/index.php?pid=1213>).

Figure 13 Change in Number of Collective Agreements, 1999–2003 (end of period), Latvia

6. WORKING CONDITIONS: A SEGMENTED LABOUR MARKET

The evidence on developments in working conditions is mixed. Table 8 compares the incidence of some risk factors, health and satisfaction outcomes according to the *NORBALT II* (1999) Living Conditions Survey, and the Dublin Foundation Survey on Working Conditions (2001), as well as the Working Life Barometer 1998 and 2002.

Perhaps the most striking finding from the *NORBALT* survey is that 28 per cent of respondents said that their working conditions in 1999 were worse than five years previously (not necessarily at the same job), while another 28 per cent said that they were better. This suggests a segmented labour market. Indeed, Figure 14 confirms that changes in working conditions have been predominantly favourable for management, neutral for other white-collar workers, and unfavourable for blue-collar workers. Likewise, Figure 15 shows that employees aged 25–34 have seen, on balance, a significant improvement of working conditions (which can be associated with 'new' enterprises which employ predominantly this age group), while for other age groups the change has been close to neutral. Finally, temporary workers have been exposed to adverse changes in working conditions to a much larger degree than others.

Table 8 Exposure to Risks and Stress, and Satisfaction with Working Conditions, 1998–2002 (%), Latvia

	1998 a	1999 b	2001 c	2002 a
High temperatures		22.8 d	17.8 e	
Low temperatures		28.1 d	24.2 e	
Noise		30.8 d	31.7 e	
Vibration		13.5 d	30.0 e	
Dust, fumes, etc.		20.6 d	34.5 e	
Contact with dangerous substances		14.5 d	13.6 e	
Moving heavy loads		23.3 f to 48.4 g	39.8 e	
Bad positions		20.6 f to 41.9 g	41.6 e	
Repetitive and monotonous operations		23.5 f to 41.1 g	42.0 e	
Overall fatigue		29.3 f to 64.9 g	39.2	
Stress too high		24.7	31.0	
Not satisfied with working conditions	16.0		28.8	22.0
Safety at work during last 12 months:				
increased (+)/decreased (-)			18.4(+)/3.5(-)	
Mental stress at work during last 12 months:				
increased (+)/decreased (-)	47(+)/4(-)			40(+)/3(-)
Physical stress at work during last 12 months:				
increased (+)/decreased (-)	42(+)/6(-)			37(+)/4(-)
Working conditions worse than 5 years ago		27.7		
Working conditions better than 5 years ago		28.2		

Notes:

^a Working Life Barometer in the Baltic Countries (see Antila and Ylostalo, 2003).

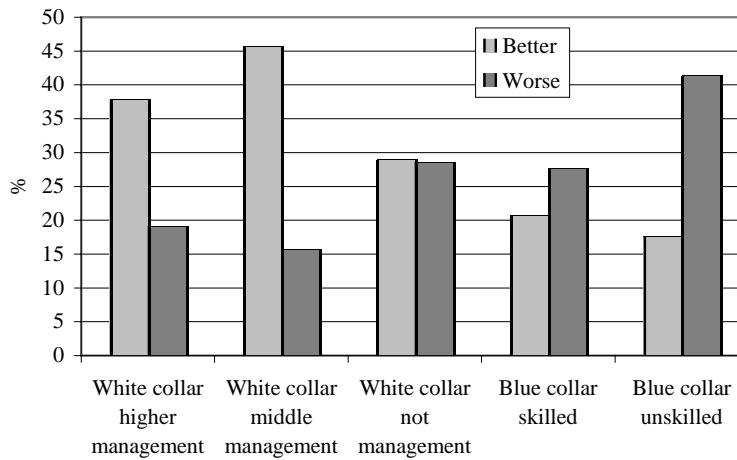
^b *NORBALT II* (1999) Living Conditions Survey (see Aasland and Tyldum, 2000).

^c Dublin Foundation Survey on Working Conditions in Candidate Countries (see European Foundation for the Improvement of Living and Working Conditions 2003; <http://www.eurofound.ie/working/surveys/index.htm>).

^d Regularly. ^e At least 25 per cent of the time. ^f Often. ^g Sometimes.

Working Too Hard?

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Source: Author's own calculations based on NORBALT II survey data.

Figure 14 Perceived Change in Working Conditions Compared with 5 Years Ago by Occupation, 1999, Latvia

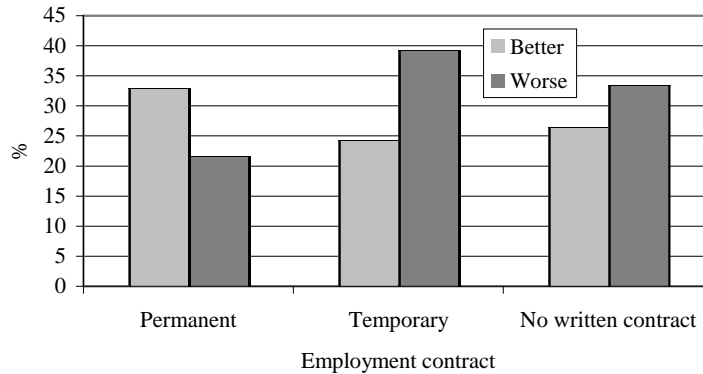
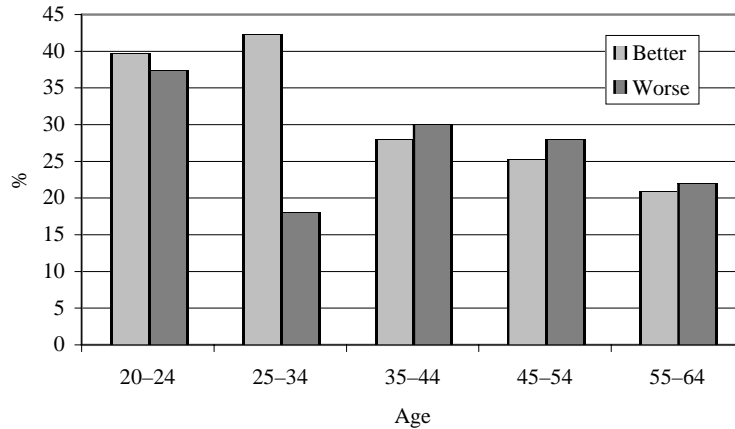
No major improvement in working conditions

The 1999 and 2001 surveys are reasonably comparable, and it seems that on balance no major improvements in exposure to physical risks have occurred in two years; in some respects (fumes, vibration, painful postures, repetitive movements, stress) the changes, if any, seem to be unfavourable. Working Life Barometer (WLB) found in 2002 a higher incidence of dissatisfaction with working conditions compared to 1998, as well as an increase in stress at work, both physical and mental, during the last 12 months reported by about 40 per cent of employees. On the positive side, WLB reports an increase in perceived safety at work.

Experts have also noticed that foreign investors, especially from Scandinavian countries, tend to introduce substantial improvements in facilities for workers within the enterprise.

Health and safety standards still lagging behind

Since 2002, the Latvian labour market has seen significant legal and institutional changes aimed at improving job safety. About 70 per cent of all enterprises now have one or more trained labour protection specialists (in small enterprises this function is performed by the employer). Study programmes for the preparation of specialists in this field, initially just 40 hours, have been increased to 160 hours for basic level training, but since 2003 there are also one- or two-year study courses for labour protection specialists with a higher



Source: Author's own calculations based on NORBALT II survey data.

Figure 15 Perceived Change in Working Conditions Compared with 5 Years Ago by Age (Upper Panel) and Contract Type (Lower Panel), 1999, Latvia

education. Evaluation and management of work-related risks is supposed to become a routine procedure, and employers have to arrange regular health examinations for exposed workers.

In recent years a number of information campaigns and materials have been developed to inform employers, employees and society in general regarding health and safety at work. The Labour Inspectorate, the Latvian Focal Point of the European Agency for Safety and Health at Work, and the Ministry of Welfare are actively campaigning to raise awareness among workers and employers. There has also been a change in attitude on the part of some employers (predominantly, large enterprises) who now take a more forward-looking view of the health of their employees.

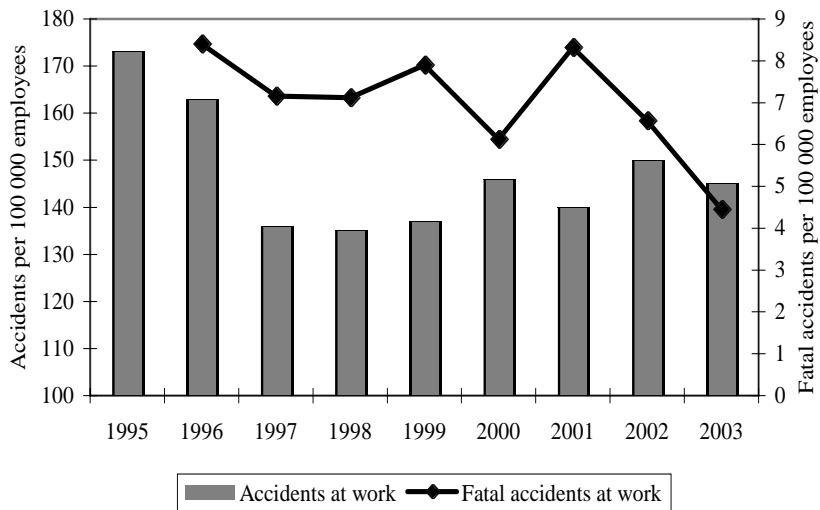
The gap between legislation and implementation

However, full enforcement of the recent legislation and substantial improvements in the quality of risk management are still major challenges. In the first half of 2004 the Labour Inspectorate carried out inspections in 1,890 enterprises, of which one-third did not have a labour protection specialist, about 60 per cent had not carried out risk evaluation and almost three-quarters did not have a list of occupations exposed to risks. An important issue is that the labour protection specialists, who are employees of the enterprises they are suppose to oversee, are subject to pressure from employers not to include all existing risks on the list. Experts' estimates of the prevalence of this phenomenon range from *not very often* to *often*; some representatives of trade unions are quite pessimistic about this. The requirement of regular health examinations is violated in many cases (for example, in 2004 this was found in relation to 70 per cent of patients diagnosed with occupational illnesses). Many employers (in small enterprises) do not know that the costs of health examinations and accident prevention are tax deductible. On the other hand, the quality and even scope of the mandatory health examinations depends on the provider, sometimes with substantial variations. Finally, relatively high unemployment makes employees reluctant to urge safety issues against the will of the employer. Yet another factor which weakens workers' position in this (and many other) respect is that many workers, especially in small firms, receive a substantial part of their pay unofficially (so called 'envelope wages'), which makes them a lot more dependent on the employer.

Accidents at work: no progress and under-reporting

While the rate of accidents at work fell in the late 1990s compared to previous years, there has been no progress since then (Figure 16). The largest number of accidents are in the following industries: manufacturing of timber and wood products; construction; production of food and beverages; land and pipeline transport; health and social care; forestry.

The reported accident rate (Figure 16) is about 20 times lower than in EU-15, implying that most accidents are not reported. In order to improve the situation and employers' attitudes towards health and safety issues in 2004 sanctions for violation of health and safety legislation were raised fourfold, and now the maximum fine is EUR 1,400. Previously, employers in many cases violated legislative requirements because of the very low penalties. Another reason for the huge difference in reported accident rates is perhaps differences in mentality: workers, especially the older ones, are accustomed to not reporting minor accidents: they just keep working. On the other hand, the rate of *fatal accidents* (which must of course be reported) is much higher than in EU-15 (where it is below 3 per 100,000 employees), suggesting that there are serious problems to be solved in the coming years.



Source: Labour Inspectorate and own calculations.

Figure 16 Number of Accidents and Fatal Accidents at Work per 100,000 Employees (1995–2003), Latvia

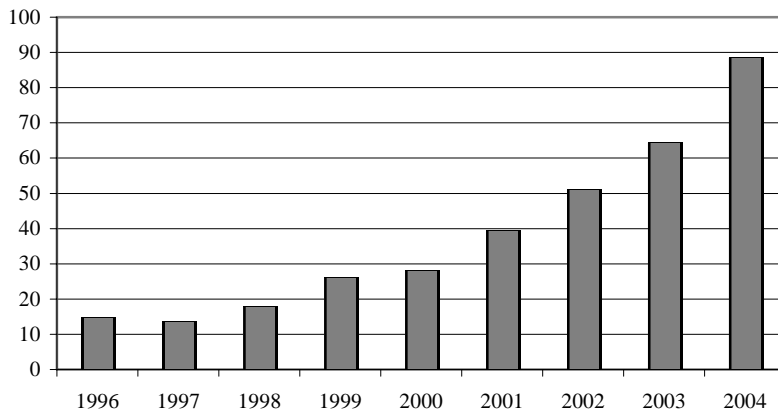
Increase in occupational diseases: better reporting or adverse developments?

The increasing trend in the rate of occupational diseases (Figure 17) is a result of the interaction of several factors. First, adverse working conditions in Soviet times and in the early 1990s. Second, workers are becoming better informed and increasingly concerned with their health, while doctors' attitudes to accepting the occupational origin of diseases is becoming more objective. However, current problems in the workplace (lack of risk management, lack of regular health examinations, poor work organisation, long working hours and fatigue) are also contributing. Nevertheless, the overall trend in the occupational health and safety situation, according to the Latvian OSHA Focal Point, is positive.

This, however, has not been the case in the health sector, where the situation is particularly troublesome. According to the University of Latvia's Institute of Philosophy and Sociology (2002, p. 11), 43 per cent of workers report overall fatigue, 59 per cent are exposed to risk of contact with substances containing dangerous bacteria or viruses, 51 per cent report emotional or psychological risk factors, 43 per cent are exposed to chemical risks, 24 per cent to violence and 13 per cent to other risks. The trade union of Latvian

health care and social workers (2003, p. 82), based on a representative survey, claims that working conditions are deteriorating. In this sector, in contrast with most others, first-time diagnosed occupational diseases are most frequent among relatively young employees. Vocational allergic reactions, tuberculosis, spine spondilosis and hepatitis C are the most common problems. According to the same report, health care and social workers are not well informed about working environment risk factors, their potential effect on health and preventive measures. Adequate individual means of protection are not available in sufficient amounts or are not used due to limited information. The high incidence of occupational diseases also has to do with low pay in this sector: in 2002, about 40 per cent of employees had workloads 50 per cent or more above what they should be (University of Latvia Institute of the Philosophy and Sociology (2002, p. 13). Overload leads to fatigue, and fatigue causes mistakes and inadequate precautions.

Combined with low pay, poor working conditions are causing the emigration of health care and social workers to EU-15 member states (shortage of nurses and doctors is already a problem in Latvia), as well as industrial action (like the anaesthetists' strike in November 2004, when all except emergency surgery was postponed). As a result of the strike an action plan on wage increases for health care and social workers starting from July 2005 was prepared by the government, which allocated an additional LVL 31 million to the health care budget (one-third of what is necessary, according to the trade unions).



Source: Labour Inspectorate and own calculations.

Figure 17 Diagnosed Occupational Diseases per 100,000 Employees (1996–2004), Latvia

PART II REALITY AT ENTERPRISE LEVEL: CASE STUDIES

Overview

This section summarises (see Tables 9-11) direct evidence from enterprises obtained between November 2004 and February 2005 from questionnaires filled in by trade union leaders, management representatives (including labour protection specialists) and employees. In some cases this was followed up by in-depth telephone interviews with trade union leaders and managers. The diversity of cases in terms of size, sector, type of ownership and location of firms suggests that the emerging picture is not too biased.

Most of the case studies confirm the decreasing trend in the incidence of fixed-term contracts since introduction of the new legislation in 2002. However, the manufacturing of metal products and equipment sector (case E) is an exception: here demand fluctuations force the employers to use this type of contract regularly and, as far as the sector as a whole is concerned, increasingly. On the other hand, a relatively high incidence of fixed-term contracts in Latvia is also confirmed: in one of the firms (case C) 15 per cent of all employees have temporary contracts; in another (case G) every year about 100 employees have fixed-term contracts. In the same two cases managers complained that the restrictions on using temporary workers are in odds with efficient business strategy.

A significant incidence of long working days was found in three cases (A, B, F); in two other cases (E and G) this phenomenon also exists, although it is not so widespread. In most cases, overtime was found to be rare or very rare. This may have something to do with the fact that our cases, with three exceptions, refer to unionized firms. In two out of three cases without a trade union we found that the incidence of overtime seems to be substantial.

Consistent with the general pattern presented in Section 3, we have found that shift work and weekend work is quite common (respectively, 6 and 4 cases out of 10 with relatively high incidence).

Our findings regarding working conditions also confirm the description of the situation given in Section 8: on the one hand, some improvements in conditions are reported in almost all cases, but on the other, stress is reported in all cases, fatigue in most cases, and serious risks for a significant proportion of workers are found in eight out of ten cases (including the health sector, where we refer to the University of Latvia's Institute of Philosophy and Sociology, 2002). Some cases confirm that apart from stress and fatigue, reconciliation of work and family life is hampered by overtime, night and evening work. Access to short unpaid leave for family reasons varies from easy to almost impossible. Social dialogue is absent in two cases without trade unions, but exists in some form in a large bank.

Table 9 Case Studies: Main Features of Enterprises under Study (A, B and C), February 2005, Latvia

Features	Firm A	Firm B	Firm C: SIA 'Arbo'
Sector	Retail trade (food supplements)	Transport and storage	Construction
Number of employees	10–19	500-999, ↓↓	50-99, ↑
Ownership	Private (domestic)	Private (majority domestic)	Private (domestic)
Location	Capital city	Large city	Large city
Turnover	Stable	↓↓	↑↑
Profit	Stable	↓	↑
Employment contracts	+Unlimited duration	+↑Unlimited duration; – ↓ Fixed-term – – ↓ For specific task; – Trainees	+↑Unlimited duration; ↓ Temporary contracts (15% of workers) ↓ For specific task (5%)
Working time	- Extra hours; Unpaid overtime + Long working days	+ Overtime (paid); + Long working days; + Shift work	Almost exclusively standard (no overtime, evening or night work)
Health and safety and other conditions	Workers complain about <i>stress and fatigue</i> Most workers are exposed to physical and/or chemical risks about 50% of the time. All interviewed persons are exposed to multiple risks (no special compensation); all are well informed; some report serious work-related health problems; but all say they are in general satisfied!	–↑ Somewhat better than 1 and 5 years ago, but for manual workers worse than 15 years ago. Despite this, no health problems reported except for stress (perhaps because manual workers are predominantly young, 23 to 40 years of age). Working conditions for manual workers described as 'normal', with slight improvement vs. 5 years ago. All interviewed persons were satisfied with conditions and well informed	–↑ Risks typical for construction workers: vibration, noise, dust, fumes, low temps, etc.

Features	Firm A	Firm B	Firm C: SIA 'Arbo'
Work and Family	No complaints about adverse effect on family life despite long working days (young employees). However, no more than one week of vacation is allowed at one time	-- Stress and fatigue, as well as evening work and work on holidays have adverse effect, according to management and trade union; none mentioned in the interviews, however. Difficult to get unpaid leave if needed, even for a few days	Easy to get unpaid leave up to several weeks if needed
Wages	Level similar to other firms in the sector. About 60% of pay is received unofficially ('envelope wages'). Fixed monthly pay is assumed but sometimes it is reduced by 15–20% by the manager	+↓ Higher than average in the city for given occupation, according to administration; workers think there is no difference. Compensation includes fixed monthly pay and profit-based annual premiums. Workers recently were forced to agree to wage cuts	Fixed hourly wage (construction workers); fixed monthly wage (office workers and engineers). Level comparable to city average in general and to average in construction
Social dialogue and workers' participation	–Workers have no say at all – no collective agreement	+ (↓) Trade union exists but has very limited role ('pocket' trade union). Workers' participation very small. Collective agreement	– No trade union, no workers' participation

Notes:

+ relatively high incidence or relatively well developed; ++ very high incidence or very well developed;

↑ improving or increasing; – relatively low incidence or poorly developed; -- very seldom or extremely undeveloped; ↓ declining or worsening.

Table 10 Case Studies: Main Features of Enterprises under Study (D, E, F), February 2005, Latvia

Features	Firm D	Firm E	Firm F
Sector	Steel company	Manufacturing of metal products	Railways
Number of employees	more than 500	more than 500 -	more than 500, -
Ownership	Private (domestic)	Private (domestic)	State
Location	Large city	Large city	Dispersed
Turnover		-	-
Profit		Stable	Fluctuates
Employment contracts	+Unlimited duration; - Fixed-term - - For specific task + -Trainee --Self-employed	+Unlimited duration; +(-) Fixed-term - - For specific task --Self-employed	+Unlimited duration; - Fixed-term - For specific task
Working time	++Shift work ++Weekend/holiday work --Overtime	+ Shift work, evening work -/+ Night work --Weekend/holiday work + Long working days -Overtime -Night work	+Long (12 hours) working days, but with 3-4 hours break. ++Shift work, weekend and holiday work compensated)
Health and safety and other conditions	--Many workers are exposed to multiple risks (to some of them all or almost all the time). Compensation is paid. 2 out of 5 interviewed workers not satisfied with working conditions, 4 report stress, some report health problems. Improvements in working conditions are very slow	++,- Working conditions are described as good (trade union) or normal (administration), somewhat better than 1 or 5 years ago, much better than 15 years ago. However, 25 to 50 per cent of the workers are exposed to low temperatures in autumn/winter; 10 to 25 per cent of	- Working conditions are described as normal, somewhat better than 1, 5, or 15 years ago. However, 25 to 50 per cent of workers exposed to painful or uncomfortable positions and stress almost all the time, and high temperatures about half the time; 8 other types of risk affect

Features	Firm D	Firm E	Firm F
	workers exposed to multiple physical risks, notably noise	almost all the time (continuous need for individual protection, monotonous movements). Overall, 10 to 15 per cent exposed to serious risks, partly due to outdated equipment and/or technologies.	smaller but not negligible groups of workers
Work and Family	Fatigue has adverse effect on family life. Easy to get unpaid leave up to several days if needed, for some occupations even switch to part-time switching to part-time - difficult	Stress, fatigue and overtime have adverse effect on family life. Unpaid leave up to several days - depending on occupation; longer hours or on occupation	Stress, fatigue, long working days, night, evening and holiday work adversely affect family life. Possibility of unpaid leave depends
Wages	Double the national average with also bonuses distributed Fixed-term workers are not discriminated against	Fixed salaries, compensation for risks, night and shift work, monthly and annual bonuses. Workers consider themselves underpaid compared to private sector workers with similar skills	
Social dialogue and worker participation	++Active trade union (collective agreement), significant workers' participation	++Active trade union, collective agreement, significant workers' participation	+90% of employees are union members. Collective agreement. Some workers doubt that trade union plays a significant role

Notes:

+ relatively high incidence or relatively well developed; ++ very high incidence or very well developed;

↑ improving or increasing; – relatively low incidence or poorly developed; — very seldom or extremely undeveloped; ↓ declining or worsening.

Table 11 Case Studies: Main Features of Enterprises under Study (G), February 2005, Latvia

Features	Firm G
Sector	Banking
Number of employees	more than 1000, ↑
Ownership	Majority foreign
Location	Dispersed
Turnover	
Profit	↑
Employment contracts	+↑ Unlimited duration + Fixed-term (about 6%, to replace women on child-birth leave) -- Self-employed
Working time	- Shifts, work in evenings, weekends, holidays (about 10% of employees) - Overtime; -- Night work, long days. Management: overtime, holiday and night work are compensated properly, and shift workers get +10%. Some respondents report unpaid overtime
Health and safety and	+↑ Better than in many other banks. Almost all employees work with computers all the time, with associated conditions risks. Some respondents report noise and high temperatures; all report work-related health problems. Annual health checks and workplace evaluations take place. 4 out of 6 respondents were in general satisfied with working conditions
Work and Family	Stress and fatigue adversely affect family life. The firm pays wedding and child birth benefits. 2–3 free days are provided in case of wedding.
Wages	Extra vacation: 3 days if tenure 4 to 6 yrs; 5 days if tenure > 6 yrs Well above economy average and even sector average (if all bonuses included). Fixed salary plus profit sharing plan. Health insurance (also for fixed-term workers). Contributions to private pension fund
Social dialogue and workers' participation	No trade union, no collective agreement, but many of the usual elements of collective agreements are part of the firm's policy

Case A: Envelope Wages: Not as Good for Workers as They First Thought

Firm A is a small retail company with domestic capital, selling food supplements. Number of employees (between 10 and 20) and turnover are stable. Most employees are very young women (20–22 years of age) working as salespersons in a number of shops located in different shopping centres in the capital city. Interviews with the manager and six employees were carried out.

Long working days

Each month these women work 15 or 16 days, 12 hours a day. No complaints were made by interviewed workers about the adverse effect on family life, but everybody mentioned the stress and fatigue which result from the long working days, as well as noise.

No compensation for overtime

Given that the normal working week in Latvia is 40 hours, the working time schedule described above implies two to three hours of overtime per week, on average. All four respondents employed as salespersons indicated that they worked 42 or 43 hours per week. There is no special compensation for this (but it is difficult to classify as unpaid overtime either, given the unofficial payments). Two other respondents – an accountant, 36, and a secretary, 25 – work 40 hours a week without overtime. Interestingly, the manager claimed that everybody works just 40 hours a week.

Undeclared wages: at employers' discretion

lity, about 60 per cent of net wages are paid unofficially ('envelope wages'). Total amount paid is similar to the average in this occupation. Envelope wages make the workers fully dependent on the manager. Although the verbal agreement is for a fixed monthly wage, from time to time the manager reduces it by up to 20 per cent if she thinks somebody has underperformed; there is no discussion. When one of the girls had a conflict with the manager, she received just the official part of her wages as punishment.

Under threat if holidays taken

Workers cannot take the whole annual vacation which is guaranteed by law in one go: no more than one week is allowed at one time. One of the respondents did not know about this rule; she has worked a full year without a vacation in the hope that in March she would be able to take a free month to work on her BA thesis. She was refused any paid vacation at all; the manager argued that such a long absence would mean the firm would have to find a replacement, which would entail extra costs.

Needless to say, there is no trade union and no social dialogue in this firm.

Limited dissatisfaction

The young lady whose vacation had been 'stolen' appeared, surprisingly, to be the only respondent not satisfied with working conditions in general. Two others were 'rather satisfied' and three 'very satisfied', which says a lot about their perception of the quality of available jobs.

Overall evaluation: a discretionary policy

Enterprise A typically reports the problems identified in small private firms in part I. The absence of trade unions - and thus also of a collective agreement - confers on the employer excessive power to impose working and employment conditions. The discretionary payment of wages - in the form of envelope pay - is illustrative of this process, as is unpaid overtime and employees' difficulties going on holiday. Not surprisingly, workers reported stress and fatigue, while working rhythms and conditions may have other detrimental effects.

Case B: Sick from Work But Happy with the Conditions?

Firm B is a large private enterprise in the transport and storage sector (we cannot be more specific for reasons of confidentiality). Ownership is mixed but the domestic investors are the dominant shareholders. The firm is located in a large city and has between 500 and 1,000 employees.

Sources of information for this case study included detailed identical questionnaires completed by the administration and the trade union leader, the collective agreement, and (standardised) interviews with five workers. The interviewed employees have worked for this firm between four and twenty-two years.

Limited use of temporary contracts: mainly for women

A large and increasing number of employees have contracts of unlimited duration; workers in this category are predominantly 35 to 45 years old and are highly skilled; about 45 per cent are women. Fixed-term contracts are rare, and contracts for specific task very seldom. The incidence of both abovementioned types of temporary work is decreasing. Temporary workers are usually 40 to 45 years old with average skills. They are not discriminated against in terms of monthly pay. Those on fixed-term contracts are predominantly women (70 per cent), while those hired for a specific task are mostly men (90 per cent). On top of this, a small but stable fraction of workers (aged 19 to 23) are trainees.

Trade unions: a decreasing influence

Two thirds of the workers are trade union members. The collective agreement includes the following provisions:

- protection of older workers from dismissal;
- workers' transportation to and from work on the firm's bus;
- special winter and summer clothes with the firm's logo, tailored to the needs of different groups of workers, as well as all necessary individual protection equipment;
- compensation of up to 50 per cent of the costs of hospital treatment once a year;
- annual health examinations paid by the firm;
- special payments in the case of child birth, as well as in the case of the death of a close relative or an employee's or former employee's death;
- Christmas gifts for children up to 12 years of age and to pensioners;
- facilities for workers (showers, rest rooms, kitchens and dining rooms, etc.);
- some categories of workers exposed to chemical risks receive free dairy products;
- a canteen open only for employees;
- additional paid vacation (depending on tenure);
- the firm finances participation of trade union representatives in conferences (up to five days a year) and offers trade union leaders a job in case they are not re-elected.

Apart from negotiating the collective agreement, the *role of the trade union is small and decreasing.*

There are even some signs that this is an example of a so-called 'pocket trade union'.

Workers threatened by employment and wage cuts

The firm is experiencing difficulties: number of employees, turnover and profits have experienced a negative trend over the last five years. For example, in 2003 the number of employees fell by more than 25 per cent. Recently, workers were forced to agree to wage cuts. In contrast with most other cases our primary contact with firm *B* was the administration rather than the trade union leader who was in fact reluctant to complete the questionnaire until he was invited to do so by the head of personnel. The latter directly ordered the trade union leader to fill in the questionnaire, which he immediately did. Most interviewed workers first said they could discuss working conditions with the administration, but not all of them mentioned the trade union.

Even after recent cuts, *wages* are higher than average in the city for the given occupation, according to the administration; the interviewed workers,

however, thought there was no difference. In any case, *wages here are quite high by national standards*. Compensation includes fixed monthly pay and profit-based annual premiums.

Continuous deterioration of working conditions

However, *long working days, overtime and shift work* are quite common in this firm and show no tendency to decrease. Number of overtime hours per worker, however, is rather small, and workers receive double pay for these hours, as required by legislation.

Both administration and trade union admit that the *working conditions* of manual workers are worse than 15 years ago (that is, at the end of the Soviet era), although they have improved slightly compared with five years ago (according to the trade union, also compared to one year ago, while the administration does not claim such a short-term improvement).

Multiple health risks for most workers

Most workers are exposed to multiple physical and/or chemical risks about 50 per cent of the time:

- low temperatures (50 per cent of all workers);
- noise (10 per cent of all workers);
- vibration, when using instruments (10 per cent of all workers);
- breathing in vapours, fumes, dust or dangerous chemical substances (at least 50 per cent of workers);
- handling or touching dangerous products or substances (25 to 50 per cent of workers);
- painful or tiring positions (10 to 25 per cent of workers);
- monotonous hand or arm movements (10 to 25 per cent of workers);
- wearing personal protective equipment (at least 50 per cent of workers);
- carrying or moving heavy loads (10 to 25 per cent of workers);
- working with computers (25 to 50 per cent of workers).

Serious problems reported

All interviewees are exposed to multiple risks and do not receive any special compensation. All are well informed about the potential effect of these risks on their health; some report serious work-related health problems. Some examples follow.

Andris, 43, is a *fitter of electric equipment* who has worked for the firm for 22 years. He is exposed to vibration from instruments; noise; low temperatures; breathing in vapours, fumes, dust and dangerous chemical substances; handling or touching dangerous products or substances; painful or tiring positions; wearing personal protective equipment; carrying or moving heavy

loads; and stress. Each of these factors affects him less than one quarter of the time, but on the whole he is at risk at least half the time. Nevertheless, Andris does not (or does not want to) report any health problems. Neither does he report overtime. Andris reports being very satisfied with the working conditions and does not see any work-related personal problems.

Gatis, 46, is a *mechanic*. He has worked for the company for eight years. For almost the whole working day he is exposed to breathing in vapours, fumes, dust and dangerous chemical substances. On top of this, he needs continuously to wear individual protection and is exposed to noise (less than a quarter of the time). Gatis reports work-related problems with eyes, skin and sleeping, as well as stress. He is rather satisfied with working conditions and thinks they are better than five years ago. Work appears to fit in very well with his personal life.

Sergejs, 45, is a *machine fitter* and has worked for the firm for 11 years. Almost the whole working day he breathes in fumes, dust and dangerous chemical substances; about three-quarters of the time he handles or touches dangerous products and moves heavy loads; about half the time he is exposed to painful or uncomfortable positions, monotonous hand movements, wearing personal protective equipment, and stress; he also faces high and low temperatures and noise (less than a quarter of the time). Sergejs reports allergies, pains in the neck and shoulders, and breathing problems. Nevertheless, Sergejs says that he is rather satisfied with the working conditions, which have improved compared to five years ago. He does not report any overtime and does not claim any serious work-related problems in family or personal life.

According to the management, working conditions for non-manual workers have improved substantially compared with 15 or five years ago; the trade union leader disagrees. Two examples may illustrate this.

Vladimirs, 57, is an 'engineer' dealing with electrical equipment. He has worked for the firm for four years. Vladimirs is exposed to stress about half the time. Although very seldom, he occasionally works in the evening and night time, as well as at weekends and holidays. This is compensated with free time. When asked about work-related health problems, Vladimirs reports stress and fatigue. But he, too, is very satisfied with the working conditions (he does not think they have changed in recent years or since he started to work at the company) and does not see big problems in his personal life stemming from his job.

Aina, 43, is an 'accountant'. Her tenure is five years. She works with a computer all the time. About three-quarters of the time this implies monotonous hand movements. About half the time she is exposed to stress, and a quarter of the time to breathing in dust and uncomfortable positions. She reports problems with her eyes and back pain.

Aina occasionally (but increasingly) works at least two hours in the evening, and sometimes her working days exceed 10 hours. No compensation is reported, but her normal salary is quite high. Weekend work is very rare. Aina is very satisfied with conditions and thinks they have improved in the last five years. She reports no serious job-related personal problems.

In contrast with the interviewed workers, both management and the trade union leader claim that *stress and fatigue*, as well as evening work and work on holidays have an adverse effect on workers' family life. On top of this, unlike many other firms, here it is difficult to get unpaid leave if needed for family reasons, even for a few days.

Overall evaluation: conditions at work after restructuring

Enterprise B is illustrative of employees' priorities in a period of restructuring: after a significant reduction - of 25 per cent - of the labour force the remaining employees can only be satisfied with their job and are ready to accept almost any working conditions imposed by the employer: wage cuts, long working days, overtime and shift work, with in addition serious exposure to multiple health and safety risks. Significantly, difficulties in having a normal family life are not reported by employees, although it was recognised as a serious problem by both management and trade union. Typically, insecurity has broken any possible balance between flexibility and security, even in the long run since weak trade unions and employee unwillingness to complain will not be able to prevent management from unilaterally determining the production process.

Case C (Enterprise ARBO): Temporary Workers Vital in the Construction Sector

Construction booming

'Arbo' is a construction firm located in the port city of Ventspils. It has about 100 employees, aged mostly from 23 to 40. Turnover is growing; profits are slowly increasing as well. This is not surprising given that construction is a booming industry in Latvia: real growth in this sector was 14 per cent in 2003 and 13 per cent in 2004. Number of employees rose from 81 to 95 between October 2002 and October 2004. Recently, the firm received financing from the European Structural Fund.

Huge reliance on temporary contracts

One interesting feature of this company is the relatively large proportion of temporary workers: 15 per cent of employees have fixed-term contracts, and another 5 per cent are hired for specific tasks. However, the owner indicates

that these proportions have been falling since the introduction of the new Labour Code in 2002. Good workers are being offered permanent contracts. On the other hand, the owner sees the restrictions on the use of temporary workers as a serious obstacle. He says: 'In construction you depend heavily on luck in winning tenders, so it is very difficult to forecast the amount of labour you will need.'

No pay discrimination against temporary workers

Manual workers are paid an hourly wage. Total compensation is similar to the city average, as well as to the national average in the construction sector. Temporary workers are not discriminated against (this is not typical of other Latvian enterprises).

Limited use of overtime but shift work planned

In contrast with many construction enterprises, 'Arbo', according to the owner, does not use overtime; this was also confirmed by respondents.

Shift, evening, night and weekend work are not currently in use, but shift work will be introduced on one site in the near future. All workers receive 20 days' paid vacation; on top of this they can easily get unpaid leave of up to several weeks if needed, so no adverse effects on family life are observed in relation to working time.

Full exposure to risks

Another common problem in construction is the high incidence of accidents at work. While 'Arbo' has been lucky so far in this regard, there are *risk factors* at work. At least 50 per cent of the workers are exposed to vibration about a quarter of the time; 25 to 50 per cent are exposed to low temperatures during the winter season. Noise and breathing in vapours, fumes and dust affect 10 to 25 per cent of workers (less than a quarter of the time). Finally, such factors as handling or touching dangerous products or substances, welding, uncomfortable positions, repetitive hand or arm movements, wearing personal protection equipment, and work with computers each affect up to 10 per cent of workers. The risks overlap one another: according to the Labour Inspectorate, this is a frequent cause of accidents. Two of our respondents may serve as examples.

The first respondent, a *joiner*, wears individual protection 90 per cent of the time. He is exposed to breathing fumes and/or dust three-quarters of the time, to noise and uncomfortable positions half the time, and to vibration a quarter of the time. He also has to move heavy loads from time to time. He did not report (or did not want to) any health problems, however. Another respondent, a *construction worker*, is exposed to five different risks (about a quarter of the time each) but reported only stress. A *project manager* and an *accountant* both reported stress; the accountant also mentioned problems with

her eyes and sleeping. All respondents said that they were informed about risks and satisfied with the conditions, although they did not report any improvements. In case of manual workers one reason might be that they are young and healthy. Another likely reason is that outside options (other construction firms) might be worse. Indirect confirmation of the fact that 'Arbo' offers relatively good conditions is the fact that in October 2002, 24 out of 77 employees (managers excluded) had spent from 5 to 10 years with the firm, and another 18 workers had tenures of 3 to 4 years. This, however, must be seen in the light of significant recourse to temporary work.

Overall evaluation: traditional major risks in construction

Arbo provides a good example of the constraints faced in the construction sector: Difficult-to-predict activities have led the management to rely in great part on temporary work, a phenomenon that may act as a substitute for long working hours, overtime and weekend work, which remained limited in the company. Expanding demand and economic growth in construction enterprises, however, has not yet led to a parallel improvement in working conditions which remain dominated by multiple health and safety risks and stress at work, something that the absence of trade unions and workers' participation does not help to change. It is time for the construction sector and enterprises - with the government also pushing hard in that direction - to invest part of this economic expansion not only in increased activities and employment but also in the improvement of conditions at work.

Case D: Shift Work, Outdated Equipment and Multiple Risks: Working Conditions Still to Improve

A large private company oriented towards exports

Firm *D* is controlled by domestic private capital. Its activities are metals and metal product manufacture and the company works mostly for foreign markets. It is located in a big city and employs more than 1,000 workers, about 30 per cent of them women.

Sources of information for the case study are:

- detailed questionnaire completed by trade union leader;
- publicly available information;
- standardised interviews with five workers.

Intense working rhythms

Most workers are engaged in shift work and also work during weekends and holidays. Although overtime is fairly rare all these are signs of a rather intense working process at enterprise *D*.

But long-term employment relationship

A large and increasing number of workers have contracts of unlimited duration. This long-term tenure was confirmed by the interviewed employees who had worked for the firm between 11 and 38 years. Fixed-term contracts are also rare, as are contracts for specific tasks, whose incidence has been progressively decreasing.

Compensating with higher wages

The rather intense working process also seems to be compensated by relatively good wages, the average gross wage in this firm being almost double the national average. In addition to the basic wage, employees also enjoy compensation for overtime, certain precise tasks and dangerous working conditions, as well as from other bonuses.

Active social dialogue

Trade union membership in enterprise D, at 70 per cent of the labour force, is largely above the national average. Moreover, a *collective agreement* regulates wages, compensation for dangerous working conditions, additional paid vacation days and other employee benefits.

Outdated equipment and protection

A significant part of the *equipment used in production is outdated*, and this restricts opportunities to improve working conditions and reduce risks; all steps in this direction which could be taken without renewing the equipment have been already made, but *working conditions are improving very slowly*.

Many workers are exposed to *multiple risks* (to some of them all or almost all the time):

- breathing in vapours, fumes, dust or dangerous chemical substances all the time (25 to 50 per cent of workers);
- wearing personal protective equipment all the time (at least 50 per cent of workers);
- high temperatures about three-quarters of the time (up to 10 per cent of all workers);
- carrying or moving heavy loads about three-quarters of the time (up to 10 per cent of all workers);
- noise about half the time (up to 10 per cent of all workers);
- vibration, when using instruments about a quarter of the time (up to 10 per cent of all workers);
- handling or touching dangerous products or substances less than a quarter of the time (up to 10 per cent of all workers);
- welding light less than a quarter of the time (up to 10 per cent of all workers);

- work with computers less than a quarter of the time (up to 10 per cent of all workers).

Serious health and safety risks reported

Moreover, the overall proportion of workers exposed to *serious* risks, according to the trade union, is about 15 per cent, which is significant. This seems to be an underestimate. Let us look at some examples.

Aleksejs, 45, despite his higher education, has been employed as an *unskilled manual worker* for 11 years. His wage is not high. He is exposed to vibration from instruments; noise; high temperatures; breathing in vapours, fumes and dust; welding light; wearing personal protective equipment; carrying or moving heavy loads; stress (less than a quarter of the time for each factor). Nonetheless, Aleksejs does not report any health problems or conflicts with family life, is rather satisfied with the conditions and finds them somewhat better than one or five years ago.

Janis, 55, is an *electrical mechanic*. He, too, has a higher education background and has worked at the company for 32 years. He is exposed to breathing in vapours, fumes and dust about three-quarters of the time; noise and vibration about a quarter of the time; high temperatures and uncomfortable positions less than a quarter of the time. Janis reports stress and problems with eyes related to his job. He is rather satisfied with the conditions and finds them somewhat better than one or five years ago, and much better than 15 years ago. No overtime, no serious problems in family life stemming from the job.

Juris, 55, is an *assembler*. He has worked here for 38 years. Janis is exposed to stress almost all the time. He reports anxiety and sleeping problems. His working conditions have not changed during the last 15 years, but he is rather satisfied. Like Janis, he does not report overtime or family problems.

Andrejs, 38, is a *crane operator*. His tenure is 18 years. Almost all the time he is exposed to breathing in vapours, fumes and dust, as well as high temperatures and repetitive arm movements. About half the time he experiences stress and uncomfortable positions, a quarter of the time wears protection, and less than a quarter of the time is exposed to noise and vibration. He reports stress, overall fatigue, back pain, and vision, hearing and sleeping problems. Andrejs thinks he is not very well informed about the impact of his job on his health. He is *rather dissatisfied with the working conditions*. This is the only respondent out of five who finds that conditions have deteriorated compared to Soviet times, *but* like most other interviewed workers he *agrees that there has been some improvement compared to five years ago*. Andrejs reports working 46 hours a week, including Sundays and holidays (for double pay). Work does not go well together with his family life.

Ivars, 56, is an *electrical engineer*. He has worked at this enterprise for 35

years. About three-quarters of the time Ivars breathes in vapours, fumes and dust; a quarter of the time he is exposed to noise and vibration. Less than a quarter of the time he faces high temperatures and uncomfortable positions. Ivars reports stress and overall fatigue. Occasionally (not often) he works overtime. Like Andrejs, he is *rather unsatisfied with the working conditions, although he admits some progress in the short, medium, and long term.*

Overall evaluation: too many health and safety risks

In terms of working conditions enterprise D is mainly characterised by multiple risks to which employees seem to be permanently exposed, with clearly adverse effects on their health. These risks are multiplied by a production process based on shift work and weekend work. Nevertheless, the relatively long-term nature of the work contracts and (high) wages compared to the national average have so far limited workers' dissatisfaction. It is important to note, however, that the relatively good trade union presence (70 per cent membership) and the signing of a collective agreement do not seem to have been enough to radically change conditions at work. It may be a long time before there are significant improvements.

Case E: Conflicting Reports from Management and Trade Union

A large unionised steel company

Firm E is located in a big city, at the heart of a district with very high unemployment. The firm manufactures metal products. Number of employees exceeds 1,000 and is increasing, in line with sales. Typical workers' age is 45 to 54; roughly half the employees are women. Profits are stable. The *trade union* is quite active and plays a stable and significant role in the firm. The *collective agreement* guarantees, among other things, financial help in case of child birth and when a child enters school, as well as in case of significant health care expenditure and other crisis situations; financial support for college education of employees and their children.

Sources of information for this case study are:

- detailed identical questionnaires completed by management and trade union leader;
- standardised interviews with two workers.

Combining permanent and fixed-term contracts

While most workers have permanent contracts, *fixed-term workers* are used regularly in significant and not decreasing numbers, according to the trade union

leader (management: fixed-term contracts are rare). The same is true for trainees. Contracts for specific tasks and contracts with self-employed persons are rare.

Wages below sectoral average

Wages are similar to average in the city but lower than private sector average or national industry average. Fixed-term workers are not discriminated against. Self-employed receive higher than average compensation.

Long working hours not always compensated

According to the trade union, shifts (implying evening and night work) are common, while the management's response was 'regularly but in rather small amounts'. Night hours are compensated according to legislation (+50%). Night work outside shifts is seldom. Long working days happen regularly, although not too often (management: very seldom). Long working days and shift-work were reported by the employees to lead to fatigue with adverse effects on family life, something that the management tried to compensate

Table 12 Risk Factors in Firm E from the Management and from the Trade Union Perspective

Factors	Management		Trade union	
	Workers exposed, %	Exposure proportion of all working time	Workers exposed, %	Exposure time, proportion of all working time
Low temperatures spring and autumn	<10	< ¼	25–50	¾ during
High temperatures	<10	< ¼	10	½
Noise	10–25	½	10–25	½
Vibration, when using instruments	<10	¼	10–25	¼
Handling or touching dangerous products or substances	0		<10	< ¼
Welding light	0		<10	< ¼
Painful or tiring positions	<10	< ¼	10–25	½
Monotonous hand or arm movements	10–25	¼	10–25	½
Wearing personal protective equipment	>50	all the time	10	½
Carrying or moving heavy loads	0		10	< ¼
Stress	10–25	½	10	< ¼
Work with computers	<10	½	10	½

through easy access to unpaid leave or a shift to part-time work. This last option, however, is little used by employees who cited raising their living standards among their priorities.

General improvements except on health and safety

Nevertheless, working conditions are described as good (trade union) or normal (management), somewhat better than one or five years ago, much better than 15 years ago. However, 25 to 50 per cent of the workers are exposed to low temperatures in autumn–winter period; 10 to 25 per cent of the workers are exposed to *multiple physical risks*, notably noise. Again different information is provided by management and trade union, as displayed in Table 12.

Fatigue has an adverse effect on workers' family life. On the other hand, it is easy to get unpaid leave of up to several days if needed; for some occupations even a switch to part-time work is possible. At the trade union's suggestion, during the winter months the working day will start later to accommodate workers' family needs.

Overall evaluation: social dialogue impact

It is difficult to identify exactly the trends in working conditions in enterprise E because of conflicting reporting between the trade union and the management. Of course, this is already a precious indication of the conflictual nature of working conditions. This seems to be the case with regard to shift-work and long working hours which are not always compensated, but especially about multiple health and safety risks, with adverse effects on family life. Active trade unions and the presence of a collective agreement, however, seem to have contributed to progressively improve conditions at work, as well as wages, over the years, despite the fact that the presence of a large company - with more than 500 employees - with rapid growth and expanding employment in an area dominated by unemployment can only reduce social dialogue and unbalance negotiating power in favour of a management that seeks increased flexibility for competitive reasons.

Case F: Lack of Transparency despite the Trade Union

Under criticism from public opinion

State enterprise 'Passenger train' employs more than 1,000 workers. This case is interesting for several reasons. First, a tragic accident with one of the trains at the beginning of 2005 (the reasons for which have yet to be discovered)

4. The sources for this case are interviews with the leader Latvian trade union of the railway workers and the person responsible for labour protection in this union, as well as recent research report (Karnite, 2003) and some publications in the media.

brought working conditions at this enterprise, especially those of locomotive brigades, into the focus of public attention. Second, this enterprise illustrates the high incidence of atypical working time in Latvia. Finally, the case shows that even in a public enterprise with a strong trade union, remuneration and benefit systems might be not fully transparent.

Well-functioning trade union

Most of the workers at 'Passenger train' have permanent contracts. Fixed-term contracts and contracts for specific tasks are rare. 'Number of employees' displays an increasing trend, in line with turnover. More than 90 per cent of employees are union members.

Long working hours

Most employees work shifts, including frequent evening, night, weekend, and holiday work. Overtime is also common and frequent, although number of overtime hours is not large. Night work, holiday work and overtime are compensated according to the legislation (double pay for overtime and holiday work, 50 per cent bonus for night work). Working days of locomotive brigades are long because they depend on the train timetable. However, at least 3 hours' rest between tours within a shift and at least 12 hours' break between shifts are required. Rest rooms with facilities are provided by the enterprise, although their quality should be improved.

Bonuses calculated discretionally

The pay system at the enterprise includes bonuses related to peculiarities in the working schedule, as well as monthly and annual bonuses related to enterprise performance. The respondents, however, have complained about lack of transparency in several dimensions of the remuneration and benefit system, including the rules for calculating monthly bonuses (48 per cent of respondents), allocation of additional paid vacation days, and sometimes very different hourly rates for the same work, depending on worker category. As far as monthly bonuses are concerned, however, the trade union leader claimed that the rules (which have been negotiated with the trade union and published in its newspaper) were clear enough. The respondents were also not well informed about compensation in cases when work is performed while instructing a trainee (all respondents denied any compensation for this, although it is included in the industry level general agreement). All bonuses included, pay exceeds the average level in the public sector, but workers consider themselves underpaid compared to private sector workers with similar skills.

Conditions at work: evaluated differently by the workers and the unions

Working conditions are described by the trade union as normal, somewhat

better than 1, 5, or 15 years ago. However, 25 to 50 per cent of the workers are exposed to painful or uncomfortable positions and stress almost all the time, and high temperatures (in the summer period) about half of the time; eight other types of risk (including vibration, noise, and breathing in vapours, fumes, and dust) affect smaller but not negligible groups of workers.

The collective agreement not implemented

Members of locomotive brigades claimed that they do not receive any compensation for difficult or dangerous working conditions (Karnite 2003). Such compensations are envisaged in the general agreement but a corresponding list of occupations has not been prepared by the enterprise. The trade union leader in a recent interview admitted that implementation of the general agreement at the enterprise level occurs with some lag.

The workers' lives are therefore characterised by high stress and fatigue, long working days, night work, evening and holiday work that adversely affect family life. In order to compensate for such adverse conditions the enterprise distributes a certain number of bonuses or facilities. For example, women with children (as well as single fathers) receive additional paid vacation.

Overall evaluation: more action needed to reduce risks at work

The story of enterprise F shows that the presence of the trade union and even of a collective agreement may not be sufficient to radically improve conditions at work: workers' daily environment continues to be characterised by long, unsocial hours which lead to stress and fatigue that may turn out to be fatal for some professions, such as employees in the locomotive brigades. In contrast to the workers, the trade union evaluated the working conditions as 'good enough', while also legitimising the discretionary distribution of bonuses. The delayed implementation of the collective agreement has also prevented workers from being compensated for dangerous working conditions, a situation that definitely needs to be improved by more transparency within the company from both the management and the trade union.

Case G: Can a Forward-Looking Employer Substitute for a Trade Union?

No trade unions nor collective agreements

Firm G is a growing foreign-owned bank.⁵ It has more than 1,000 employees throughout the country. As in other commercial banks, there is no trade union

5. Sources of information for this case are interviews with the labour protection specialist and head of the personnel department, as well as questionnaires completed by six employees.

and no collective agreement. However, the human resource management policy applied by the firm seems to be forward-looking. It includes efficiency wages (that is, higher wages to motivate the labour force), as well as many common elements that would normally be included in a collective agreement, and is aimed at attracting really good workers on a long-term basis.

Fixed-term contracts as a complement

Although the strategy of the bank is to count on a stable labour force, they also rely on a regular basis on fixed-term employees. Nevertheless, the approach of the bank to fixed-term contracts here is somewhat different from the norm.

Bank employees are quite young, on average about 30 years of age. There are slightly more women than men. Given the total number of workers, it appears that about 100 female employees are on child care leave on any given day. Fixed-term contracts are thus used to replace them, but both the workers hired and managers are looking forward to converting these contracts into permanent ones. In most cases this becomes possible due to expansion. The head of HRM, however, told us that restrictions on fixed-term contracts prevent the firm from reaching optimal efficiency. Contracts with self-employed persons (for instance, marketing professionals) are very rare.

Pay to performance for long-term motivation

Wages are well above the economy average and even the sectoral average (if all bonuses are included). Compensation includes fixed salary, profit sharing plan, and contributions to private pension fund. Health insurance is provided to all workers, including the fixed-term ones. Profit-sharing is particularly aimed at increasing workers' motivation and productivity, and making them feel more committed to the company's and management objectives.

Concerning work and family reconciliation, the firm pays generous benefits, for example, for a wedding, child birth or death of a close relative. Two to three free days are provided in case of a wedding. Workers with tenure of four to six years receive three additional days' paid vacation, while those working for the firm for more than six years receive five days.

But two surprises at work: health risks and unpaid overtime

Let us now turn to working conditions. The risks are of course very different from those in manufacturing. Most people work with a computer all the time, so eye strain, uncomfortable positions and repetitive hand movements are permanent risk factors. Those working with clients are also exposed to noise, and in some cases high temperatures. However, stress (the dark side of efficiency) seems to be the single most harmful factor. Table 13 presents the most important parts of the interviews. All respondents are between 22 and 28 years of

Table 13 Risk Factors, Health Problems, Working Time and Satisfaction of Bank Employees Aged 22–28, Latvia

Employees:	A	B	C	D	E	F
Job type					Analytical operator	Client
Exposure to stress, proportion of the time	½	< ¼	¼	<¼	½	¼
Other risk factors reported			a, b	a, b, c	a, b, e	a, b, c, d, e
Overtime, prop. of all days	rare	½			½, –	rare
Long days (10 hours)			very rare	< ½		rare
Usual weekly hours	40	48	40	50	n.a.	45
Compensation for overtime	no	no	no	no	yes	no
Work-related health problems	vision, back pain, stress	overall fatigue	pain in the neck & shoulders; stress	back pain, overall fatigue	vision; pain in the neck, shoulders and back; headache	vision; pain in neck, shoulders and back; overall fatigue; stress
Satisfaction with working conditions	Yes, very	Rather not	Yes	Yes	Yes	Rather not
Work and family go together (1 - very well;... 5- very poor)	2	4	2	2	3	2

Notes:

a Repetitive hand movements; b uncomfortable positions; c noise; d carrying heavy loads; e high temperatures.

age and have above basic education. For confidentiality reasons, we do not disclose the occupations of the first five respondents; all of them have permanent contracts and perform some analytical work.

Two findings emerge from the table. The first one is the striking (given the respondents' age) row on work-related health problems. The situation does not look good despite the considerable attention devoted by the bank to work safety. The firm hired a work safety specialist earlier than was required by the law. Short breaks every hour are recommended to the

employees, but enforcement is weak. Note that two out of four respondents did not even mention repetitive hand movements. On the positive side, every year all employees who work with computers are subject to a health check and workplace evaluation. Employees can also express their concerns about working conditions in the annual survey. During the last survey lighting problems and air flow problems which affected more than 50 employees were discovered and fixed. The firm has recently bought ergonomic chairs for a large group of workers. Respondents admit the possibility of discussing problems with the management.

The second finding is related to working time. Four out of six respondents (B, D, E and F) work overtime regularly (although two of them do not classify it as such), and only one receives compensation. This is despite the management claim that overtime is rare and compensated with double pay. The issue here is efficiency wages. Workers are not ordered to stay longer, but they are aware that they have to deliver their reports on time. On the other hand, the high wages might be taken to imply extra effort when needed. However, two of the respondents who work overtime are not satisfied.

About 10 per cent of the bank's employees work shifts (including evenings, weekends and holidays). They receive 10 per cent higher pay for shift work. Shifts are shorter than 8 hours. Holidays, in accordance with legislation, are compensated with double pay. Night work is very rare (IT specialists in emergency situations). Network administrators do night shifts, but unlike some other banks these shifts are no longer than 8 hours.

Overall evaluation: HR limits on protecting interests at work

Enterprise G shows that there are also important attempts to develop a Human Resources policy in some Latvian enterprises - here in a large bank - which may somehow compensate or act as a substitute for the absence of trade unions and collective agreements. The enterprise in particular promotes a long-term payment system relating part of wages to performance, complemented by various bonuses and benefits, thus leading employees to work hard to reach targets with a good overall wage - or at least above average - at the end of the month.

Nevertheless, this policy also has a price to be paid by employees who continue to accumulate shifts and long hours which are not always properly remunerated in the end, with obvious implications for their health.

In the end, however, workers turn out to be satisfied, mainly by the long-term relationship and efficiency wages, and less concerned by working conditions, especially the health and safety risks which emerged from our case studies as one of the most constant features of Latvian enterprises, whatever their activity and whether there is a trade union or not.

CONCLUSION

The evidence on developments in relation to employment and working conditions in Latvia is in many respects controversial. LFS data, experts and most case studies indicate that the proportion of employees with temporary contracts has tended to decrease since the new Labour Law came into force in 2002. On the other hand, this proportion is still one of the highest among the new member states, and at least in one sector (manufacturing of metal products and equipment) it seems to be on the increase. Managers and entrepreneurs in other sectors have expressed some dissatisfaction with legal restrictions on fixed-term contracts, too. Development of temporary employment agencies is hindered by the fact that they cannot compete with no-contract employment and contracts for minimum wages supplemented with unofficial payments. Work without a written contract is so widespread that fighting it was the top priority of the Labour Inspectorate in 2004.

Overtime is another controversial issue. The new legislation more than doubled the annual limit on overtime hours but (together with improved enforcement) made it more difficult to hide overtime legally. Employers compliant with the law seem to react by reducing occasional overtime, but at the same time the incidence of permanent heavy overtime (usual weekly hours 50 or more) increased from 13.5 per cent in 2002 to 15 per cent in 2003. Trade and construction accounted for about 40 per cent of all occurrences of this phenomenon in 2003, compared to 34 per cent one year earlier, while in some of the other sectors long hours have been reduced. If all this heavy overtime (let alone those working 41 to 49 hours a week or occasional overtime) were paid double time, as the law requires, overtime pay would constitute more than 4 per cent of total earnings of all employees. In fact, this proportion was just 0.5 per cent in 2002. It appears that permanent overtime was mostly unpaid, at least officially. Both experts and case studies confirm that in 2005 unpaid overtime is also not unusual, although less widespread. Two polar groups are at high risk: (i) workers who are paid relatively high wages which implicitly assume delivery of required output on time, whatever it takes; (ii) workers who do not have a good outside option (for example, in high unemployment regions or with insufficient skills). Representatives of the first group are often even satisfied with the situation. Our analysis suggests that other things being equal, unpaid overtime is more likely to be found in small firms, for temporary workers and for workers with short tenure. Presence of a trade union improves workers' prospects of being paid for overtime.

Both national statistics and case studies confirm the relatively high incidence of long working days, shift, night and weekend work in Latvia. Stress and fatigue are almost universal findings in our case studies, irrespective of age, job type and economic sector; this is consistent with Antilla's and

Ylostalo's (2003) findings that physical and mental stress on the job is increasing for about 40 per cent of workers in Latvia, while only 3 to 4 per cent report decreasing stress.

Some improvements in working conditions are reported in almost all cases, but there is also evidence that some groups of workers (white-collar, young, with permanent contracts) are more likely to benefit from these improvements than others. Serious risks for a significant proportion of workers are found in eight out of ten cases. Frequently, risks are caused by outdated equipment, while relatively affordable means of improving job safety are almost exhausted. In other cases (notably, office workers) a more proactive and creative approach by labour protection specialists and further efforts to improve workers' awareness and change their attitudes are needed.

Health and safety are also related to unofficial wage payments: workers who receive a significant part of their wages as 'envelope pay' are very unlikely to argue with the employer about working conditions. But this is also to some extent true for employees who are officially paid high 'efficiency wages'.

As recently as March 2005 the Employers' Confederation came up with a suggestion to further increase the legally allowed number of overtime hours, to cut the overtime premium from 100 to 50 per cent for overtime in excess of a certain limit, and to cut compensation for night work from 50 to 25 per cent. The employers argue that this would boost investment in development. The evidence suggests that in any case the approach to this problem has to be sector specific (and maybe even experience-related). Reduction of compensation will hit workers in the unionised sector, especially where these types of work are common (for example, railways and manufacturing of metal products). If in some cases it may indeed open opportunities to substantially improve working conditions, this has to be built in to the deal. It remains unclear whether in other sectors employers who currently avoid paying overtime compensation will start to pay it. On the other hand, some employers who currently do not extensively use overtime might want to expand production using the existing employees if the proposal is accepted, and LFS data indicate that there is significant room for it on a voluntary basis. This problem has also to be seen from the health and safety perspective. Night work is usually unavoidable, and its adverse effect on health is well known. Given currently low wage levels, reduction of night work compensation does not seem justified. As long as overtime is predominantly unpaid, it is involuntary, so a reduction of the compensation is not likely to reduce the incidence of overtime.

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