



A MORE SOCIAL EUROPE: A LABOR MARKET PERSPECTIVE

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LDDK: The largest association of employers' organizations that represents employers in Latvia



MISSION



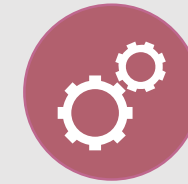
Create an environment that supports entrepreneurship in Latvia



Facilitate the competitiveness of companies



Represent employers in the framework of social dialogue at the national, EU and international level



PRIORITIES

- 1 Competitiveness and reputation of employers
- 2 **The availability of qualified and protected labour force**
- 3 Sustainable investment
- 4 Structural reforms
- 5 **Sectoral social dialogue**

Social partner to the government and Free Trade Union Confederation of Latvia (LBAS)

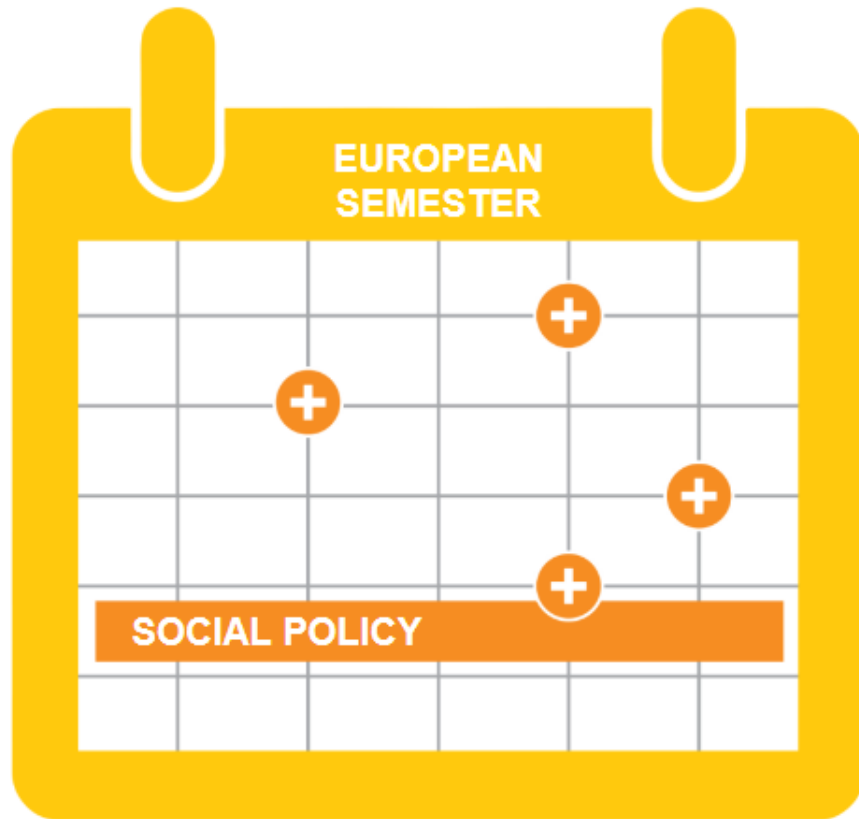
VIEWS ON SUSTAINABLE LABOUR MARKET

INTEGRATED, ACCESSIBLE LABOR MARKETS AND
SKILLS DEVELOPMENT

WHAT IS SOCIAL EUROPE



SOCIAL PRIORITIES AT THE HEART OF EUROPE'S ECONOMIC GOVERNANCE



Greater focus on:

- + Employment
- + Social performance

Guidelines to Member States to deliver on:

- + Quality jobs
- + Skills
- + Poverty reduction

Social Impact Assessment
of Stability Programmes

EUROPEAN PILLAR OF SOCIAL RIGHTS: 3 PRIORITIES



NEW START FOR EUROPEAN SOCIAL DIALOGUE

4

The four main goals of European Social Dialogue
which the social partners agreed in 2015:

- greater involvement of the social partners in the **European Semester**
- stronger emphasis on **capacity building of national social partners**
- strengthened involvement of social partners in **EU policy-making**
- clearer relationship between social partners' agreements and the **Better Regulation agenda**

EUROPE'S GOVERNANCE – PRINCIPLES AND CHARACTER



PARTICIPATION

Having more and different actors participating in the policy-making process



MULTI-LEVEL

Policy co-ordination involves actors from various levels of the political system



SUBSIDIARITY

Policy design is decided at the lowest, most appropriate level



DELIBERATION

Policy learning and policy transferability are part of the policy-making process



FLEXIBILITY

The use of soft law ensures flexibility to adapt policy strategies quickly if needed



KNOWLEDGE CREATION

Bench-marking or peer review, which can lead to the creation of new knowledge.

EUROPE'S GOVERNANCE – SOCIAL PARTNER'S ROLE

2001: Trade unions and employers' organizations have a particular role and influence

Treaty on the Functioning of the European Union: the Commission to consult management and labour in preparing proposals, in particular in the social policy field. Under certain conditions, they can reach binding agreements that are subsequently turned into Community law (**within the social dialogue**)

Source: Social partners, https://eur-lex.europa.eu/summary/glossary/social_partners.html; European Governance A White Paper, Brussels, 25.7.2001, COM(2001) 428, http://europa.eu/rapid/press-release_DOC-01-10_en.htm

Social dialogue all over the world and in the EU is recognized as **mechanism for balancing the interest of employers and workers**

Social dialogue is a fundamental component of the European social model. It enables the social partners (representatives of management and labour) to contribute actively, including through agreements, to designing European **social and employment policy**.

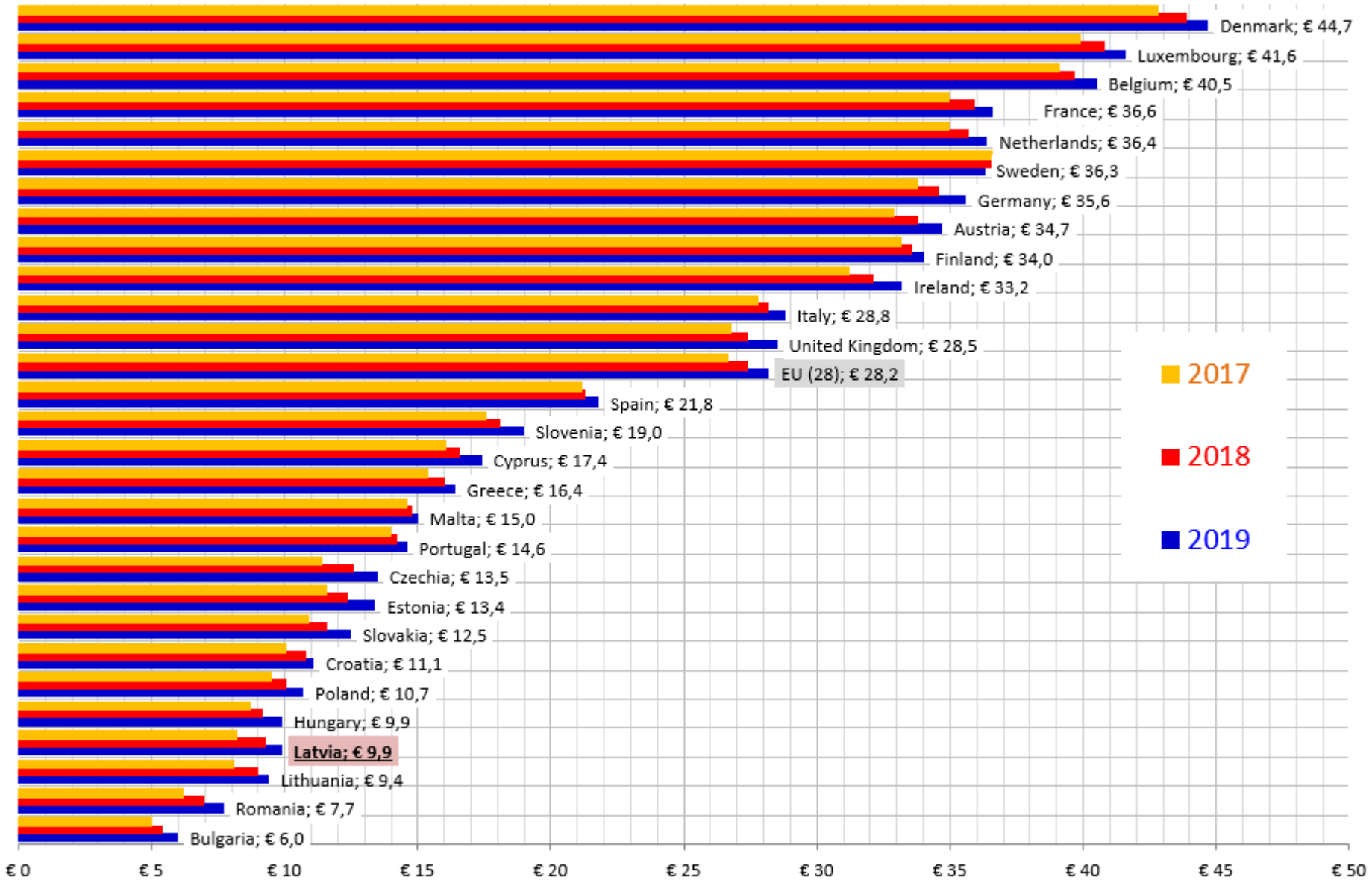
Source: Fact Sheets on the European Union, European Parliament, Economy > Social and employment policy, Social dialogue, <http://www.europarl.europa.eu/factsheets/en/sheet/58/social-dialogue>



TRENDS:

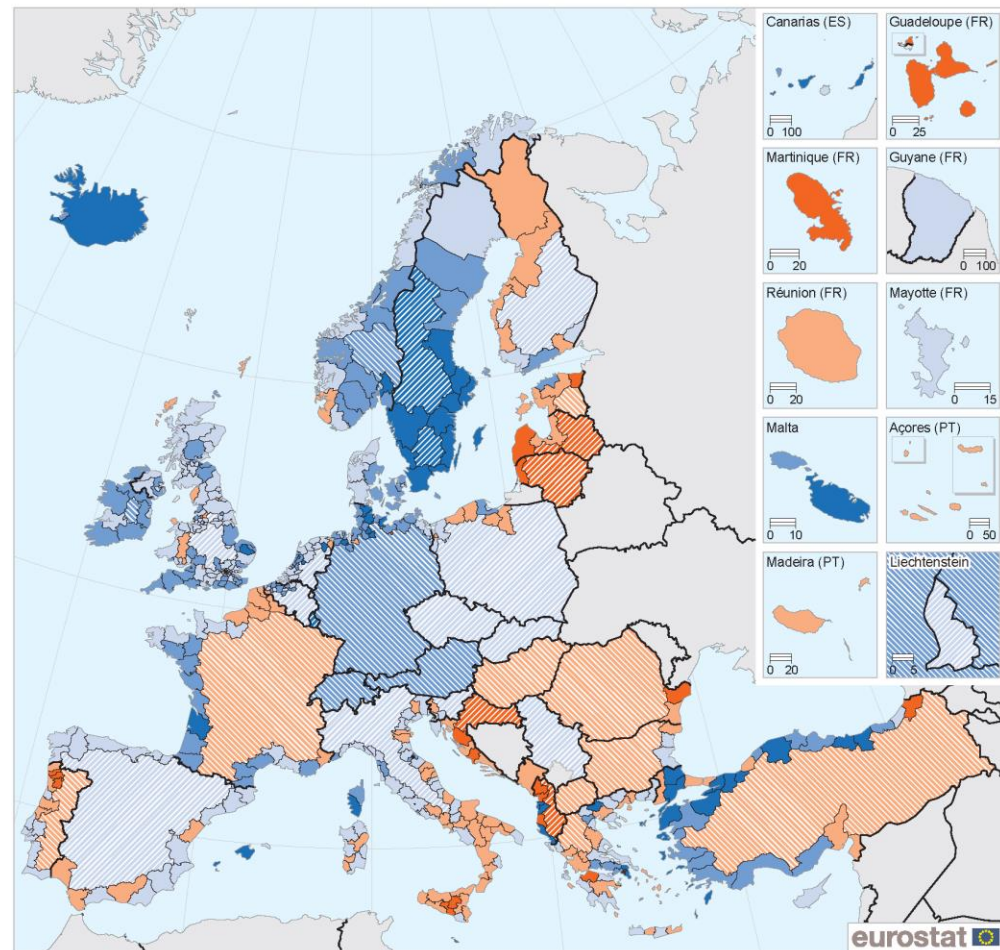
**LABOUR
MARKET**

Labour costs per hour, whole economy (excl. agriculture and public administration, in enterprises with > 10 employees)



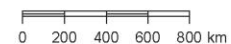
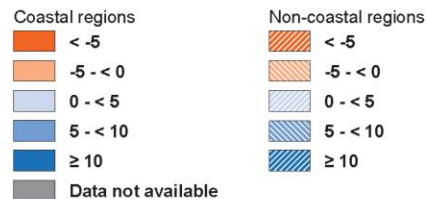
Average hourly labor costs in Latvia in 2019 reached € 9,9, which is the 4th lowest among EU countries and is 35% of the average level in the Member States

Crude rate of net migration, by coastal and aggregates of non-coastal regions, 2016
(per 1 000 inhabitants)

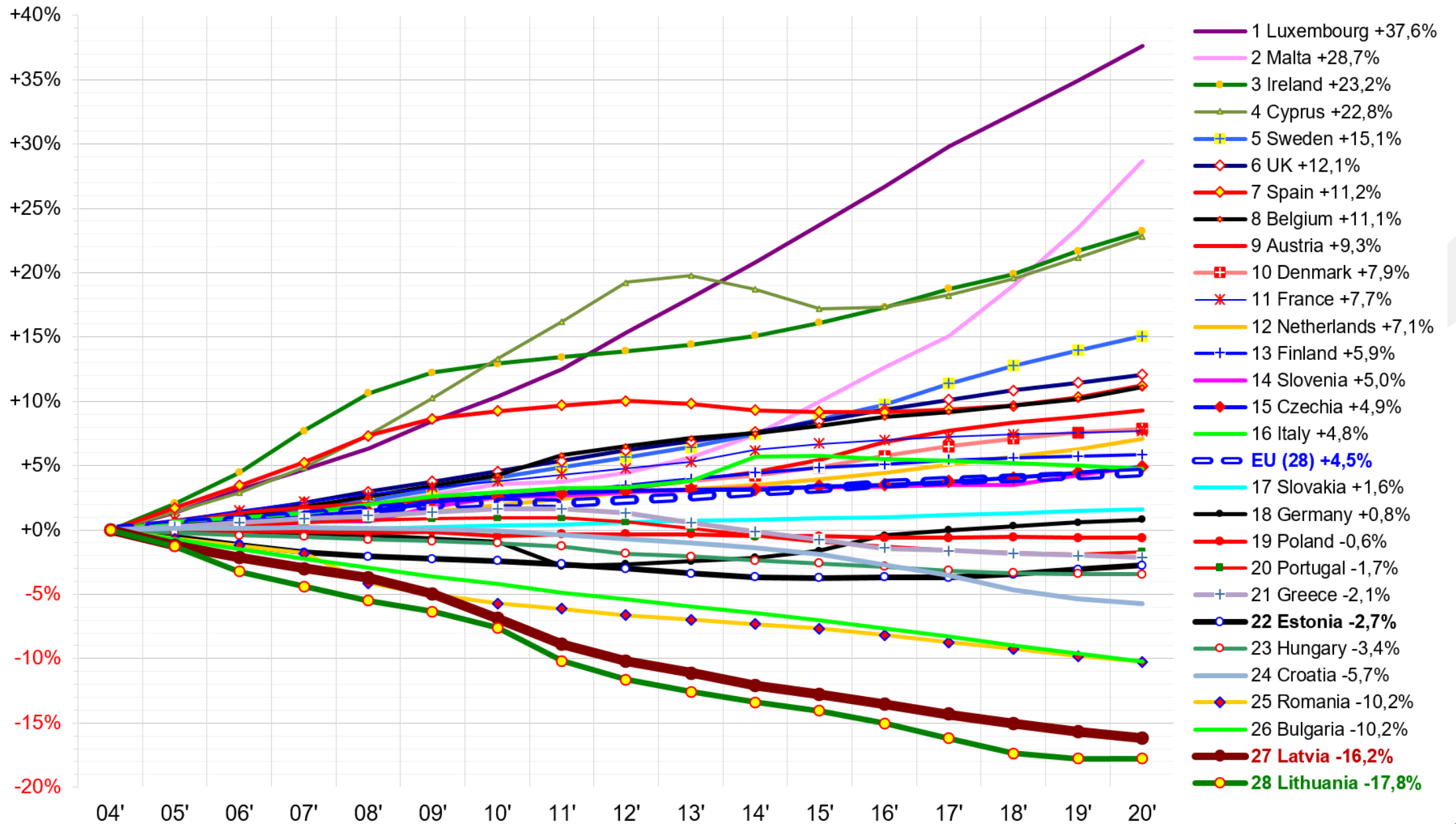


(per 1 000 inhabitants)
EU-28 = 2.4

Administrative boundaries: © EuroGeographics © UN-FAO © INSTAT
© Turkstat
Cartography: Eurostat — GISCO, 05/2018



Population change, % from 2004



Source: LDDK according to Eurostat data



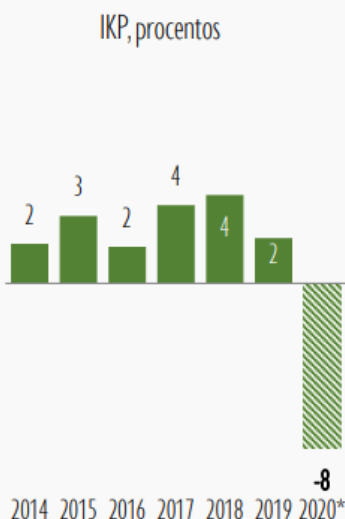
Ekonomikas ministrija

DARBA TIRGUS TENDENCES 2020. GADĀ

Labour market trends in 2020

EKONOMIKAS
IZAUGSME

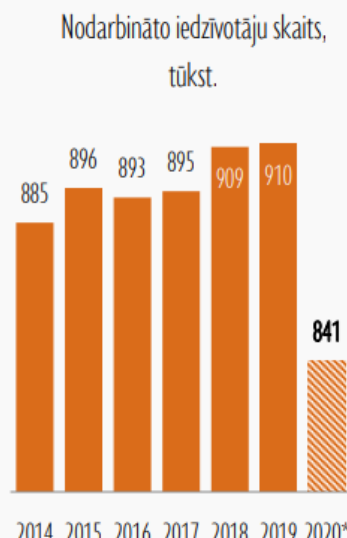
-8%



Avots: CSP, *EM prognoze
Economic growth

NODARBINĀTO
SKAITS

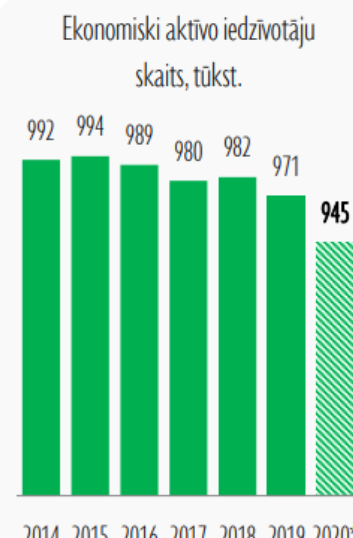
-7,5%



Number of employees

EKONOMISKI AKTĪVO
IEDZĪVOTĀJU SKAITS

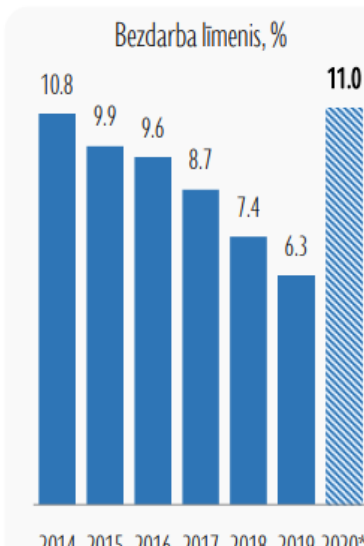
-2,7%



Number of economically active population

BEZDARBS

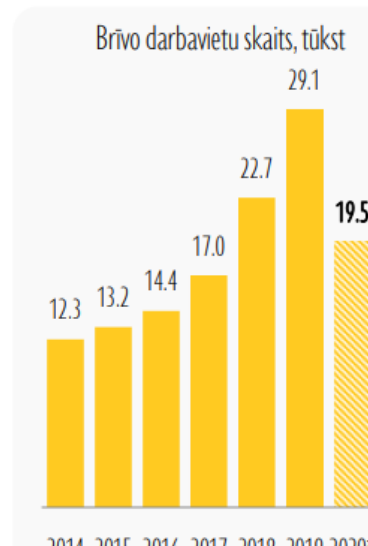
11%



Unemployment

VAKANČU SKAITS

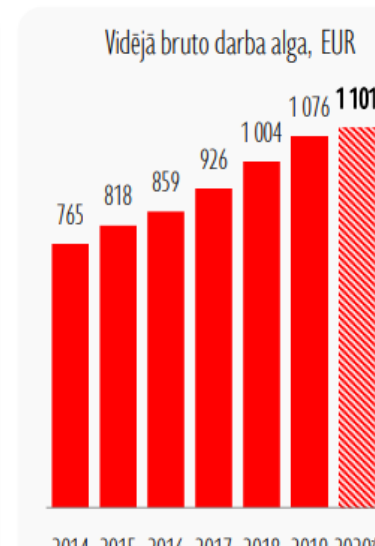
19,5 tūkst.



Number of vacancies

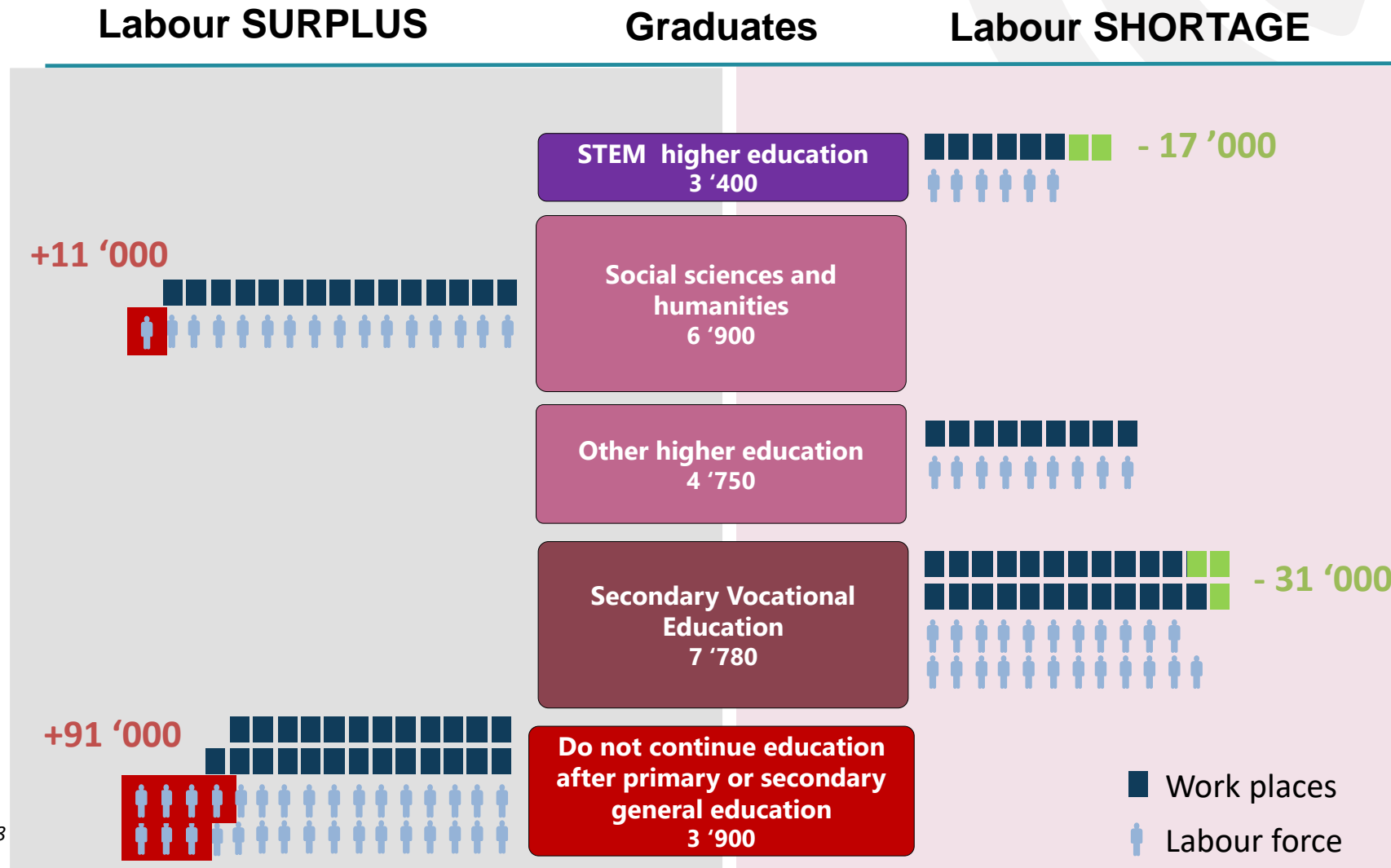
DARBA ALGA

+2,3%



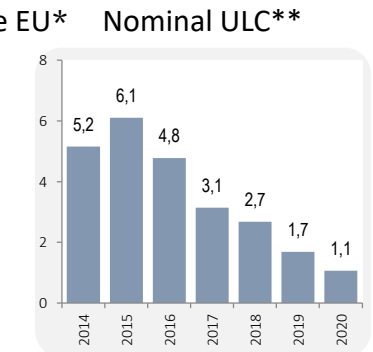
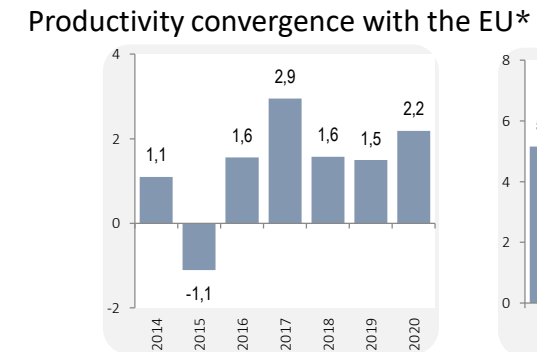
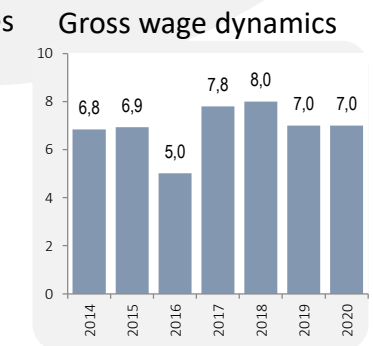
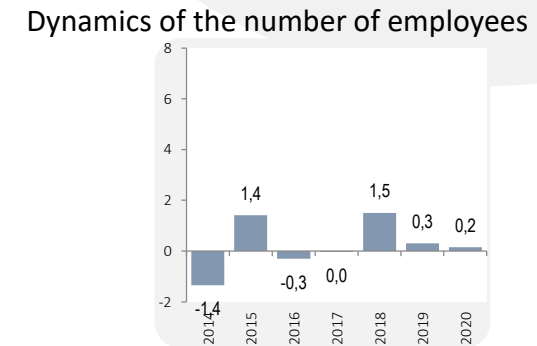
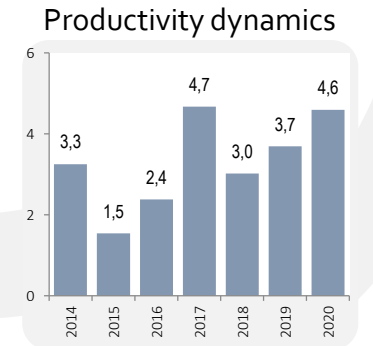
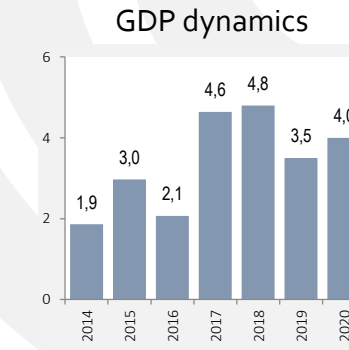
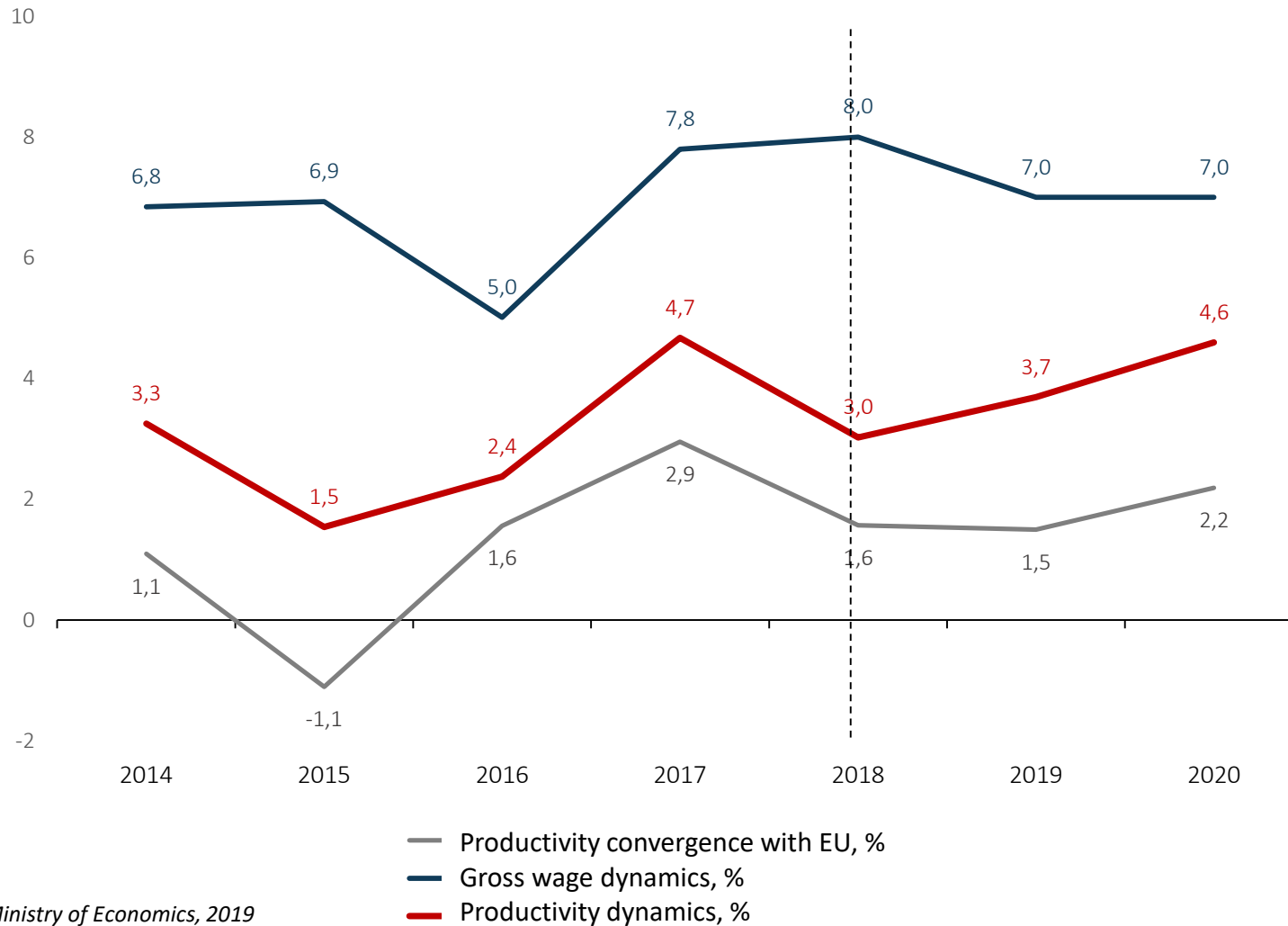
Salary, average, gross

SKILLS MISMATCHES



Source: Ministry of Economics, 2018

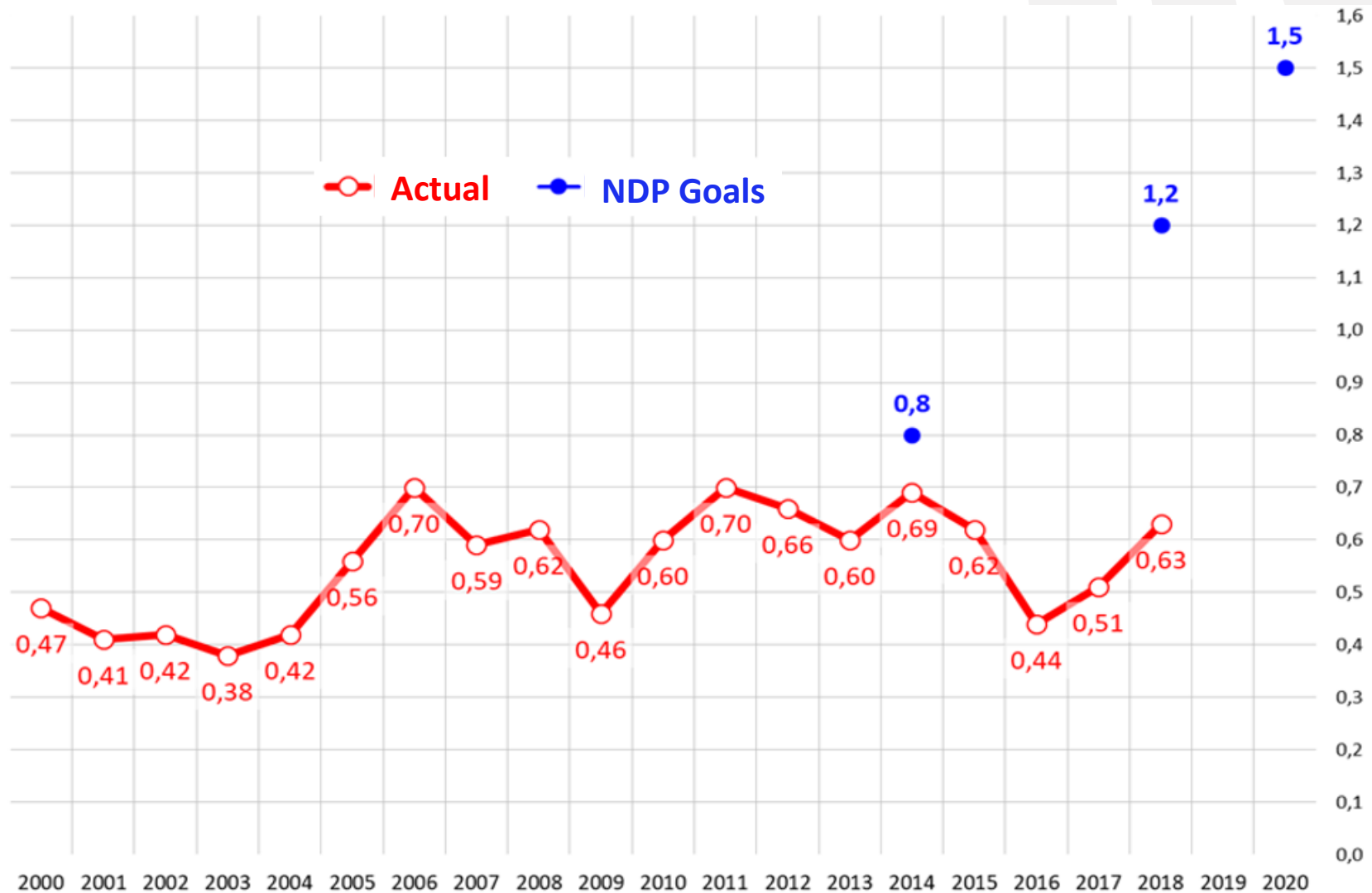
GAP BETWEEN PRODUCTIVITY AND WAGE GROWTH INCREASE



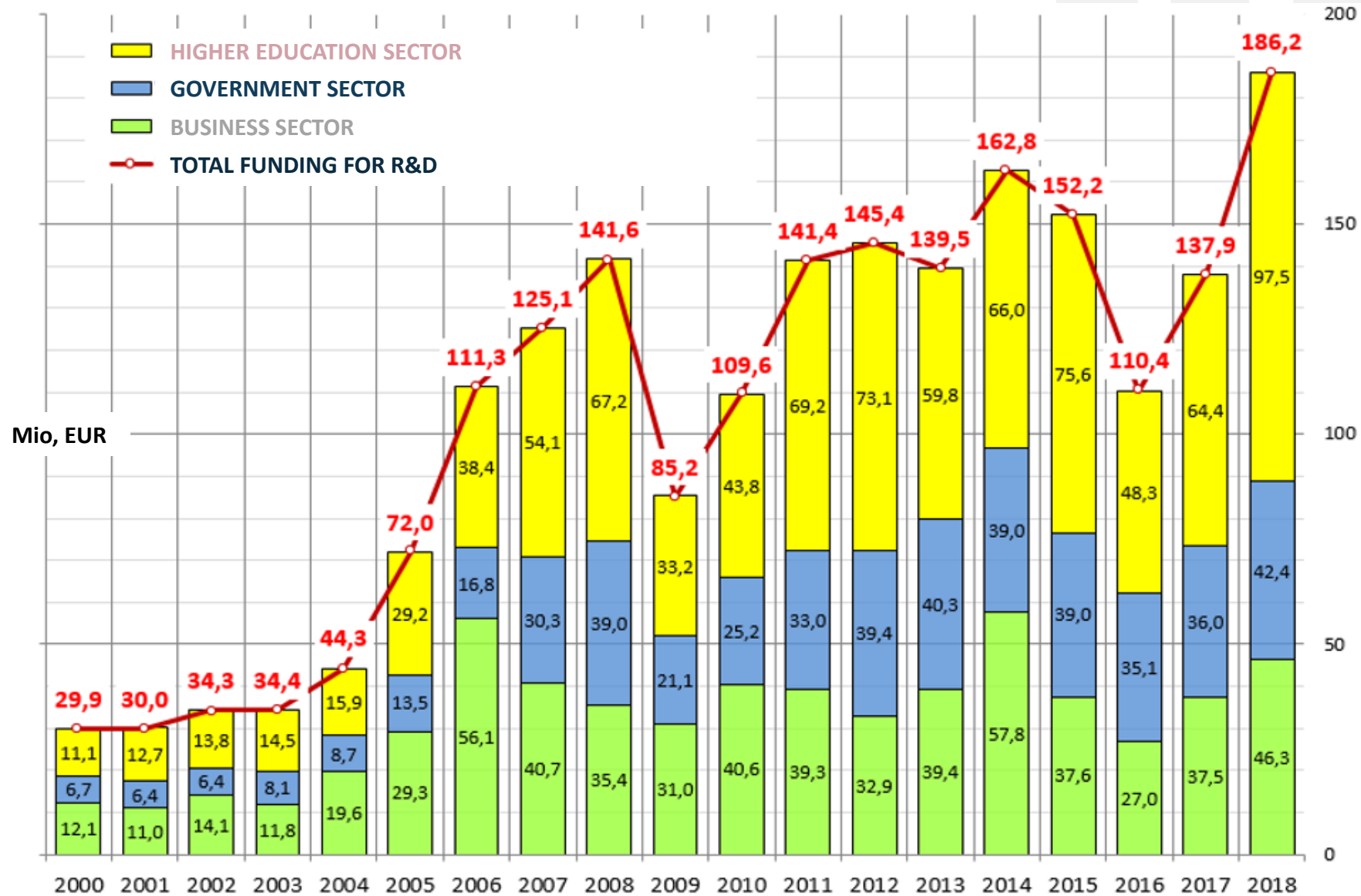
* - Decline in percentage points against the EU average

** - ULC (unit labour costs) - average cost of labour per unit

EXPENDITURE ON R&D, % OF GDP



EXPENDITURE ON R&D



Global Competitiveness Index 4.0 2019 edition

Rank in 2018 edition: 42nd/140

Performance Overview 2019

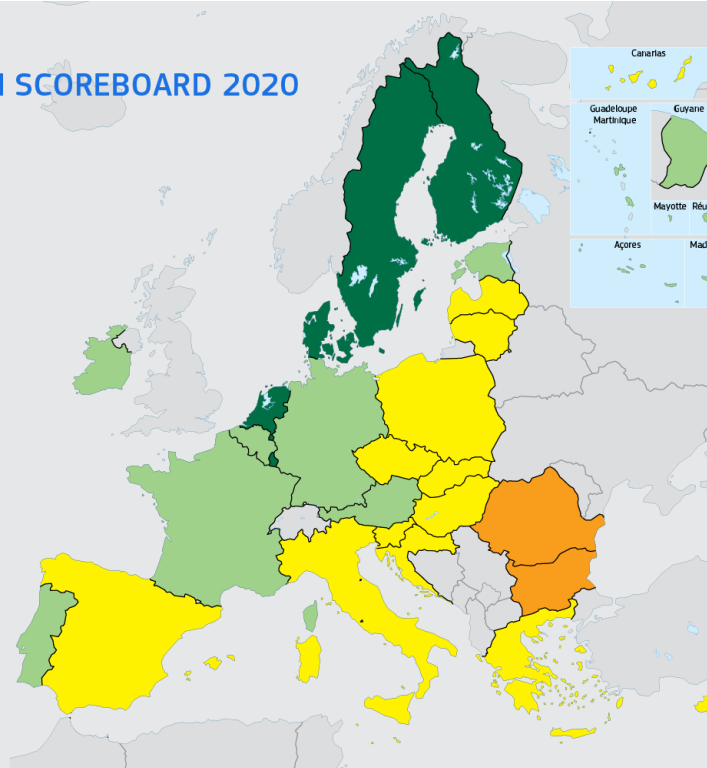
Key ◇ Previous edition △ High-income group average □ Europe and North America average



EUROPEAN INNOVATION SCOREBOARD 2020

Innovation performance groups

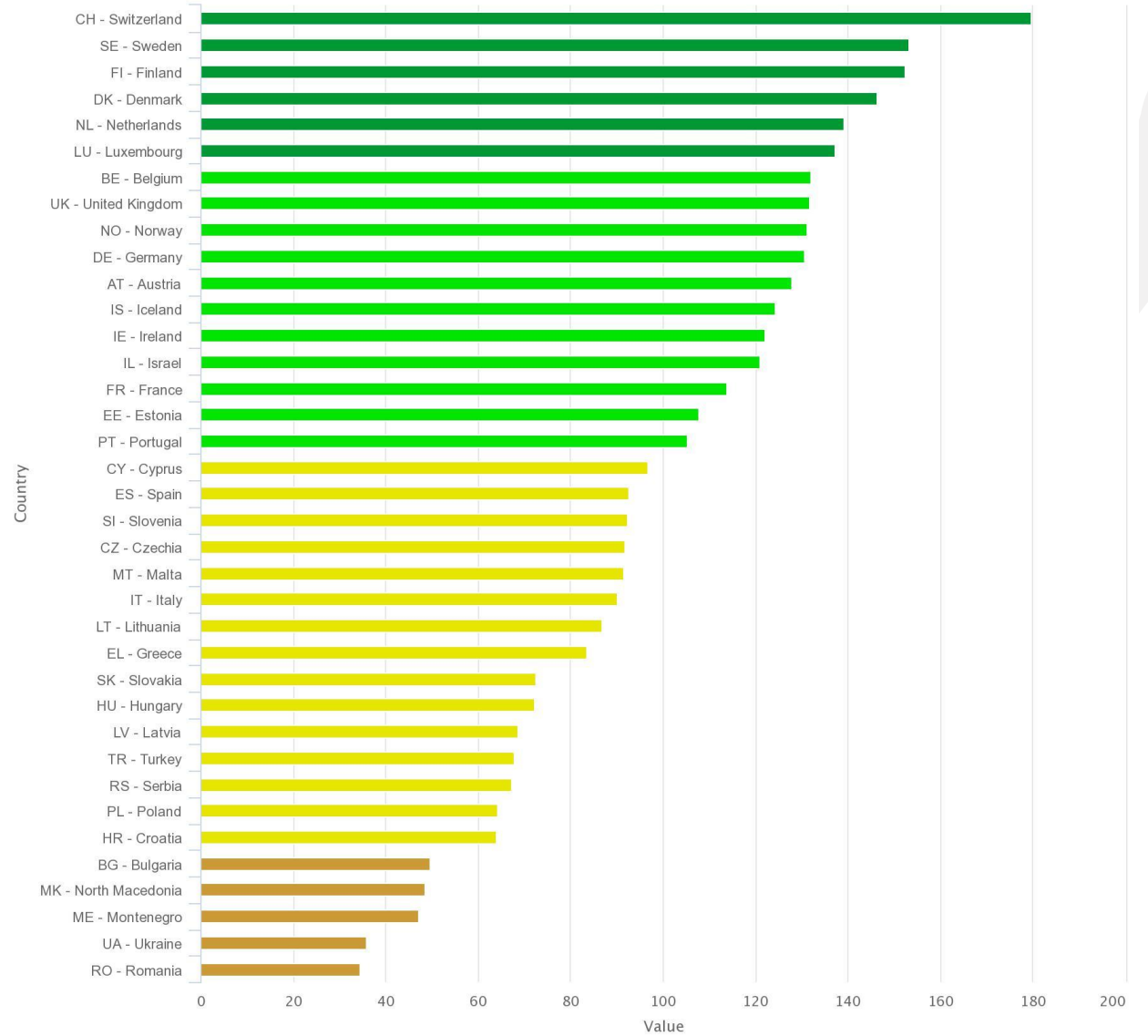
- Innovation Leader
- Strong Innovator
- Moderate Innovator
- Modest Innovator



Source: [European innovation scoreboard 2020](#)

Innovation index

Source: European Innovation Scoreboard 2020

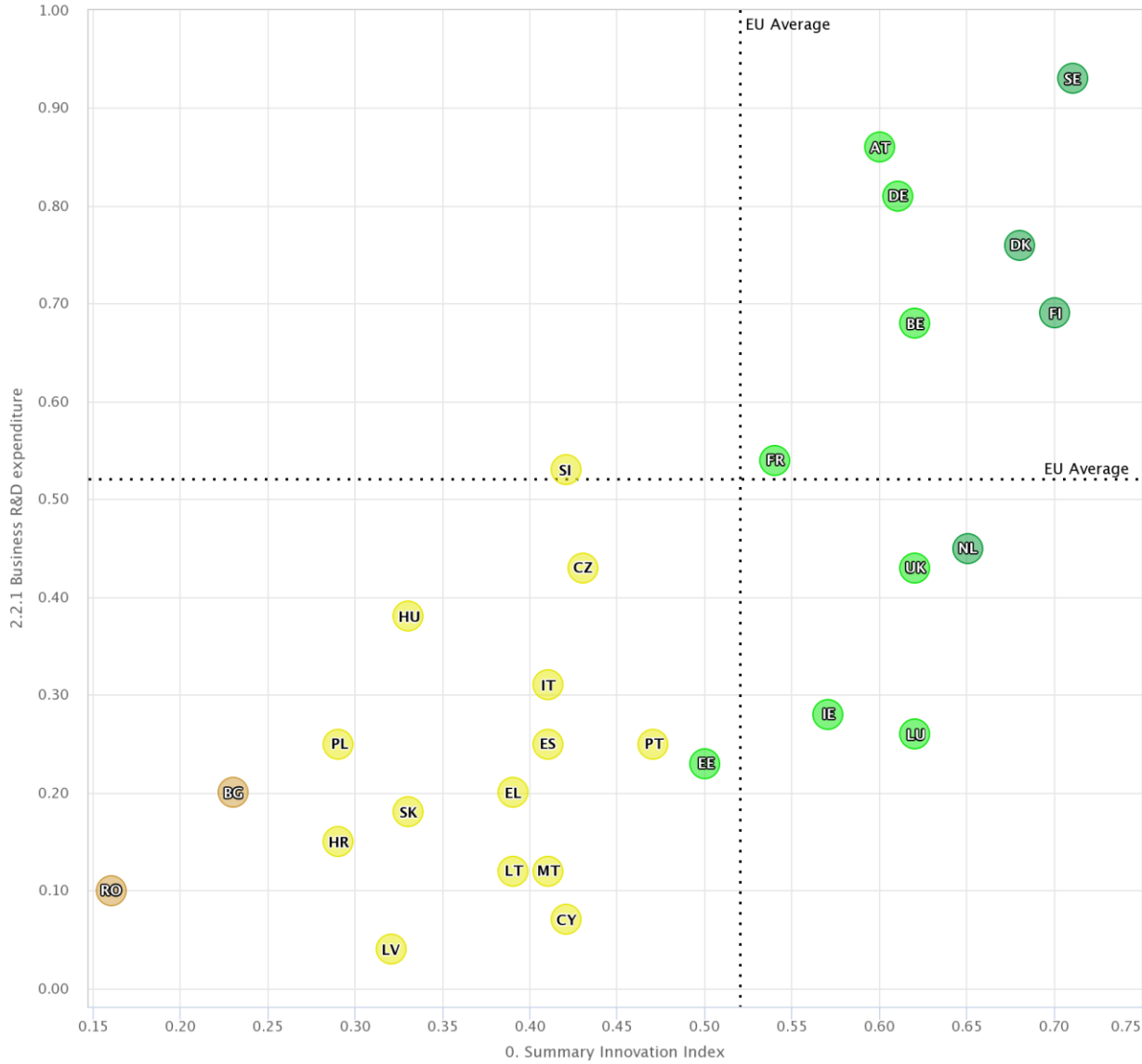


Source: [European Innovation Scoreboard 2020](#)

RELATIONSHIP BETWEEN INVESTMENT AND OVERALL SCORE

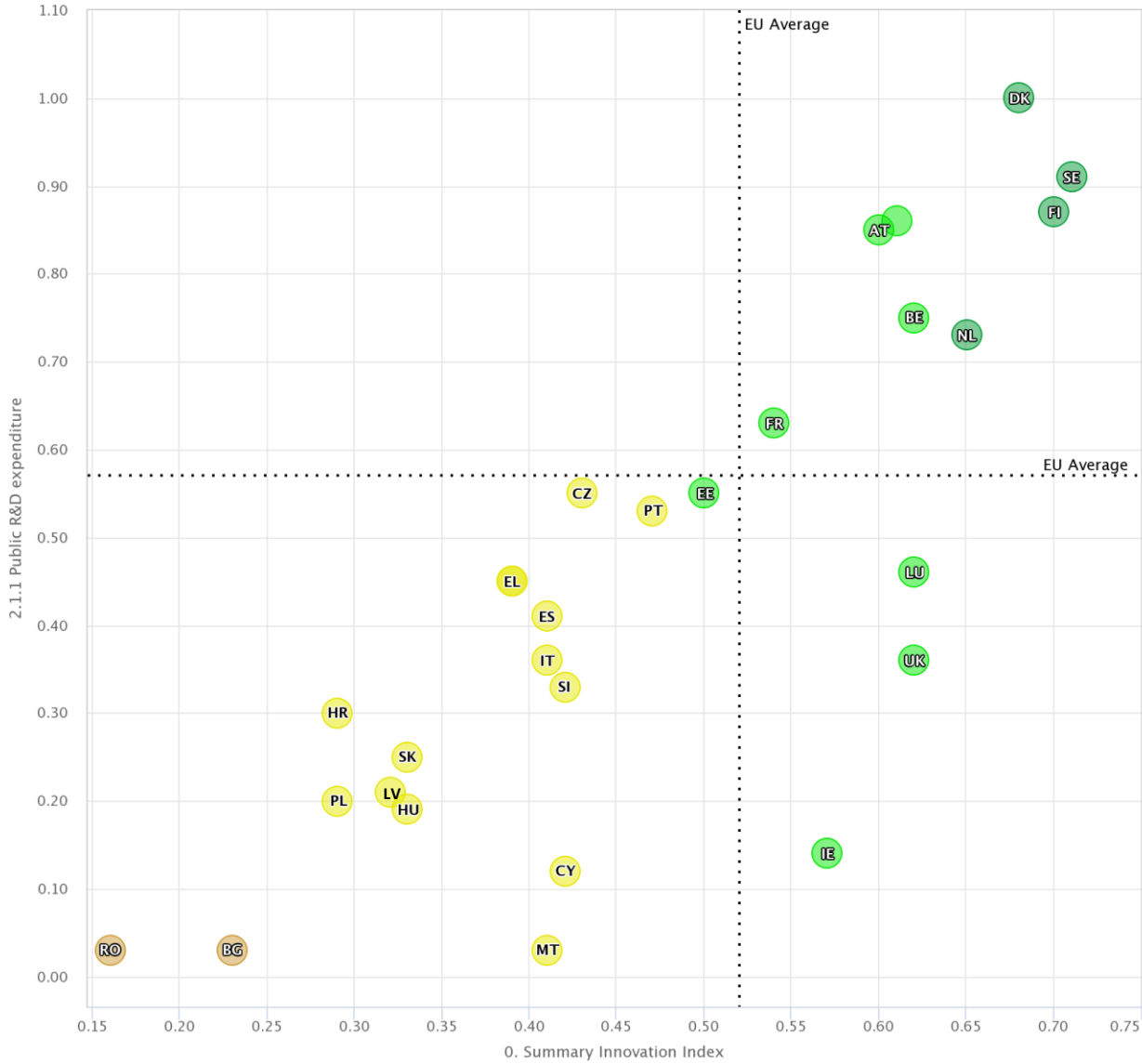
Relationship between 0. Summary Innovation Index and 2.2.1 Business R&D expenditure

Source: European Innovation Scoreboard 2019



Relationship between 0. Summary Innovation Index and 2.1.1 Public R&D expenditure

Source: European Innovation Scoreboard 2019





TRENDS:

**SOCIAL
DIALOGUE**

OECD EMPLOYEMENT OUTLOOK 2018: ROLE OF COLLECTIVE AGREEMENTS IN THE LABOUR MARKET

- Darba koplīgumu slēgšanas institūcijas būtiski ietekmē darba tirgus veikspēju
- **Darba koplīgumu sistēmas**, kas koordinē darba samaksu dažādās nozarēs, parasti **saista ar mazāku darba samaksas nevienlīdzību un labākiem darba rezultātiem**, tostarp attiecībā uz mazāk aizsargātām iedzīvotāju grupām
- Darba koplīgumu slēgšana **uzlabo situāciju nodarbinātības jomā, pienācīgi ņemot vērā makroekonomikas apstākļus**
- Palīdz sasniegt labākus darba tirgus rezultātus, apvienojot gan labu iekļautības, gan elastīguma līmeni. Sociālais dialogs darba vietā tiek asociēts arī ar **kvalitatīvāku darba vidi**



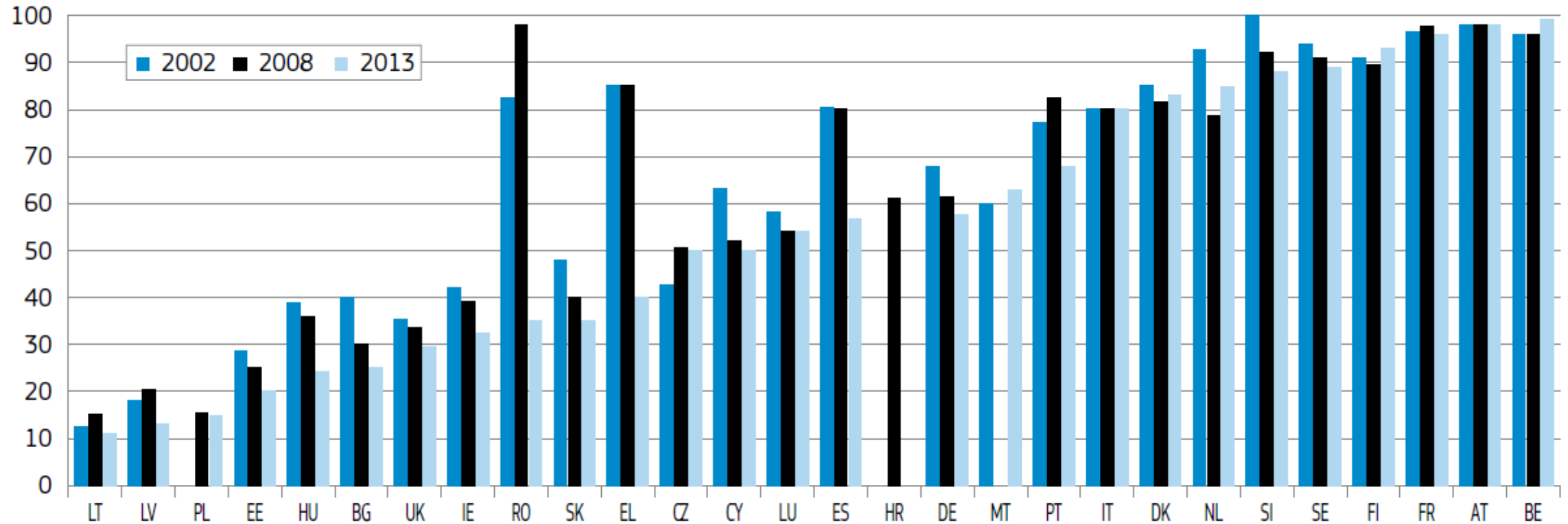
OECD EMPLOYEMENT OUTLOOK 2018: ROLE OF COLLECTIVE AGREEMENTS IN THE LABOUR MARKET



OECD 2018:
The collective bargaining system contributes to inclusive growth and prosperity

Data from Eurofond presentation in Employers seminar Rome, 17 September, 2018

Chart 1.4. Collective bargaining coverage in EU Member States, 2002-13



Source: ICTWSS database (Visser, 2015).

Note: BG 2003 data; CY 2011 data; LT, LV, PL, BG, RO, SK, CZ, MT 2012 data; HR no data for 2002 and 2013.

SOCIAL PARTNERS' ROLE: POLICY AREAS

Table 3. Dominant forms of decision making in different policy areas and the role of the social partners within them

Dominant form of decision making in different policy domains ⁵	Autonomous social partners action	Tripartite co- decision	Consultation and advisory	Government unilateralism
Labour law, including EPL	1	5	6	14
ALMPs	2	3	7	18
Social Security Systems	1	3	5	18
Work Life Balance and Gender Equality	3	3	3	18
Education and Training systems	2	1	7	17
Labour taxation	0	1	3	23
Wage institutions and dynamics	17	3	3	9
Occupational health and safety	4	3	5	15

Autonomous social dialogue on the basis of **wage and employment conditions**

Latvia	X The social partners are consulted on the level of the minimum wage but the final decision is with the government.	D
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SOCIAL DIALOGUE: A TOOL FOR MANAGING CHANGES

- **European Business confederation **BUSINESSEUROPE:****

Social dialogue an asset for Europe to adapt to changes in the world of work: to facilitate this the EU need to encourage **member states to ensure** that national frameworks on social dialogue or collective bargaining secure or maintain an **appropriate space for social partners negotiations**, which are mutually beneficial for enterprises and workers.



FURTHER COOPERATION PROSPECTS IN THE REGION

WAY FORWARD

AVAILABILITY OF SKILLED AND PROTECTED LABOR FORCE

REGIONAL DIMENSION

- **Further convergence among regions and states** is essential for a proper and sustainable functioning of the Single Market, including labour market
- Continuous need for a **strong driver for economic, social and territorial convergence** in Europe to move forward with strengthening the Single Market, the Economic and Monetary Union, the social agenda and to face new challenges together

AVAILABILITY OF SKILLED AND PROTECTED LABOR FORCE NATIONAL DIMENSION

To promote the availability of **qualified** and **socially protected labor force**:

- Flexibility of labor relations and employment legal regulation
- Expertise for reform of vocational and higher education content and governance
- Work-based learning and apprenticeships
- Efficiency of health care system
- Fair labor taxes by promoting involvement in social security system
- Promotion of savings culture
- Internal mobility
- Qualified labor force recruitment policy
- Management of labor market changes under the influence of digitalisation, automation and technology introduction.

COMMON INTEREST

- **Exchange experience in the area of sectoral social dialogue and collective bargaining** to improve industrial relations and ensure social peace and economic development
- Exchange experience in setting up **Training Funds by social partners**
- **Mutual recognition and digitalization** of Diploma + Diploma supplement automatic recognition
- **Work-based learning across borders** - learning at the employer in another country
- University-business cooperation (**UBC**) - adaptation of study content to the needs of the labor market
- **Health and safety measures** at the work place, incl. reduction of spread of COVID-19





THANK YOU



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