



Baltic Institute of Social sciences



**Latvian Academy of Sciences
Institute of Economics**

**SOCIETY INTEGRATION AND BUSINESS: THE
ETHNIC DIMENSION**

RIGA 2004

The research was carried out by the financial supply provided by Embassy of Canada in Latvia, Secretariat of Minister for Special Assignments for Society Integration Affairs and Ministry of Education and Science Republic of Latvia



Baltijas Sociālo Zinātņu institūts



Latvijas Zinātņu Akadēmijas Ekonomikas Institūts

BISS Scientific editor and head of the research team: Brigita Zepa

Authors:

Anna Selecka, Inese Šūpule, Jolanta Krišāne, Inguna Tomsone, Līga Krastiņa

LAS IE Scientific editor: Raita Karnīte

Author: Oksana Treikale

Translation: Kārlis Streips

Cover design: Mārtiņš Seleckis

Computer layout: Mārtiņš Seleckis

© Baltic Institute of Social sciences, 2004

Elizabetes street 65 - 16, Riga LV-1050, Latvia

Phone number.: 371 7217553

Fax: 371 7217560

www.bszi.lv

© LAS Insitute of Economics, 2004

Akadēmijas laukums 1, Riga LV-1050, Latvija

Phone number: 371 7222830

Fax: 371 7820608

economics@economics.lv

CONTENTS

Introduction.....	2
SOCIOLOGICAL ANALYSIS (BISS)	
Project Description.....	3
The Methodology for Obtaining and Analysing Information.....	3
CHANGES AND TENDENCIES OF THE BUSINESS ENVIRONMENT IN LATVIA: ETHNIC ASPECTS.....	6
Discussion of the Results and Conclusions	10
Recommendations to Promote Ethnic Integration	12
PERCEPTIONS OF PRIVATE BUSINESS LEADERS AND EMPLOYEES ABOUT ETHNIC DIMENSION IN BUSINESS ENVIRONMENT	14
The Labour Market	15
Recruiting Filters	18
Latvian Language Skills	19
The Role of Nationality	30
Ethnic Relations in Latvia.....	36
Attitudes Toward Ethnically Mixed Collectives.....	39
ECONOMICAL ANALYSIS (LAS IE)	
Introduction.....	43
BASIC INFORMATION ABOUT THE ETHNIC SITUATION IN LATVIA	45
Ethnic proportions.....	45
Unemployment	48
The Employment Structure	50
Change in the Demographic Situation	51
Demand for Foreign Language Skills	55
The level of education from the ethnic perspective	57
The EU Policies in Latvia	58
Language Policies in Multilingual Countries	59
Slovakia Example	60
SURVEY RESULTS	62
General Information	62
The Range of Company Operations and International Co-Operations.....	65
Partner countries for international activities	70
The Ethnic Composition of Companies	72
Choice of Language	77
The Age of Employees in Various Sectors	77
The Proportion of Women and Men in the Sectors	79
SUMMARY	80
CONCLUSIONS.....	83
RECOMMENDATIONS.....	85

INTRODUCTION

In the context of society integration we usually speak about official language acquisition, culture and ethnic identity, however also economic activities might be considered and better understood within integration processes. Even if we know that “business is business” and “everybody knows the money”, economic activities take place in particular social conditions and within the context of ongoing social relations. The goal of the research was to get understanding how economic factors affect the process of society integration and vice versa: the effect society integration process makes on economics; that could ensure conscious inclusion of economical dimension in formation of integration policy strategy. It should be noted that **private sector** was the main focus of the study and situation in state sector was analysed only within the context of ethnic relationships in general.

Within the study were carried out both the quantitative survey of company leading managers and in-depth interviews with companies’ employees and experts.

The main task of quantitative survey was to diagnose the situation in Latvia giving precise information about the extent to which enterprises have been influenced by ethnic differentiation, to determine proportion of ethnically mixed (multiethnic) enterprises, how many of them are “Russian” and how many - “Latvian” ones. Another task was to find out the possible recruitment filters that control differentiation of enterprises according to the ethnic feature, age and gender, as well as to explore models of communication within the enterprise and language usage habits.

The main tasks of in-depth interviews were to find out whether there are ethnically based problems in business environment today and understand how actors perceive and interpret the ethnic dimension in business and work relationships. The questions we explored were: do company leaders perceive the business environment as divided according to ethnic possession and how the fact that society in Latvia is not ethnically homogenous and potential employers and employees may have different ethnic background is reflected in the labour market.

Sociological analysis of research data was carried out by Baltic Institute of Social sciences (BISS) and the results are presented in the first part in this edition. The second part includes economic analysis of the same data, carried out by Latvian Academy of Science Institute of Economics (LAS IE)

SOCIOLOGIC ANALYSIS (BISS) PROJECT DESCRIPTION

THE METHODOLOGY FOR OBTAINING AND ANALYSING INFORMATION

SURVEY OF ENTERPRISE MANAGERS

Sample: Quota sample, key selection criteria: size of enterprise, branch and region of location (Data base of enterprises (n=1200) were prepared by Central Statistical Bureau of Latvia).

Selection of the respondent: As a respondent in all enterprises were selected persons, who make final decisions about recruitment of employees (enterprise managers, assistant managers, staff managers).

Sample size: 422 enterprises

Survey method: Direct interviews at working place

Description of quotas:

Branch/ Number of enterprises	Statistical data*	%	Planned sample size	Real sample size
1. Agriculture, hunting and forestry, fishing	1154	3	12	11
2. Industry, construction	7957	19	76	68
3. Hotels and restaurants, transport, storage and telecommunication, real estate, renting and business activities	11 479	28	112	121
4. Wholesale and retail trade	18081	43	172	192
5. Education, health and social work, other community, social and personal service	3101	7	28	30
Total:	41772	100	400	422

* Central Statistical Bureau of Latvia, Jan. 2004.

Region of location / Number of enterprises	Statistical data*	%	Planned sample size	Real sample size
Rīga	26080	62	240	249
Vidzeme	4246	10	40	46
Kurzeme	4190	10	40	40
Latgale	3549	9	40	37
Zemgale	3707	9	40	50
Total:	41772	100	400	422

* Central Statistical Bureau of Latvia, Jan. 2004.

Size of enterprise/ Number of enterprises	Statistical data*	%	Planned sample size	Real sample size
Up to 9 employees	30891	75	300	298
10-19 employees	5079	12	48	57
20-49 employees	3114	8	32	35
50+ employees	1942	5	20	32
Total:	41026	100	400	422

* Central Statistical Bureau of Latvia, Jan. 2004.

In survey of enterprise managers were found out the **answers on the following questions:**

- Ethnic composition of the enterprise;
- Age and sex composition;
- Use of language;
- Methods of recruiting employees;
- Motivation of ‘ethnic recruiting’ depending on employee’s functional duties;
- Employee communication models when performing their functional duties;
- Informal employee communication models and use of language;
- Models of economic activities:
- Orientation towards international cooperation,
- Orientation towards attracting resources,
- Market orientation,
- Specificity of the branch.

Data analysed by LAS Institute of Economics differs from the sample quota description, first of all, because the data provided by Central Statistical Bureau of Latvia and Register of Enterprises doesn’t reflect the real situation (during 1-2 years significant changes may occur in companies, for example, regarding the number of employees. Also information provided by companies sometimes might not be precise enough). And secondly, because of different accounting and coding systems (company representatives indicated the sphere of business which seemed most significant to them, but it may not always match the statistical information. The same relates to regional division).

DESCRIPTION OF IN-DEPTH INTERVIEWS:

Selection of Respondents

- 1) In order to assess as many diverse models of ethnic relationships as possible, people from different professional fields representing both ethnically homogeneous and mixed businesses were interviewed. The respondents were chosen by repeatedly contacting selected businesses that had participated in the quantitative survey. 2-3 respondents were interviewed at each enterprise, chosen by nationality and position held at the job. For example, at a mixed business both Latvian and Russian employees were interviewed, and in all businesses one of the respondents held a leading position.

All together 30 partially structured interviews were conducted both in Latvian and in Russian. The length of the interview varied from 50 to 120 minutes. The *italics* is used in the following text, whenever an interview is quoted together with the following abbreviations:

L – Latvian business, respondent of Latvian nationality
M – Mixed business
R – Russian business, respondent of Russian nationality
D – Director, Employee holding a leading position
E – Employee

- 2) Ten expert interviews were conducted with ten experts of the business environment and job market, such as the representatives of the trade-unions, State Employment Service, Employers' Confederacy, Ministry of Welfare and Human Resources specialists and others. Questions to both the experts and the business representatives were formulated based on the tasks of the research, but questions based on other topics discussed during the interview were also asked.

In our analysis of in-depth interviews, we used the basic principles of critical discourse analysis, as presented in the work of the following authors:

Teun Van Dijk's "Ideology and Discourse: A Multidisciplinary Introduction";¹

Emo Gotsbachner's "Xenophobic Normality: The Discriminatory Impact of Habitualized Discourse Dynamics";²

Veronika Kalmus' "Is Interethnic Integration Possible in Estonia?";³

Critical discourse analysis is based on the idea that ethnic biases and racism are constantly reproduced, repeating specific social activities or practices, particularly as a result of dominant discourse. Discourse analysis, for its part, reveals the way in which discourses reproduce existing systems of dominance and social inequality, the arguments that are used to underpin specific discourses, as well as the motives which are the cornerstone of behaviour among those who carry the discourse forward.

¹ Ideology and Discourse: A Multidisciplinary Introduction. The English language version of an Internet course for the Universitat Oberta de Catalunya (UOC), July 2000. See <http://www.discourse-in-society.org/teun.html>.

² Gotsbachner, E. (2001). "Xenophobic Normality: The Discriminatory Impact of Habitualized Discourse Dynamics", in *Discourse & Society*, Vol. 12(6):729-759. London: Sage Publications.

³ Kalmus, V. (2003). "Is Interethnic Integration Possible in Estonia?: The Ethno-political Discourse of Two Ethnic Groups", in *Discourse & Society*, Vol. 14(6):667-697. London: Sage Publications.

CHANGES AND TENDENCIES OF THE BUSINESS ENVIRONMENT IN LATVIA: ETHNIC ASPECTS

Summing up the views and thoughts of experts about things that characterize the business environment, its problems and future perspectives, the main tendency can be pointed out – decrement of significance of the ethnic aspects. All of the interviewed experts said that the division of companies by ethnic belonging is not a major issue. As the fact attests - there is an increasing trend in setting up ethnically mixed companies.

That view existed in the early 1990s. Both groups in society had developed in their own direction. The divisions in business were more distinct in the past. The situation has changed. The differences are evening out at the everyday level, when you talk to people. Maybe the divisions will remain for some time, but we can no longer speak of Latvian business as opposed to Russian business.

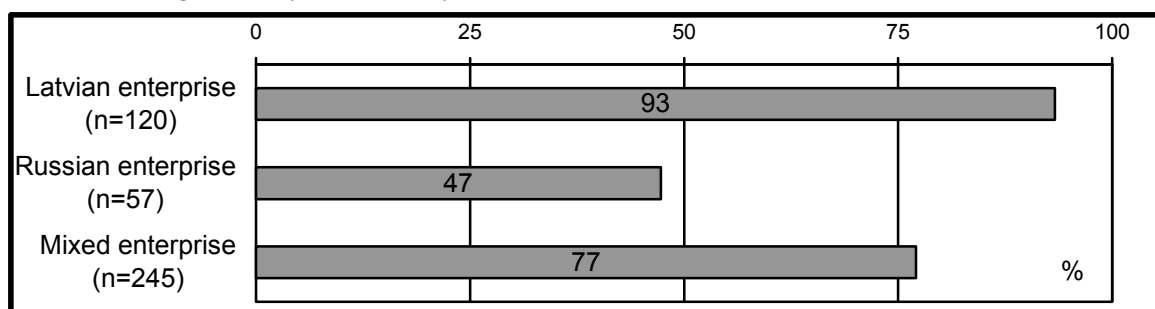
There are several factors, which facilitate the emergence of ethnically mixed companies. Experts pointed to the Latvian language law, as a result of which “*the Latvian issue is fairly serious*” at companies, and “*in non-Latvian companies, those jobs that require the Latvian language are filled by Latvians*”. The inflow of foreign capital, too, often means that there are no purely “Russian” or “Latvian” companies. Foreign investments and European Union, according to experts, mean that companies will increasingly focus on universal “Western” standards in the provision of goods and services and in the field of business administration. “*There won't be traditional Latvian or Russian businesses in the future, everyone will work more toward the EU market. We'll have to look at the broader context. The decisive factor will be the quality of the goods and services.*”

In speaking about segregation, experts said that it continues to exist in the business environment. Purely “Russian” companies are mostly found among “*small and unnoticed enterprises*”- those where people can ignore the language law. Such companies are also concentrated in the “short-term business sector”, because barriers concerning language (not least the English language) and psychology keep people from becoming involved in corporate business. Such companies usually have little in the way of loyalty vis-à-vis the state, and they don't pay their taxes. One expert spoke to a European Parliament survey, which indicated that minority groups feel a sense of socio-economic insecurity. That may have to do with work in such private enterprises, which do not offer much in the way of social guarantees. This segment of business is identified as a target audience for economic integration.

There may be problems in integrating small businesses, not those companies that are already thinking about the long term. The activities of small businesses are harder to predict. Language is not all that important there. A Russian restaurant, for instance, may be successful precisely because everything there happens in Russian. If these are companies with critical mass, if they have some 100 employees, then they have to start thinking in the long term. They bear responsibility, they have investments and equipment, they have to think in the long term.

To a certain extent, also the data of the research of company directors confirm experts' observations on Russian enterprises as a solitary environment. Less than one half out of all Russian company directors are proud about the fact that they live in Latvia, while 30% admit that they don't feel relevant to this state.

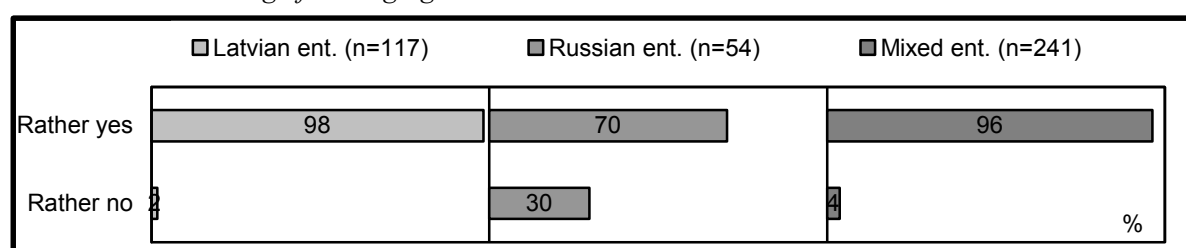
Figure 1
Being Proud of the Status of Latvian Inhabitant



Base: all respondents

Summed up responses "very proud" and "rather proud"

Figure 2
The Feeling of Belonging to Latvia



Base: respondents, giving a certain answer

THE LABOUR MARKET

In the official labour market, the larger the company, the higher ranking the job, the less important is the ethnicity of the employee or the company. Personnel and employment experts, when talking about job seekers and the situation in the labour market, said that employers who are focused on higher-ranking and better paid jobs "emphasise such cultural environments to a lesser degree". Rather, there is a separation between local and foreign companies, and preference is given to the latter group, because such companies are seen as stable and as places where one has a chance to speak English.

If there's a serious company with a serious management style, then people want to join that firm. There is greater stability in Western companies. You can never know what the future is of a local enterprise. I can suddenly go bankrupt because of changes in the law. Foreign companies, however, are concerns that are supported by others, and so the individual feels more stable.

Activities in seeking a job and in answering "help wanted" ads are similar for Latvians and Russians, but personnel specialists point out that Russians are more often ready to work abroad, and they are more active in seeking out career opportunities - "they are more active, more attractive, more purposeful"; "Latvians are too indolent. Those who work in one place spend their entire lives there. That's particularly typical of older people - they celebrate their 30th, 40th, 50th anniversary at one company. They get the job, they hold on to it. They've been raised to believe that work is of value, you have to hold on to your job. Latvians are not particularly active, Russians are more active." For that reason, there are areas of activity and environments in which Russian people do better by definition - "in retailing, for instance, Russians are more attractive, they have a better sense of the business. That is less true of Latvians."

If I need an employee in Ukraine, I'll try to choose a Russian, and that's normal, because he'll feel better in that environment than a Latvian would. Latvians can do good work in Sweden, Estonia, Japan, Lithuania - they feel very good, and they don't complain about the environment.

Recruiting specialists say that in selecting employees, **the nationality** of candidates and employers is of some importance. A prevalent idea is that people feel better among people of their own nationality, and that is taken into account when it's necessary to find employees for a company with a purely Latvian or purely Russian collective. Ethnically based recruiting is explained through differences in mentality.

There are differences in mentality. If the company has only Latvian employees or only Russian employees, then when it looks for others that will fit in, I, as a personnel recruiter, have to make sure that people work at the company for a long time and make an investment in it, that they feel good and that our clients are satisfied with the world that they do. I have to take nationality into account - is the person whom I'm seeking able to fit in into a different environment? It depends on the individual.

There are times when Russian companies ask specifically for a Russian, because they know that the person will feel fine in the relevant mentality. There are things which are acceptable to one mentality but not to the other.

Experts say that employers want to hire people of their own nationality because they want to select people who *are closer, who are easier to understand - for a Latvian, that will always be a Latvian. The same is true in Russian companies. There will be fewer problems. Companies want to earn money, they seek results. Why deal with human relationships unnecessarily? Perhaps people can work together, they can get used to things, ignore many things, but who needs that if everything can be done much better? If someone speaks Latvian, has experience and knowledge - what difference does it make?*

A few experts argued that in the labour market, Russian companies are the ones which seek employees through **informal contacts**, thus preserving their "own" environment and promoting segregation.

Russians more than Latvians make use of informal contacts in looking for a job. Latvians are more likely to take part in competitions. The Russian business environment is more closed off. To the extent that I have encountered representatives of private Russian companies, they live fairly closed lives, in a fairly isolated environment. Latvian businesspeople have a critical attitude toward the state, too, because of tax policies, but Russians build another fence - we are over here, they are over there. There is a certain amount of being closed off, but that depends on the employer and his position. There is segregation. I assume that language is of key importance here.

Non-Latvians are more likely to seek consolidation. They attract acquaintances and the like to their companies. Latvians can become a part of Russian companies, too. Latvians have a more democratic approach, they use job competitions. Russians select their employees in a more informal way.

When speaking about the employment situation, experts also spoke of the fact that there are more non-Latvians than Latvians in illegal jobs. That is because non-Latvians are poorly informed and have a low level of trust in the state, according to the experts.

One expert from the National Employment Office said in an interview that she has received indirect information about instances when someone is not hired because of nationality. *The employer won't reveal that himself, but often I get clients who come and tell me that it's a Russian speaking collective which only hires non-Latvians.* She also expressed the suspicion that Russians often hide their Latvian language skills so that they can get a job in a non-Latvian collective.

Non-Latvians who come to our office usually have problems with the state language, and the most peculiar thing is that some of them hide the fact that they speak Latvian. They just hide the fact, they don't display their certificate, and then it turns out that they write in Latvian pretty well. It's hard to say what the reason is. In essence, virtually no one can work in the labour market if he does not speak the state language in Latvia. Each profession has a specific level of necessary state language skills, and perhaps there is something else that is causing this situation.

Personnel specialists stress that **language skills** (and not just Latvian language skills) are an important resource in the job market, and given the structure of Latvia's society, it is equally important today to have good Latvian and good Russian language skills – *“We have this multi-cultural environment in which both languages are necessary”* and *“today people have to speak Latvian and Russian freely if they are to work in business.”*

Though the law dictates the use of the Latvian language in places of employment, experts admit that people can find work without knowing the language. It is quite a bit harder and it is probably possible only in illegal jobs or in very poorly paid ones - *you can work as a salesperson at the central market.* On the other hand, experts admit that there are professions and areas of activity in which language skills are not all that important - *people who don't have to deal with clients can work in all kinds of spheres.* Employers and employees are perfectly well aware of this fact. In Russian companies in particular, language requirements are often a pure formality, and no practical knowledge is required.

There are also situations in which language skills are of secondary importance. For instance, *if you look at this from the perspective of a large business (more than 200 employees) at the EU level, the need is for quality. Of course, if the company provides services, then you also need language skills, but in laboratories and the like, there is a universal language there, just as with musicians.* There are also specific professions in which professional knowledge and skills are of importance.

DISCUSSION OF THE RESULTS AND CONCLUSIONS

Overall, a lot of advancement has been achieved regarding social integration in the context of economic processes, compared to the beginning of 1990s, when ethnic division in business environment was much more pronounced. Today in business environment, corporate relations, and formal communication the enterprises are not measured based on their ethnic affiliation; because the dominant view holds that such criterion does not carry any weight in business. Economic globalization, influx of foreign capital and cross-border cooperation facilitates social integration processes, as it poses qualitatively other questions about the conduct of successful business, which supersede the local ethnic prejudices.

Also among the employees, according to the experts, the *cultural environment* of the potential working place is becoming increasingly less important. Instead, employees prefer international business, which seem more stable and offer more possibilities for growth.

Small and imperceptible businesses and those in the short-term sector represent the more homogenous or so called “Russian” and “Latvian” enterprises and are identified by the experts during the interviews as the target group for economic integration. Ethnic segregation on this entrepreneurship level could be diminished by involving them into non-governmental business organizations, by producing a balanced economic and educational policy and creating an atmosphere endorsing learning of the Latvian language.

All together this research shows that **economic interests are one of the driving forces behind integration** - *as soon as the situation involves business, the language that you speak is no longer important. Personal relationships? If there are language problems which affect families or relationships, that's different. The main thing in business is to do business. And entrepreneurs who own their “own business and have a future vision” could potentially serve as the most promising social group for promoting integration.*

On the other hand, viewing economic processes in the context of society integration, this research shows that on the level of **informal, daily notions in the society there still exist discourses that segregate “Russian” and “Latvian” businesses**. People believe that there are differences in business organization culture and leadership style depending on the ethnicity of the participants and also talk about a correlation between ethnic affiliation and business specialization. Respondents of Latvian nationality during the interviews expressed negative opinion about the attitude of the “Russian” entrepreneurs towards business ethics and their alleged tax avoidance. By regarding “Russian” enterprises as dishonest and their employees as lazier and disloyal Latvian inhabitants, as well as insisting on differences in mentality, Latvian respondents were ceaselessly reproducing ethnic prejudices that maintain a certain economic disintegration situation, which is the most pronounced in the government sector.

One of the most prevalent contentions while talking about the non-Latvian employability was the lack of loyalty towards the state. This is then grounded in historic and political circumstances, attitude towards paying taxes and the fact that people of Russian nationality are allegedly more oriented towards leaving Latvia. In the

meantime, little thought is given to the fact, that such attitude and disassociation facilitate neither the sense of belonging to the state, nor loyalty towards it or that, to the contrary, that access to the government sector and state officials could assist in promoting loyalty and ease the whole integration process.

Among respondents of Russian nationality ethnic situation in business environment and labour market is assessed more neutrally. The fact that ethnic minorities form their own enterprises is explained as a natural occurrence that exists everywhere in the world. That there is limited employability in the government sector is not perceived as obvious discrimination, which in turn demonstrates that there exists a certain sense of stability and satisfaction with the situation.

Job market in Latvia can be to a great degree characterized by an extensive use of social networks in search of new employees. This research demonstrates that Russian businesses are more oriented towards searching for employees through acquaintances, which is explained by the experts by their desire to maintain “their own environment,” thus endorsing segregation. However, even Latvian and ethnically mixed businesses maintain personal contacts as the main type of recruitment, which is supposedly more reliable and comes with certain guarantees. As a whole, the use of social networks proves that while on a look out for a new employee, as much weight is given to the informal information as to the professional skills of the candidate. The quantitative survey allows us to conclude that ethnically homogenous businesses pay greater attention to the creation of the working environment when hiring a new employee, whereas the criterion of professionalism dominates in ethnically mixed enterprises.

The knowledge of Latvian language is one of the basic criteria while looking for new employees. Among Latvians it is equally important from the practical point of view regarding the necessity of Latvian language knowledge, as well as a normative approach that stresses the duty to know the Latvian language. Among non-Latvians the attitude towards the Latvian language knowledge is neutral. The importance of language knowledge in career building is not denied, but it also does not serve as a strong motivation factor for learning Latvian. Instead people see the necessity to know Latvian on the level of daily understanding, which signals a practical approach instead of emotional desire to identify with the Latvian state. Roughly 20 % of Russian businesses do not consider the knowledge of Latvian language as a determinant factor during employee selection process.

It is exactly on the issues of the Latvian language proficiency, that the social distancing and disagreement on the discourse level is most prominent. On this topic, there appears a division “us” and “they” in the accounts of the respondent with a tendency to describe “them” negatively. Latvians talk about the laziness of Russians, their chauvinism and failure to learn elementary things. Russians on the other hand complain about the complete lack of flexibility in Latvian efforts to carry out inadequate and discriminatory language policy.

The practical use of language sketches a slightly different and more advantageous environment for reciprocal integration. People are oriented towards shared understanding and especially in the working environment it is considered as the precondition to mutual communication. Both Latvian and Russian respondents admitted that they try to adjust to the conversation partner and are open to speaking the other

language, which allows us to conclude that ethnically mixed business and corporative environment serves as an integration promoting practice.

It is noteworthy that Latvian attitude towards non-Latvians improve significantly upon even their most limited language knowledge demonstration and minimal effort to speak Latvian. Among Russians the attitude towards the Latvian language use is to the most part neutral, with about 1/3 of the non-Latvian respondents admitting that they willingly speak Latvian. This allows us to draw the conclusion that preconditions for communication in Latvian are favourable, but there is not enough motivation to practice it.

Ethnic relations on the whole are considered neutral and rather positive than negative. The perception of problems and disagreements is artificially created from “the side” and in reality both communities co-exist peacefully. That signifies to a certain degree a relative satisfaction with situation and lack of motivation to “integrate.” Social integration is instead discussed as the task and the possibility of the future generations. On the practical level, the process of people of different nationalities working together is dominated by cooperation and no ground for ethnic conflict can be detected.

RECOMMENDATIONS TO PROMOTE ETHNIC INTEGRATION

The current situation shows certain development in the ethnic integration of business environment. However, there are still indications of segregation, present at the level of “*small and invisible*” companies that should be minimised as well as politicized attitudes and ethnic prejudices.

Recommendations in this subject:

- 1) Regarding that economic interests are one of the driving forces behind integration, supporting programmes for small business are needed, including programmes that promote development of ethnically mixed companies.
- 2) To communicate more the nature of integration process and its advantages. That would make the process more understandable, rationalize its necessity and motivate people to reevaluate their attitudes and dispositions.
- 3) To promote the development and work of the relevant nongovernmental sector. One way is to involve Russian companies in non-governmental business organisations, bring them into the scene and help focus on the EU market.
- 4) In the state policy level, to promote balanced development of education and the economy, taking into account the strengths of non-Latvians when it comes to education so that those strengths can be put to use in the Latvian economy. For example, to attract non-Latvian specialists in physics and engineering that would otherwise try to find work abroad.
- 5) To promote Latvian language learning activities, that would expand job opportunities for non-Latvians. To create an environment, which is more encouraging for language learning and also enhance the psychological support from the side of Latvian speaking society. *There's a psychological barrier here. Many people are shy about speaking, they're afraid to make mistakes, they're afraid*

that others will laugh at them. I think that from time to time Latvians are intolerant toward those who speak Russian if they say something that is wrong.

- 6) Make the state sector more accessible and open for non-Latvians, providing information to Russian speaking society about vacancies in this sector, showing and widening by this the potential field of job opportunities. Possible steps are to publish wanting ads in Russian newspapers and give more information on Latvian language learning possibilities.
- 7) To follow clear and transparent procedures of giving employment both in private and state sector by this stressing importance of professional criteria in labour market rather than giving space to notions about ethnic discrimination
- 8) To elaborate state support programs oriented towards integration of ethnic groups, which are in an unfavourable situation:
 - a. People working in small 'Russian' companies, with an aim to inform them about their employee rights
 - b. Roma people that are still discriminated in the job market, with an aim to promote their educational opportunities and employment.

PERCEPTIONS OF PRIVATE BUSINESS LEADERS AND EMPLOYEES ABOUT ETHNIC DIMENSION IN BUSINESS ENVIRONMENT

SURVEY AND INTERVIEW RESULTS

To specify the importance of ethnic relationships in the business environment, we studied business transactions among companies, and we analysed the thinking of businesspeople about the ethnic aspects of the business environment.

Generally, speaking, respondents believe that in formal terms, today it is impossible to produce a strict division between “Russian” and “Latvian” business. The two types of business are integrating one another, both under the influence of local law and under the influence of the European Union. It is also true that management experience is increasing.

It's hard to say whether it's Latvian or Russian these days. The two have been so much mixed together that often enough the owner is from one nationality, the president is from another, the executive director is from still another, and the person who invested capital usually remains unknown.(RD)

Five years ago it was very certain that there were Russian businesses and Latvian businesses, but now I think that the two sides are integrating one another to a increasing degree, it's harder to say that a company is purely a Latvian or a Russian business.(LD)

Perhaps the division was greater and stricter at one time, but now the business environment simply has to operate on the basis of unified European Union standards.(MLD)

In business relations, ethnic factors are not seen as a problem or as an important criterion for co-operation. Business interests dominate. “*Business is business, and that is true for everyone. Businessmen think about their company first, not about linguistic or ethnic differences.*”

Despite this, however, there is an informal division in terms of sectors which, for historical reasons or for reasons of different mentality, have emerged as more “Russian” (the oil business, trade as such, sports clubs, beauty salons, the same of computer technologies and alcoholic beverages, as well as auto repair facilities) than “Latvian businesses” (for example, advertising agencies).

When speaking of mentality, some people speak of differences in the culture of business and organisations. One Russian company representative had this to say:

Perhaps calmer directions were more typical for Latvians, calmer in terms of mentality. Russians often can launch a business in what we might call a crazy way, that is more typical of the Russian nature. Latvians have a completely different mentality, they think longer, they find justification for what they do.(RD)

Latvian respondents, for their part, said that Russian companies seems to be more dynamic, more ornate, with more active business and ones where everything is done ‘po bajariski’ (at a high level – eng.). Latvians tend more to save money.

I think that there are differences in the operations of those companies, at least that is my subjective view. Russian businesses - they try to cover more ground, we are a bit more humble in all areas, including business. I think that this can be seen more

clearly in the banking business. There is the Belokoņs bank, the Parex bank - as far as I know, people say that these banks are completely different from others, the whole management style, the whole environment. The culture of the organisation differs, and they, of course, introduce their own culture, their own standards. There are also differences in the way in which Latvians and Russians work.(MLD)

Among Latvian respondents, the concept “Russian business” had a negative tone to it, with respondents comparing it to “black business”, fraud and tax evasion.

Russian business is that what is known as black business, it has to do with the Russian Mafia, with oil, with those kinds of things. They exist, of course, and they mostly involve Russians. The problem, of course, lies in tax payments. Of course, there are also Russian offices somewhere in Latgale which engage in normal business, it's just that they speak Russian. There are, of course, no problems with such companies. But the issue is whether the national treasury does or does not receive money from these companies. Otherwise there are no problems. There are horrible things that are constantly being revealed, but that has to do with our country's corruption and the like. Attempts to launder VAT payments, all of the schemes that are being established - that is nothing but fraud against the state. My inner view is that this has a bit more to do with Russian events. Their mentality is a bit different, too.(LD)

It does have to be said that in interviews with **Russian respondents**, hardly anyone talked about the division of companies on the basis of ethnic belonging, or about differences between “Latvian” and “Russian” business. Ethnic minority representatives do set up their own companies and that is seen as a natural phenomenon being indicative of a certain feeling of stability of ethnic minority in the business environment. *“There are Turkish companies in Germany which do not hire Germans. There are, I assume, Belgian businesses in England, they do not get mixed up. I think that because of language, that is the case. There is an area in which Russians function. They watch ORT, they have different jokes. There are Latvians who watch LNT, they have their own jokes. There are differing interests, and there is nothing to discuss. Leave alone the fact that Russians do not understand Latvian slang or the Latvian sense of humour, and vice-versa.”*

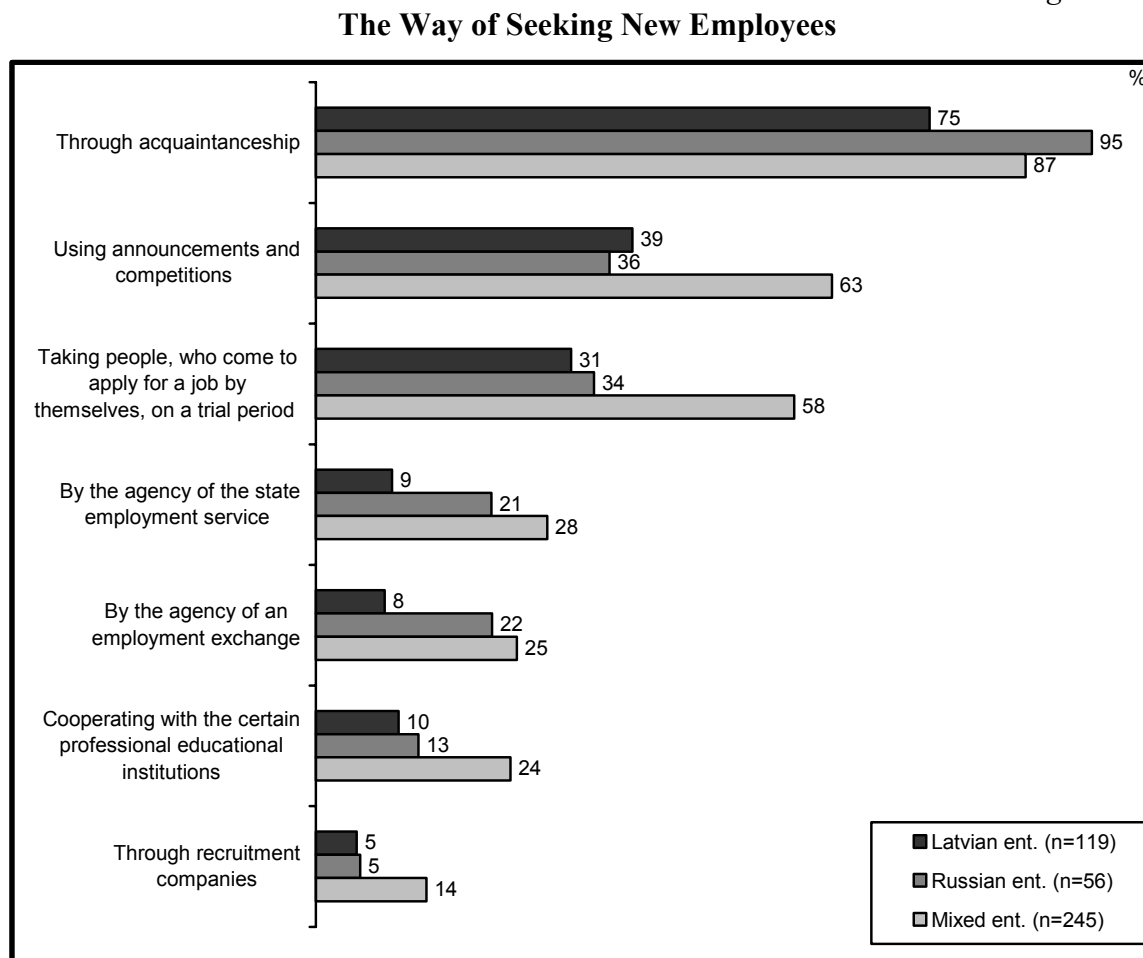
THE LABOUR MARKET

One of the aims of this study was to gain an in-depth understanding of the labour market in Latvia, looking at the extent to which job seekers from different ethnic groups enjoy the same opportunities, as well as at the recruiting filters, which are in place in the companies of various sectors and of various ethnic profiles.

Employees of companies were asked to talk about their experience in hunting for a job, while company directors in interviews and in the quantitative survey were asked about the hiring of new employees, as well as recruitment mechanisms and demands. The aim here was to look at how important ethnic issues are in labour relations.

The quantitative survey among company directors and the in-depth interviews that were conducted all confirmed the importance of social contacts and networks in the labour market. 84% of surveyed company directors said that they look for new employees amongst their acquaintances, while people “from the street” are sought nearly two times less often - 46% of surveyed companies publish vacancy announcements, while 41% reported hiring people who apply for jobs on their own.

Figure 3



Base: respondents to whom the question was appropriate
Summed up responses "often" and "sometimes"

In terms of the ethnic divisions, it is Russian companies, which are most oriented toward the use of social networks when seeking employees (95% of respondents said so). A total of 68% of Russian company directors are convinced that this is the best way to find new employees. Among Latvian companies, the role of the social network in seeking out employees is comparatively lesser (75%), while 62% of Latvian company directors do think that it is the best way of recruiting new staff.

Interviews with **employers** show that unofficial channels for finding employees (questioning acquaintances, for instance) allow companies to find more "trustworthy" employees, and there are certain guarantees that the employee is right for the job and the place of employment informally.

If one cashier leaves the store, then naturally hire someone I know to replace her, not someone off the street. Stores are places where there is theft, there are all kinds of things. We have to make sure that our people are honest. (MLD)

Official recruiting techniques are used when someone with a rare or uncommon profession is being sought. The same is true when it comes to jobs with low pay.

Officially and through acquaintances. Sometimes we put an ad in the paper - it's hard to find people for the lower-paying jobs, then we advertise. (MLD)

All kinds of things. We tell things to each other, we transfer information. If we are looking for employees, we sometimes publish a newspaper ad, sometimes we just put in a classified. Sometimes people come from the labour exchange. There are lots of different opportunities here.(MRD)

It has to be said that in those companies which are **ethnically mixed**, people use a bigger variety of methods for selecting employees than in ethnically homogenous companies. Mixed companies are comparatively more likely to organise open competitions for vacant jobs (63%), and they are more likely than others to hire people who have demonstrated initiative on their own part (58%). Approximately one-half of the directors of these kinds of companies said that personal acquaintanceships are the best way to find appropriate employees.

When asked to talk about their experience in finding jobs, **employees** most often spoke of using personal contacts. None of the surveyed employees reported finding a job through official or formal recruiting procedures. Usually, said respondents, the job “was not something I was really looking for”, was one which was “simply offered to me”, or was one which “was recommended to me by people whom I know”:

I used to work for the “Rīga Knitter” factory, and our boss there, as here, brought in work. Then he decided to establish his own company, and he asked me to join it.(MRE)

This is my first job in Latvia. I used to serve in Russia as a military aviator. My friend was hired as marketing director here after a competition, and then he looked for staff. There was no one to choose from the people who applied, and so he asked me to come and work here for a while. I wasn't really looking for a job, I had been out of a job for some six months before then.(MRE)

Through knowing people - just like everyone.(MLE)

I have never looked for a job in my life. My girlfriend and I both went to work at the same time - I was a bookkeeper, and she worked on the production line, but we both worked for the same printing company. When the company was split up, I decided to move over to the new business. All of the strangers stayed with the old company and took it over. We brought along the employees whom we know from top to bottom.(LE)

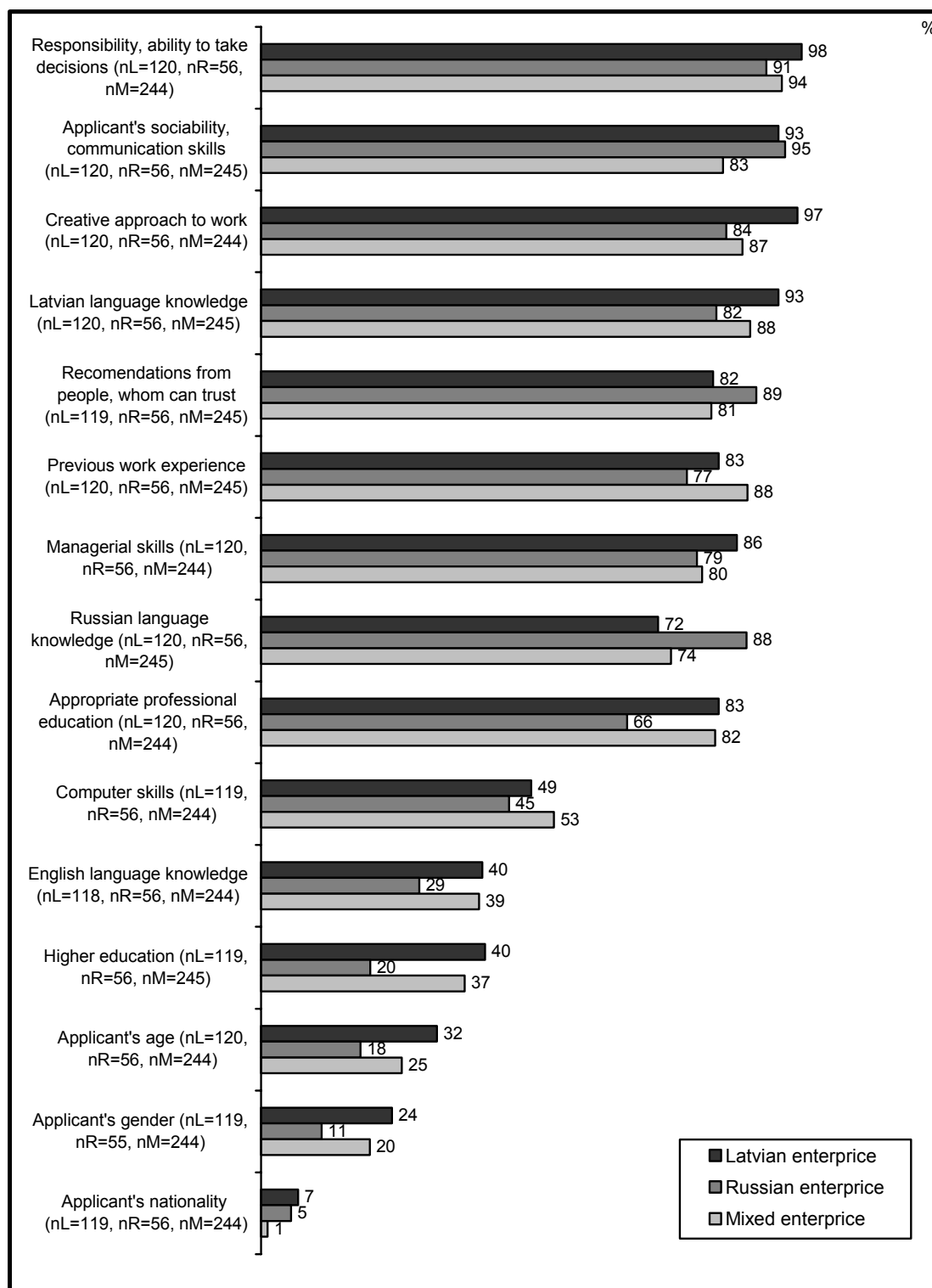
If one finds a job through one's acquaintances, that means that the individual resources of the job seeker (the ability to compete with one's skills and knowledge) are not always of decisive importance. If such a person is to join in the labour market successfully, of no less importance are the relevant social resources - contacts with a wide range of “useful” acquaintances. The range of acquaintances is used not only to learn of job vacancies, but also to obtain additional information. Friends and acquaintances will be able to provide more information than is contained in your average Help Wanted ad.

RECRUITING FILTERS

The survey of company directors shows that all employers develop equal criteria for potential employees, but there are certain nuances, which differentiate companies which belong to people from different ethnic groups.

Figure 4

Recruiting Criteria



Base: respondents, giving a certain answer

In **Latvian companies**, for instance, more than in ethnically mixed or Russian companies, applicants for vacancies are expected to have a creative approach toward work (97%), Latvian language skills (93%) and organisational abilities (86%). Comparatively greater attention (32%) is devoted to the applicant's age.

In **Russian companies**, of importance are recommendations (89%) and Russian language skills (88). There are comparatively fewer requests for other skills and knowledge (previous experience, an appropriate education, English language skills, a higher education) than is the case in Latvian or mixed companies. Less attention is focused on the applicant's age (18%) and gender (11%).

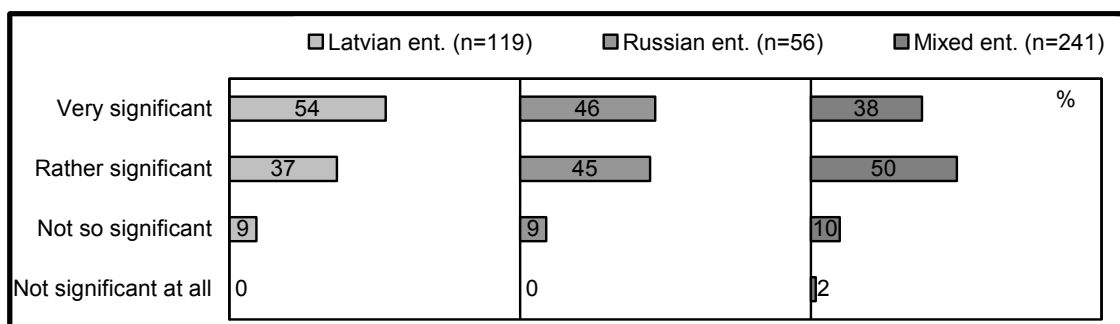
Mixed companies, by comparison, attach less importance to properties such as "liking people" and communications skills, although they do find previous experience to be a bit more important than do the other kinds of enterprises.

LATVIAN LANGUAGE SKILLS

The quantitative survey shows that the importance of Latvian language skills in making a career is not doubted. 90% of surveyed company directors agree that Latvian language skills are of great or quite great importance.

Figure 5

The Importance of Latvian Language in a Professional Career



Base: respondents, giving a certain answer

At the same time, the interviews demonstrate escalated perception of this question, especially among **Latvian employers**. The necessity of Latvian language skills both in the instrumental and normative sense prevails in all interviews as the main theme emphasising that language is a pre-condition for social mobility and that it is a "fair" demand which is made against non-Latvian job seekers.

ATTITUDES TOWARD THE LATVIAN LANGUAGE

Language skills are necessary to enter the job market successfully, and a lack of Latvian language skills is often stressed as the only "problem" which limits the career opportunities of non-Latvians today. There is the view that people who do not speak Latvian can find only simple and poorly paid jobs.

If he speaks Latvian, then I don't think that he'll have any problems in the job market. (LD)

If he doesn't speak Latvian, he won't find a normal job. I doubt whether anyone will hire him if he doesn't speak Latvian - well, perhaps only for poorly paid and

low-ranking jobs. We have pensioned gas operators, they receive little money, they work from time to time, they don't speak Latvian. What can you do? If that person doesn't have anything to do, if he can't find work anywhere else, then you hire him. These are elderly people.(MLD)

When language is discussed as a career instrument, people speak of different levels of language skills at various age groups, usually emphasising positive trends among non-Latvian young people. According to employers' observations young people are increasingly understanding the advantages which language skills afford and accepting the fact that language skills are necessary if one is to reach one's goals. This is a positive view of the future which indicates the positive attitudes and orientations of respondents when it comes to integration.

These young people understand their future, they know that they have to speak Latvian if they're going to live in Latvia. Their knowledge is improving. Then there are pensioners and elderly people, however, and the situation doesn't improve at all there, because these are people who simply cannot understand why they should speak Latvian. Young people attend university with no problems, they work, they live. Among young people, language skills are improving. I think that is a positive thing. Young people are our future.(MLE)

The opportunities for non-Latvian young people are the same as for Latvians, on condition that they speak Latvian. They can enter the Latvian environment, a Latvian company, and I think that they (non-Latvian young people) want to do so and are doing so.(MLE)

The issue of Latvian language skills does involve something of an emotional burden. The fact that this is a sensitive issue was made clear through the forms of expression and the arguments which people used when discussing the matter. Here we particularly vividly see the distancing of ethnic groups from one another and the division between "Latvians" and "Russians". Often people used the words "we" and "they", they presented negative thoughts about "them", and they made various excuses to justify their own views.

Among Latvian employers, for instance, one finds a distinctly normative approach; with respondents stressing that language requirements are a just and "primitive" requirement, one that any "normal and educated person" can fulfil.

The main thing is that people have to speak Latvian. If you've lived in Latvia all your life and don't speak Latvian - well, that leaves me without words.(LD)

In some interviews the failure to learn the language was interpreted as "the fault of the Russians themselves". They are kept from learning the language by Russian chauvinism, the self-sufficiency of a large ethnic group and plain old laziness.

If a Russian speaks Latvian, then all routes are open to him. The craziest factor that limits them is their own morale - they just haven't got the sense to learn the language, am I right? If you went somewhere, you would try to learn the language as your first priority, wouldn't you? So that you could understand what people were saying. They don't need that. Russians are right there alongside them - they have a drink, and that's it.(LD)

Respondents also spoke of a lack of language skills and of the laziness of Russians when discussing the selection of employees. Language skills in this context are used to adjudge the ability of non-Latvians to learn and their motivation to work. In some interviews one heard the demand that language skills must be "perfect" and that this is a

priority. Only then do some Latvian employers take a look at the other qualifications of a job seeker.

Someone arrives at my company and doesn't speak a word of Latvian, he was born here, he really doesn't speak the language at all. In that case I start to dislike the person just because he doesn't know such primitive things - and they are primitive things. If he can't do that, then how he's going to do anything? From birth to the age of 20 or 30, he hasn't even been able to learn the Latvian language while living here. I doubt that this person can learn anything else.(LD)

His attitude toward the Latvian language will be his attitude toward work - that is clear to me.(MLD)

Anyone who doesn't want to do something has to train himself. How is he going to work if he has this kind of attitude toward things that he has to know, toward everything else, therefore? Russian businessmen would tell you the same thing - they don't hire any Russian who does not speak perfect Latvian. If he can't learn the Latvian language, then he can't do anything.(MLD)

Interestingly, when talking about the recruiting of (non-Latvian) employees, Latvian employers divided people not only between "Russians" and "Latvians", but also between "businesspeople" (Russian and Latvian alike) and "the state" as an indirect defender of employee interests.

But who defends the employers? No one, there is no such thing. Now employers are burdened with the question of "What do you think about the issue of the Russian speakers?" They just want to get more money from us. No one in this country thinks about developing things, they just want to grab everything, everything possible. You have to make advance payments to the state, but what does the state do for you? Nothing! (LD)

From the perspective of discourse analysis, this is a "tactic of shifting direction", and the "victim" is the inner "us" group. People use this tactic so as to justify negative attitudes toward "them" - in this instance, the state, which thinks more about "Russians" than about businesspeople.

Among **Russian respondents**, one finds a variety of attitudes vis-à-vis the Latvian language. No one denies that Latvian skills are needed in pursuit of a career, but in parallel, there is also an alternative view - that people can find good jobs without Latvian language skills. No respondent particularly stressed this idea, but respondents did talk about the positive experience of "others". True, there are non-Latvian companies in Latvia, too.

I have a few friends who don't speak very good Latvian, but they work - not in high-ranking jobs, not as managers, but they have good jobs, they learn enough to have a good life. We have Russian businessmen here, after all. We have Russian companies, representations of companies. Not just Russian, but Belarusian, Ukrainian, other Slavic groups.(MRD)

If you don't speak Latvian, then I think that it is more complicated. I wouldn't say that it's difficult, but it is more complicated. Perhaps at some companies ...(MRD)

We once counted up 20 Armenian restaurants which engage in business more or less successfully. (RE)

The attitudes of non-Latvians vis-à-vis the Latvian language is also affected by the country's language policies and by the naturalisation procedure. People are agree that

language requirements in these areas are too strict - Russians are expected to speak the Latvian language as if it were their native language, even though in everyday situations that is not necessary.

I have taken the language exam for citizenship several times, and I have been told that my written language skills are insufficient. I have my own view about this: It is no secret that the Latvians themselves sometimes doubt where diacritical marks are needed and where they are not needed. Despite this, a great deal of attention is devoted to this in the exam, and you have to prove written language skills. I have a job right now where I don't have to write anything. I think that they should first look at the fact that someone wants to become a citizen, second that the person wants to learn about history and language. Here the situation is quite the opposite - first they demand that you have good written skills.(RE)

Among my friends, at least, there are different views about this matter - you have to learn Latvian, perhaps in percentage terms it is not right, but you have to learn the language, and no one refuses - you just have to learn and live. We were graduated from the university, where everything takes place in Latvian, even though for 12 years before that we studied at a Russian school. No problem. We graduated, we're working - there are no problems.(MRE)

Some respondents think that the requirements are discriminatory specifically toward Russians and “experienced employees from the middle generation” - there is no doubt that no Hindu person who has lived here for 15 years will not face the demand that he speak good Latvian.

The employer is forced to require a language certificate. The state language, to be sure, is spoken more widely now than used to be the case 10 years ago. Our lives in this new society since the collapse of the USSR - well, that has been quite a drama for many people. When requirements appeared about language requirements, they reduced the ability of people to be of use to society. I think that the efforts were very much exaggerated. By this I wish to say that this is a delicate question, and a much more balanced approach should have been taken toward it.(RD)

It has to be said that when it comes to Latvian language skills, there is a very visible difference between the way in which Latvians interpret Russian attitudes toward the Latvian language on the one hand and the ideas, which Russians have about language learning on the other. Latvians are quite categorical in their thinking, insisting that a lack of language skills is a problem for the Russians themselves, but Russians theoretically are expecting greater flexibility and understanding when it comes to Latvian language skills. At the same time, Russian respondents did not indicate any strict motivations for learning the Latvian language, they instead used the strategy of making excuses - Russians, they argued, would be of greater use to society if there were not such strict language requirements. Transforming this idea into the phraseology of politics, we could say that the idea is integration without Latvian language skills.

USING THE LANGUAGE

Even though employers are quite insistent about the need for Latvian language skills when they evaluate recruitment criteria for new employees and communications models among business partners, colleagues, bosses and subordinates of various nationalities, the reality is that successful communications are the key criteria.

In discussing employee recruitment, respondents stress that there are various language requirement levels for various jobs. There are jobs and professions in which language knowledge is mandatory (office employees who handle administrative functions,

employees who work with clients in Latvia), while there are also jobs which require elementary skills (non-Latvians understand what is being said if someone speaks Latvian) or no skills at all. *In the office, everyone must speak Latvian, there are communications with other companies, with clients, but for the workers, that is not important.*

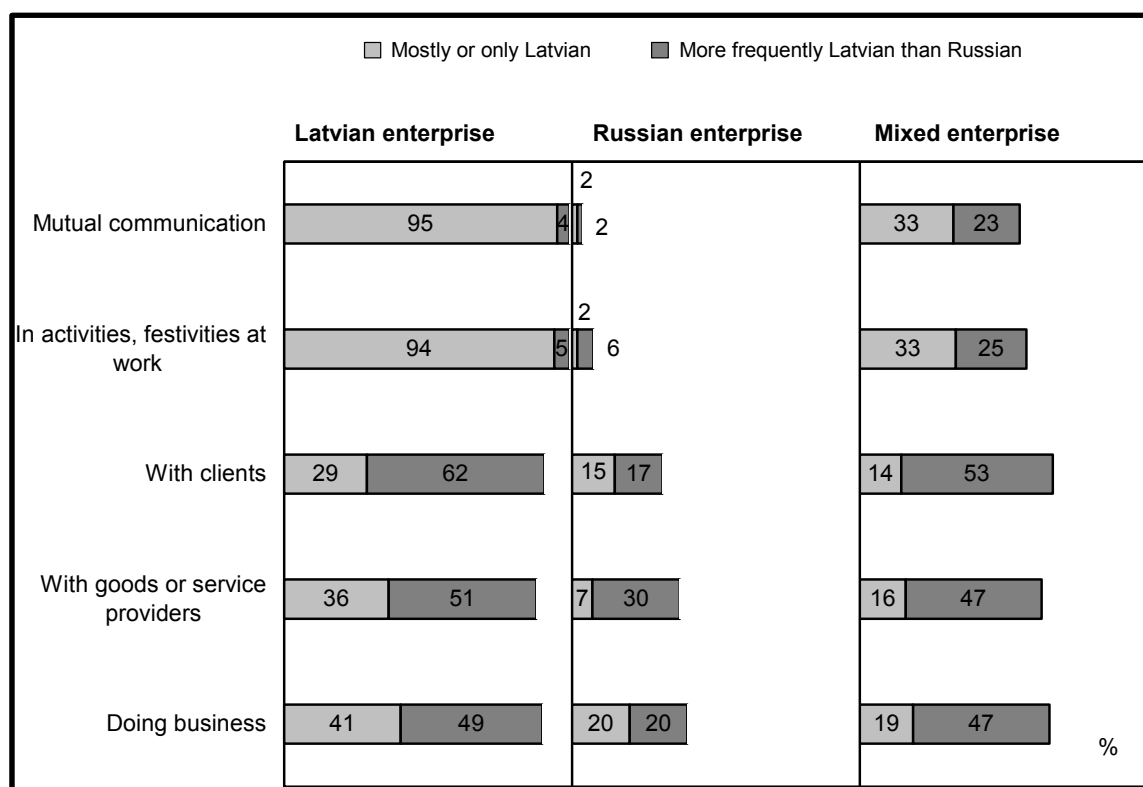
Latvian language skills at the conversational level are often the “breaking point” which guarantees even a very positive attitude on the part of Latvians. Such skills can allow people to access the Latvian environment and its job vacancies.

We only check conversational skills, we don't need the person to write academically and with excellent grammar. We want him to understand the client's wishes; we want him to be able to talk about his job - that's the level that we seek. (MLD)

As far as language skills are concerned, if the conversational skills are tested during a job interview, then we don't ask for anything written. We sense that there are many Russians who studied at Latvian schools, at Latvian universities, etc. If someone speaks good Latvian, then he can write normal Latvian.(MLD)

Figure 6

Usage of Latvian Language at work



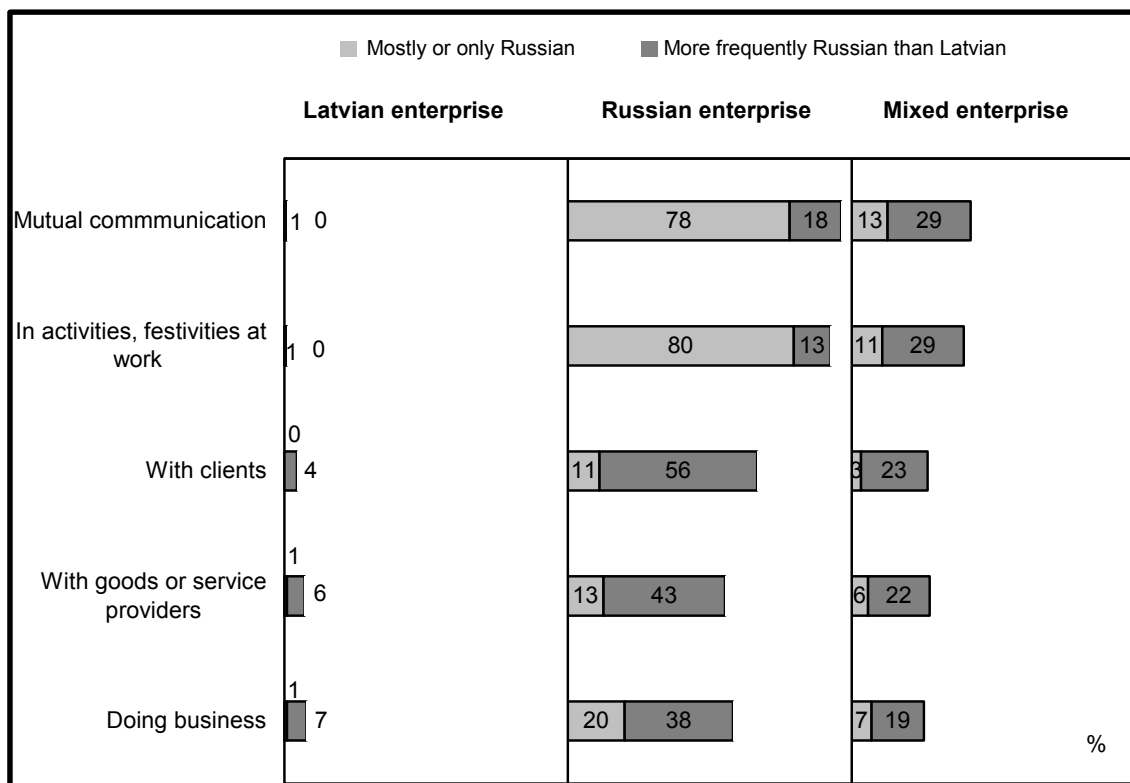
Base: respondents to whom the question was appropriate

Quantitative data about the use of languages in work collectives allow us to conclude that in terms of the internal communications of companies, there are one and the same language choice and use habits in all situations, but in more formal situations - business transactions, for instance, - one sees that in Russian and mixed companies more than in other situations, the Latvian language is spoken. The use of the Latvian language at such companies also increases in communications with clients and with the suppliers of goods and services.

On the other hand, data allow us to conclude that Russian companies have their 'Russian' clients' and customer's network i.e. there exists something we may call full Russian business environment.

Figure 7

Usage of Russian Language at work



Base: respondents to whom the question was appropriate

Interviews show that language choice in work collectives is usually not seen as much of a problem. Russian and Latvian respondents alike instead say that the most important thing is to ensure communications processes that serve the interests of the job.

Russians speak Latvian to their clients if the clients speak Latvian. In other situations, communications between Latvians and Russians usually take place in Russian.

When I ring a client, I consider it to be my duty to begin the conversation in Latvian, that's mandatory. Later, however, you just see what happens. I have enough skills for such conversational processes.(RE)

I work with clients, and I speak the language that the client speaks. Within our work collective, I find myself speaking Russian a lot, but I consider that to be my own weakness. If someone speaks Russian to me, I automatically and unconsciously start speaking Russian, too. That's a shortcoming. I'd like to speak less Russian, and I could do that. Everyone supposedly understands Latvian, but they respond in Russian. There are instances when I'm addressed in Russian - few, but still. Then I try to continue in Latvian, but because I speak Russian very well, I automatically start speaking Russian. Still, I do try to speak Latvian, too.(LE)

Latvian respondents say that they speak Russian because they need mutual understanding and successful communications - something that is more important at work than any principle-based consistency on language issues.

At our office, mostly there are people who don't speak the language perfectly, but they understand, they speak. The truth is that often I speak to them in Latvian, they understand, but they respond in Russian. There are those who make the effort to speak Latvian themselves. Sometimes I sense that we're having problems in terms of the work that's being done, because someone has not understood the situation completely. If there are problems, then I start speaking Russian. I know that otherwise, the job will suffer, he'll be suffering, he'll be torturing himself, and he won't say everything, or he won't understand what I want to tell him. Those are the cases when I speak Russian. (MLD)

The speaking of Russian in contacts with Russian is explained through subordination, habit, and politeness and tolerance among Latvians.

We think that we're oppressing them in some way, but Latvians are very cultural. When we go into a shop, if the shopkeeper speaks Russian, then we automatically shift to the Russian language and do our business. Why couldn't it instead be that the Russian transfers to the Latvian language? No one thinks that this could be the case. I was recently in Estonia, and they have a very neat trick there. They adopted a language law which says that in all public institutions, shops, cafes, etc., when you speak to the sales person, the first three questions are posed in Estonian, and if you completely don't understand what he tells you, then he can speak in a different language. (LD)

It's very odd with us Latvians - as soon as we sense that someone can't speak Latvian, we immediately shift to the Russian language, we speak Russian. Perhaps even the Russians sometimes tell us to speak Latvian, for heaven's sake, they want to learn Latvian. There have been such instances. Of course, there are those who consistently refuse to speak Latvian, but they don't bother me. (LE)

I have no problems with the Russian language - I speak the language that's needed. (LE)

A Latvian employee of an ethnically mixed company spoke in her interview about the consistent use of Latvian and the changes that she has noticed:

I speak Latvian to everyone, and if they answer in Russian, I don't care - I still speak Latvian, including with all of my bosses. When the general director rings, he speaks to me in Latvian now, and I'm surprised. He asks whether he's speaking to such a person or such a person. I know that his rank is higher than mine, so I speak Russian, but sometimes he wants me to speak Latvian to me. He says hello in Latvian, sometimes he just starts speaking Latvian. What would be the point for him to demonstrate some negative attitude? Someone at a high rank won't show such an attitude, everyone's accustomed to my speaking Latvian. Only in Daugavpils there is a woman who doesn't speak a word of Latvian, and then I speak to her, because she's a good worker, she does the job. I close my eyes to her language skills, perhaps because she's of a certain age. (MLE)

Russian speaking respondents, when discussing language choice and language use in communications, say that they speak Russian because it's more convenient - everyone understands the language, they argue. They add that they wish to preserve the Russian cultural environment.

The situation varies here. Like Raimonds Pauls at Jūrmala, we speak the greeting in Latvian and then speak Russian, because this is a Russian radio station, after all. Most of our colleagues are Russians, because here you need good literary language skills, you have to know about the culture. We have news reports and other specific programmes, which demand good language skills at least for now, while there are still audiences which differ because of language. Perhaps those differences will

eventually disappear, because there's a completely different approach now. Kids are learning Latvian in elementary school, in kindergarten now. (RD)

Those respondents who speak Latvian with their Latvian colleagues emphasise the need to practice the language and to find mutual understanding on job issues.

It depends on the department. I only speak Russian in my own department, that's how it's turned out. With the office girls - I speak more Latvian. That's just how it happened, when I arrived, I started to speak in Latvian, and that's how it stayed. You have to practice the Latvian language. If you haven't spoken it for a long time and then start again, then you start worrying about what you're saying and how. (MRE)

There are regions where people don't understand me if I speak Russian, and then I speak Latvian. Of course, if it has to do with work, then it's easier for me to speak Russian. I do what is comfortable for me, but I speak Latvian when it's necessary, when I see that otherwise people won't understand me. (MLD)

Generally speaking, **Russian respondents said that their Latvian language skills are insufficient, that they feel tense when they think about everyday language use.** They stress the need to practice in order to improve their language skills - *I sense that I have to improve my skills, I have to study all the time, I need practice.* On the other hand, in everyday situations, the most important thing is to understand the Latvian language - you don't necessarily have to speak, but the main thing is to understand. Respondents discussed the need to improve their Latvian language skills in general terms - they'll study when they need to - *I should improve my skills, yes, but you can't do anything artificially, it's all a natural process.* Respondents also stressed the need for Latvians to take part in the language learning process.

Yes, I sense that I need this. There's not always the need, I think, but at work my language skills don't improve. I don't know why. The thing is that everyone speaks Russian, I guess because there are more Russian speakers there. Everyone understands Russian. The Latvian girls speak Latvian, but I don't. We speak Russian. (MRE)

I have a few friends who can't learn the Latvian language because they don't work in a Latvian environment, and they have Russian friends, too. You can learn the language only if you work in a Latvian environment, because you can't just memorise the language. (MRE)

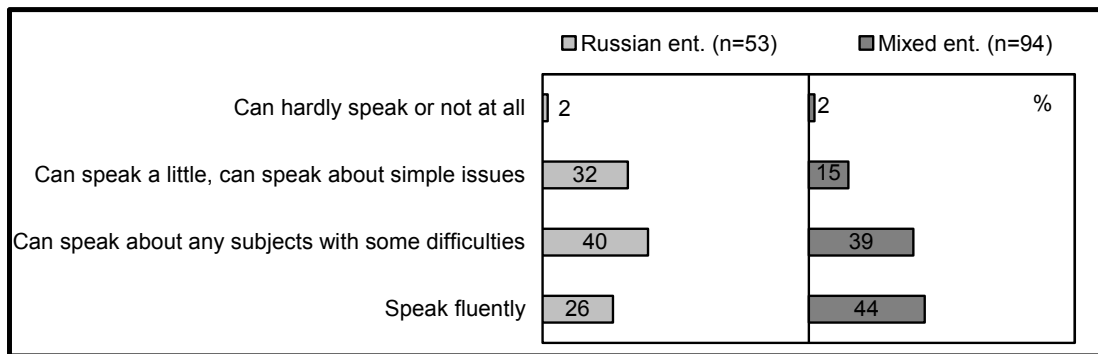
In only one interview did a respondent express the desire to attend Latvian language courses to improve skills:

After my everyday work, I'd love to attend some courses to improve my language skills.. Sadly, there aren't too many courses in administration and highly qualified Latvian language skills, there are practically no such courses. I'm a citizen, I have the highest category of language skills, but all the time I need ... well, I'd like there to be courses in administration in which someone listens to what you're saying and corrects you. I often ask my colleagues to correct me if I speak incorrectly, but many young people don't want to, because they feel uncomfortable in correcting someone who is older. On the other hand, I guess I don't have any complexes about this, but I would like to speak more correctly, more cleanly. Sadly, I wanted to find courses for myself and my son, but there is very little that is on offer. (MRE)

Russian respondents were also asked to evaluate their Latvian language skills at the conversational level and in terms of reading and writing skills in the quantitative survey of company directors.

Figure 8

Latvian Language Conversational Skills of Russian Respondents

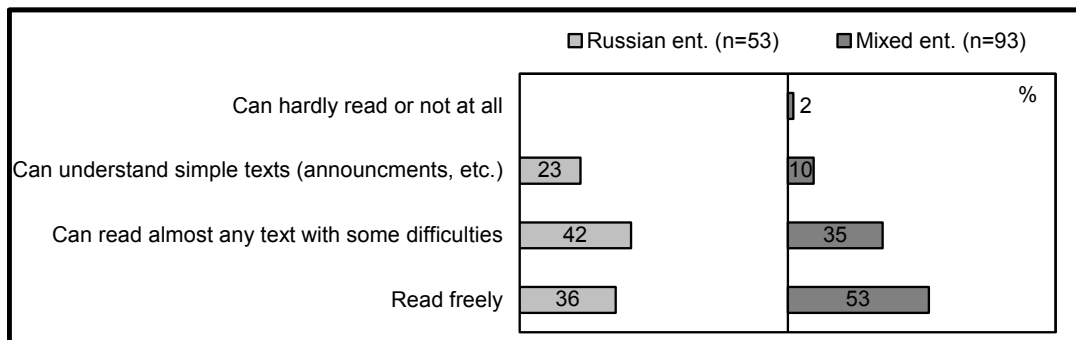


Base: non-Latvians, giving a certain answer

Among **Russian company** directors who were asked to evaluate their conversational skills, a majority (40%) said that they speak Latvian with a bit of difficulty. One-third of Russian company directors admit that they speak little Latvian and that they can discuss simple issues alone. Another 25% speak Latvian freely. Reading and writing skills are better - 75%, on average, of Russian company directors can read or write any or almost any text, while approximately one-quarter can read or write only simple texts in Latvian.

Figure 9

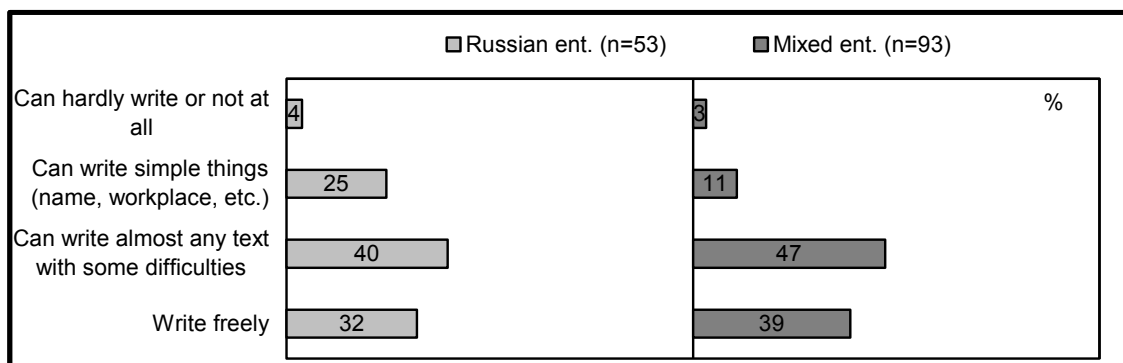
Latvian Language Reading Skills of Russian Respondents



Base: non-Latvians, giving a certain answer

Figure 10

Latvian Language Writing Skills of Russian Respondents

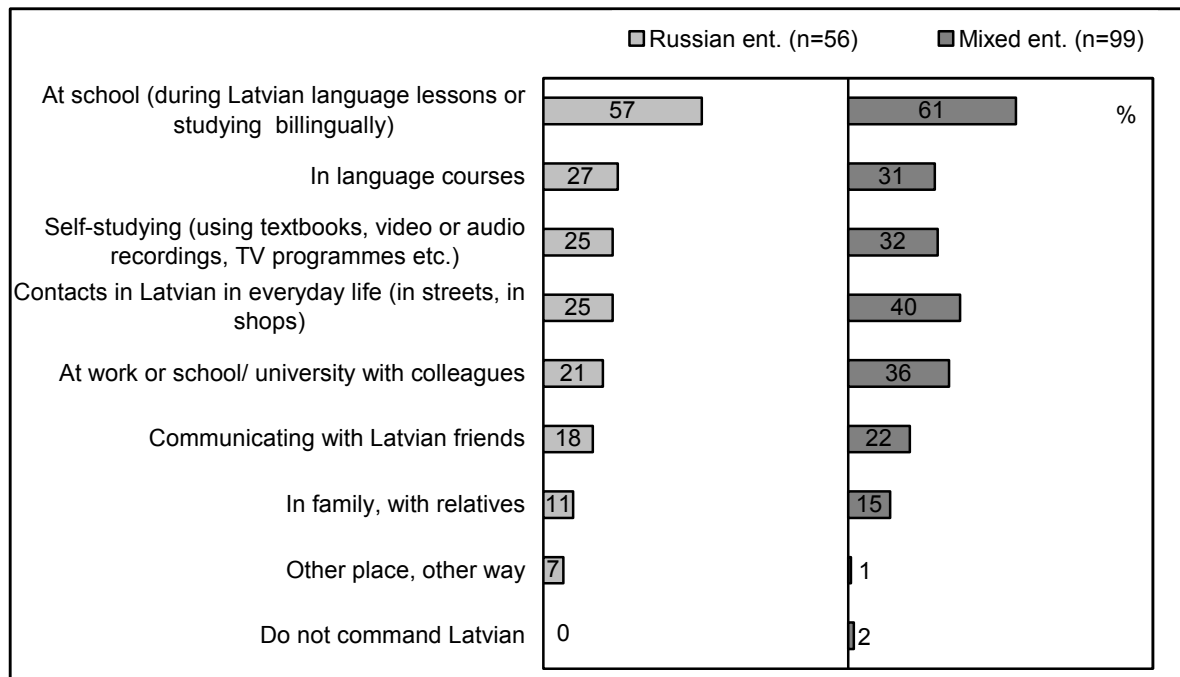


Base: non-Latvians, giving certain a answer

Better Latvian language skills can be found among Russian directors of **mixed companies**. The number of such directors who speak very little Latvian is one-half lower than is the case among the directors of Russian companies (15%). Among these respondents, there are also higher abilities in terms of reading and writing in the Latvian language - 85%, on average, could read or write any or virtually any text in the Latvian language.

Figure 11

The Way and Place Russian Respondents Have Mastered Latvian Language

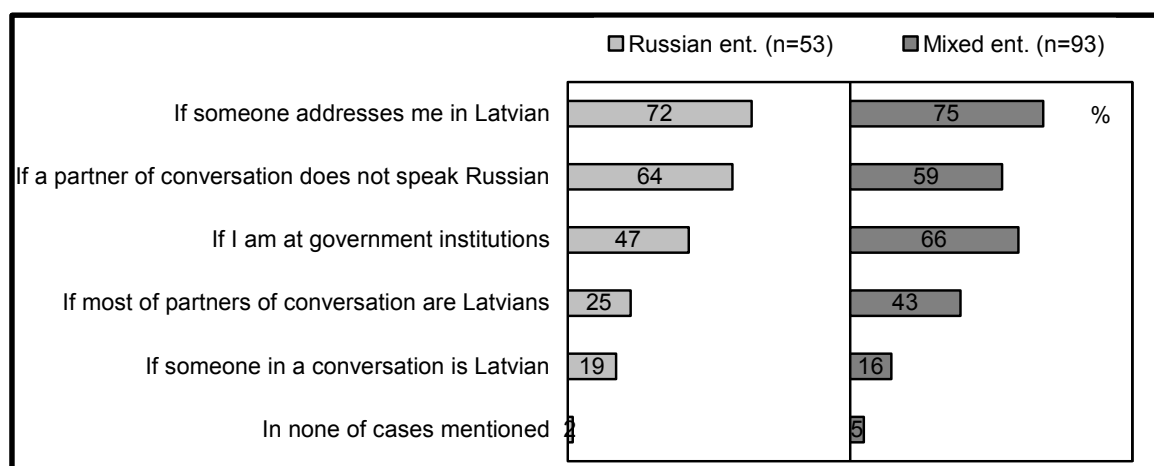


Base: respondents to whom Latvian language is not native and who gave a certain answer
Multi answer question, % sum > 100

The main factor in terms of learning the Latvian language, according to Russian company directors, is school - 59% of respondents said so. Russian directors of mixed companies have made greater use, in general, of other opportunities to learn the Latvian language, and they more frequently than others spoke to the influence of the linguistic environment in one's everyday life - contacts in Latvian on the street and in shops (40%), at work (36%) and with Latvian friends (22%).

Figure 12

Situations when Latvian Language is Used

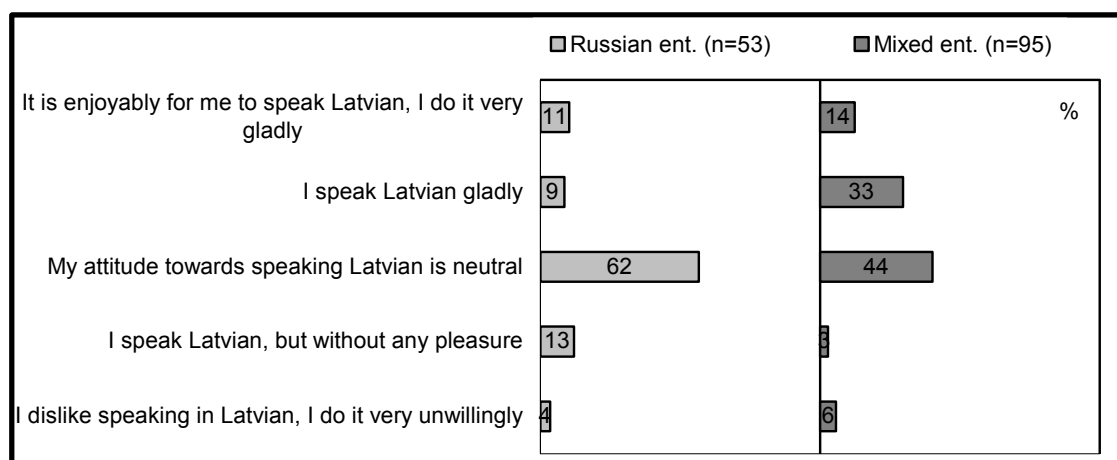


Base: respondents to whom Latvian language is not native and who gave a certain answer
Multi answer question, % sum>100

Russian respondents speak Latvian mostly in those situations when they are addressed in Latvian (73%), when the partner in conversation doesn't speak Russian (61%), and when they visit state institutions (53%).

Figure 13

Attitudes of Russian Respondents Toward Speaking Latvian



Base: respondents to whom Latvian language is not native and who gave a certain answer
Multi answer question, % sum>100

Attitudes toward the use of the Latvian language among Russian respondents were mostly neutral (53%) or positive (33%). Only 5% of Russian respondents said that they really don't like to speak Latvian.

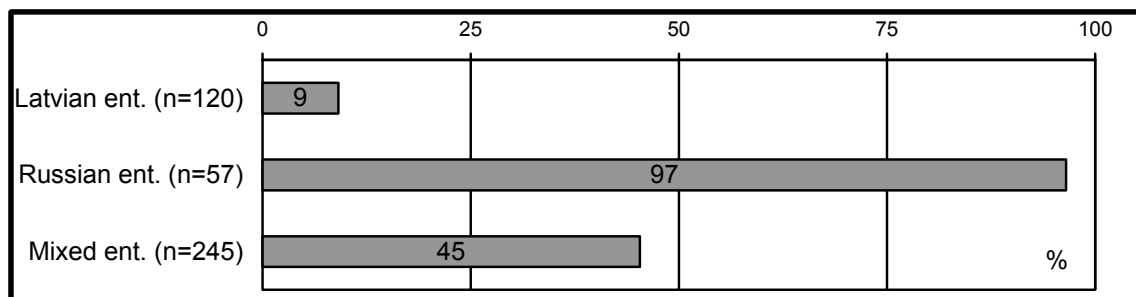
If we compare the responses of those Russian respondents who come from mixed companies and those who come from Russian companies, we find that representatives of **mixed companies** speak Latvian more often, and among them one finds a much more positive attitude toward the use of the Latvian language - 47% are happy to speak Latvian, and 44% have a neutral attitude.

Respondents from **Russian companies**, by comparison, mostly expressed a neutral attitude vis-à-vis using the Latvian language (62%), while only 20% said that they are happy to speak the language.

Fully 97% of surveyed directors of Russian companies, meanwhile, argued that the Russian language should be granted the status of a second state language in Latvia. A total of 45% of the directors of mixed companies argued the same.

Figure 14

Attitudes Toward Russian Language as a Second State Language



Base: all respondents

Summed up responses "positive" and "rather positive"

THE ROLE OF NATIONALITY

Nationality is not seen by respondents as a rational or justified factor in evaluating whether a potential employee is or is not appropriate for a job or a profession. Decisions that are based on the employees nationality are seen as inappropriate or stupid, and they are usually explained through the specifics of company management.

I think that it depends on the director. There are some more pro-Russian managers, and all they have to do is see that the applicant is a Russian and a non-citizen to say OK, we'll hire this one, no matter whether he has the right skills. From the very beginning, our company has employed people we can't handle now. It depends on the director, although we don't make that clear. It's true, however.(MLD)

Well, I think that a lot depends on the company director. There are some who have lost their minds, who say that only Latvians work with them, only Latvians. Perhaps there are specific sectors in which you need to have only Latvian employees and Russians don't fit, but I can't think of any such sector right away.(MLD)

There are nationalist companies where they just won't hire you if you're a Russian, and that's it. I think that's the situation. I applied to become a pilot, and everyone took part in the competition. It was clear, though, that even if I am a citizen of Latvia but am not a Latvian, they wouldn't hire me. It was a national company, its directors were focused on that, perhaps they were given certain instructions. I was given to understand that, but there were other problems, too. I was a military pilot, they needed civilians. I talked to those who got the jobs, and I came to understand that. The competition was just for show.(MRE)

Asked about the hiring of non-Latvians, **Latvian respondents** said that the most important factors are language skills and professional skills.

The main things are language skills and the human factor. If you can do the job, if you're able, then nationality is of no importance at all.(LE)

If I need to hire someone, then I don't care whether he's Latvian, Russian, Jewish or French, I absolutely don't care at all. The main thing is for him to be able to do the job, this isn't a company where we can just hire people off the street. We need people who already have some knowledge, who are able to do the specific work of a printing house. (LD)

In terms of social attitudes toward people of other nationalities, however, Latvian language skills are of key importance. When respondents were asked to assess nationality as a criterion, they often made it clear that Latvian language skills are the decisive factor in ensuring a positive and integrative approach toward non-Latvians. Language skills are interpreted as a sign of loyalty toward Latvia - through such skills, "they" turn into "us", just as is the case of non-Latvian athletes who compete for the Latvian team.

Perhaps it has to do with language, yes, but as far as people are concerned, it all depends on working abilities. If the person is hard working, if he is busy at work, then it is basically of no importance at all whether he is a Latvian, a Russian, a Pole or an Estonian, it doesn't matter at all. If someone doesn't have language problems, then there are no problems. That person can be the president of the country, he can be prime minister. I think that I don't vote for a nationality, I vote for an individual. If the person satisfies me, then he satisfies me. I don't care if he's a Latvian. We are fans of all of the athletes, including the Russian ones, after all - do we ever say that one of them is not one of ours? If he plays in Latvia, then he is one of ours. (LE)

I think that language is the decisive thing. If the person speaks the language, then I don't even know his nationality, I don't know that he's a Russian. Nationality doesn't make any difference, I think. At the bank, as far as I can tell, everyone speaks the language. There are young Russians there, but everyone speaks Latvian. In that branch of the bank, there are quite a few Russian employees, but everyone speaks and writes Latvian very well, they are polite and nice employees. (LE)

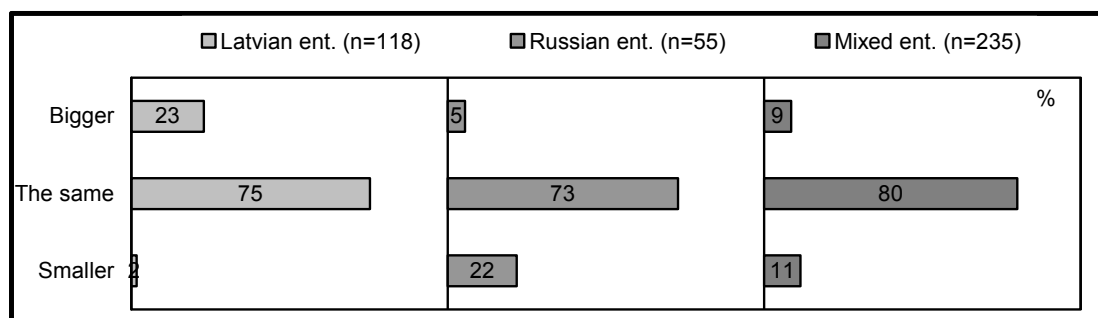
Russian respondents, in contrast, speak only about work experience, professional abilities and motivations for work.

If I were to hire someone, I wouldn't look at nationality, because that's not all that important. What's important is the ability to do the work. (MRD)

I think that no, everything depends on the person himself, how ambitious he is, how badly he wants to work. If he wants to work, then I think it doesn't matter whether he's Latvian or Russian. You have to demonstrate interest, it's the employee himself who is of interest. If you demonstrate interest and activities, then you will be hired, irrespective of your education and irrespective of your nationality. (MRE)

If one looks at the situation in the Latvian labour market, one finds differences between Latvian views and Russian views when it comes to issues of ethnic discrimination.

Figure 15

Russians' potentialities to succeed compared to Latvians

Base: respondents, giving a certain answer

The quantitative survey shows that **the situation, on the whole, is being evaluated as fair and equal as for job opportunities of both Latvians and non-Latvians. However, approximately one fourth of Latvian and Russian company directors notice a reason for ethnic inequality.**

According to Russian respondents, there is ethnic discrimination in Latvia. This is an idea which was not particularly accented in the interviews - the respondents themselves didn't say that they had faced openly discrimination on the basis of nationality. Usually they spoke of the experience of others, of the unfavourable situation. They reported things that they had "heard somewhere".

I have a friend who says that there is a difference, that people are divided up according to nationality. I don't feel it. If he says so, then it's probably true. (MRD)

Sadly, I have to say that ethnic discrimination does exist. It's very sad that the Russian minority (as it is called, even though Russians are not in the minority everywhere) can't find work, even if people have a wealth of work and life experience. That's not fair. (RE)

I've heard that in some companies where most of the employees are Latvians and where they all speak Latvian, they don't particularly want to hire any Russians. I've heard that from a few friends who've been looking for work. It's quite complex to enter that environment; perhaps that's a problem. (MRD)

Typically, Russian respondents tend to see any demand for state language skills as ethnic discrimination against Russians.

Nationality is of importance, yes, and employers consider that factor. The employer asks for all of those formalities, the certificates, etc., and only then does he take a look at your practical skills. It can be that someone works well, has several university degrees but can only find manual labour. I think that in a harsh situation when new thinking is implemented in such a crass way, when state language skills are demanded - it's difficult. I think that Latvians will experience this kind of chauvinism, the Jews will, too. That's true and will continue to be true all over the world. I only think that here in our country, the thinking has become somewhat stupid. In Soviet times, contacts were better, here people are too stuck on the issue of their nationality. Of course, that's not only true in Latvia, it's true in other places, too. I think that we must all be more rational vis-à-vis nationality. (RE)

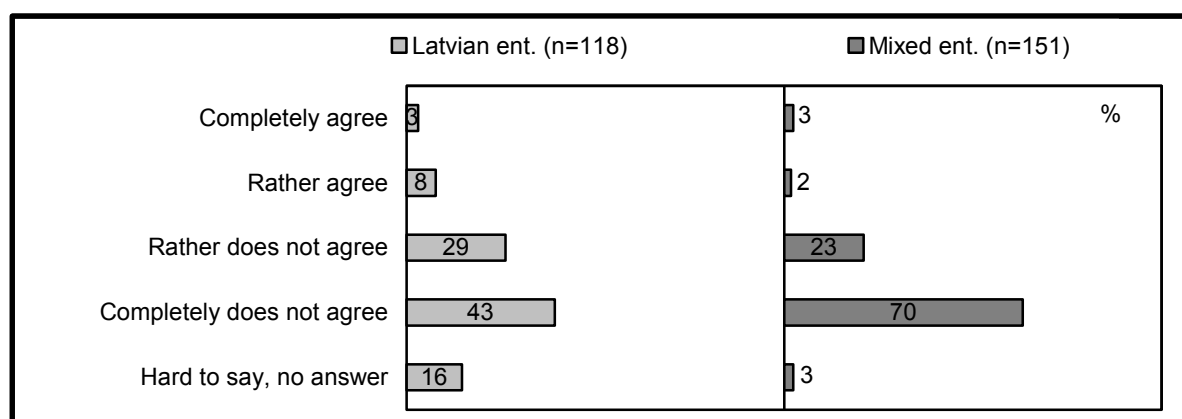
Nationality is of importance. If a company is focused on the internal market, then attention is devoted to ensuring that someone who will deal with the outer world has

a good command of the Latvian language. In government institutions and in private structures, attention is paid to good state language skills, and so it is only natural that attention will be devoted to nationality. (RE)

With the aim of gaining a more in-depth understanding of attitudes which people have when hiring individuals of other nationalities for jobs, researchers asked employers about the jobs and professions that are more appropriate for Latvian or for Russian people. Among **Russian respondents**, people stressed that there are no professions or jobs in which nationality might be a limiting factor, but the statements that were made by **Latvian employers** suggest that a different ethnicity does make employers cautious. The survey of company directors showed that 27% of Latvian directors were not convinced that they would ever hire a Russian speaker. 16%, in turn, did not answer to this question.

Figure 16

I avoid hiring Russian speaking people because they are completely different than people of my nationality



Base: Latvians

Ideas about differing cultures and tastes, a failure to know the nuances of language, the absence of an “inborn” loyalty toward the state - these can be decisive factors in one or another situation, irrespective of the candidate’s professional aspects.

Sometimes (non-Latvians) just don't fit in. Russian girls have more makeup; they present themselves to a greater degree. In our company, we want people to fit into our environment in terms of how they appear. If those girls are too brightly painted and too tasteless, then we take a look. I don't think that is a matter of discrimination; it's an absolutely normal request. We earn money at our company, and we may lose if we hire someone who doesn't fit in. (MLD)

Well, perhaps a Russian speaker won't be teaching Latvian literature, perhaps there are editorial offices where the language is needed in order to prepare the texts. No matter how well the Russian speaker knows the Latvian language, there are always linguistic nuances, synonyms and antonyms that perhaps he won't know. That's the difference. (MLD)

Ideas about a society of two communities, about differing information spaces and socialisation agents - these ideas keep people from hiring a Russian when the job has to do with communications in the Latvian information space.

I think that this is a matter of PR to a certain extent. The Russian doesn't know the press, he doesn't know the situation. Only if the individual has grown up with that

company and its culture, if he has proven himself ... but I wouldn't hire a Russian off the street. I can't even tell you why, but that person wouldn't fit in. We had a Russian woman who was a specialist, perhaps that negative experience has caused me to say this. (MLD)

There are also negative stereotypes about Russians as being less trustworthy and more dishonest employees.

Russians ... well, the Latvians are more cowardly, that's for certain. Just between you and me, when the inspection comes, Russians don't offer receipts, Latvians do so to a greater extent. (MLD)

The ethnic divisions are seen most specifically when people talk about the (limited) abilities of non-Latvians to work in the state sector, where ethno-political changes have led to a situation in which not just language, but also citizenship is presented as an additional criterion in terms of the ability of non-Latvian job seekers to find jobs in the state sector. When people who were interviewed talked about the presence of various ethnic groups in the state sector, respondents stated views, which, to a certain extent, allow us to make judgments about the level of social distance and tolerance.

Latvian respondents, it must be said, offered a variety of attitudes. Older people tended to support a situation in which only Latvians work in the state sector, arguing that non-Latvians lack loyalty and understanding.

If there are national issues to be decided, then only Latvians must participate, of course. Russians will never come to the same decisions, as the Latvians will. We don't need them. They don't understand the situation, they don't understand reality. They think that they should be offended. I disagree. (LD)

Perhaps it is desirable that state structures in Latvia employ Latvians who know history. In commercial companies, I don't think there are any, where there should be only Latvians. (MLE)

I think that it applies to all high-ranking posts - the president, the prime minister, members of Parliament - I think that these people should be Latvians. I accept the situation in which there are almost no Russians in our ministries. I am nearly 100% convinced that they are not our country's patriots, they won't be thinking about Latvia. They're not loyal to our country. They have citizenship, but they will not support this country with heart and soul, that's what I think. (LE)

Younger Latvian respondents, as well as Russian respondents, were more likely to argue that the situation is not just, that it basically does not promote public integration and puts the brakes on the ability of non-Latvians to find work.

If the Russians live here, they have to have some say (in terms of state jobs). After all, you can't have a situation in which they have nothing at all. Otherwise it turns out that they are a bit cheated. They have the right to live here if they were born here. Most of them were born here, they should have more or less the same rights as the rest of us have. (MLE)

Certainly there should be more (Russian people in national administration), because otherwise we have national chaos. There are problems with minorities, there are problems in which the state doesn't understand what the Russians want, why they're not already Latvians. Naturally, if there are Latvians all around, then you can wonder about that - and here I am talking about the national apparatus of governance, people wonder why there are non-Latvians around, even though they represent a significant percentage, some 50% in Rīga. They are Russians not in

terms of what it says in their passport, but rather in terms of their perception of information, their identity.(LE)

No, it is absolutely certain that Latvian young people have greater opportunities, and that is because they can find jobs in government. Perhaps in commercial structures the situation more depends on the person, his abilities and, no matter how peculiar, his work experience. I think that in reality, of course, the Latvian speaking public have greater opportunities to find a job.(RE)

One of the interviewees was a Russian woman who had tried several times to find a job in government institutions, and her experience shows that it is incomparably easier for non-Latvians to find a job in the private sector.

At first I looked for jobs at state institutions, I wanted to be a civil servant. I studied at the University of Latvia, my language skills improved, I started to speak Latvian, and I thought that would be enough to find a job at a high-ranking state institution. I think I went through four or five job competitions, and always I was rejected. Then I came to understand that I simply wanted a different job, because those state employees were poorly paid. I found a job in a month's time afterward. Later an acquaintance told me that when it comes to those job competitions in state institutions, someone wrote down after my interview that I don't speak Latvian well enough, but at that time I spoke the language better than I do now.(RE)

Work in private companies is better paid and more accessible, because there is the idea that in commercial structures, job experience alone is "enough".

In state institutions, nationality absolutely plays a role. I have encountered this, and many of my friends and acquaintances have encountered it. Civil servants are basically representatives of the Latvian speaking public. Commercial structures basically - and it isn't even important who the owner is - look at job experience, and if the person is sufficiently experienced, then the Latvian boss and the Russian boss will hire the person who has better work experience, who is more experienced.(RE)

Eksperti, characterising the situation in state sector admits that, ka šeit tiek uzturēta latviska vide. Decisive argument for employees in the state sector is Latvian language skills. An expert from the Welfare Ministry says: *"It's not just Latvians who apply for vacancies. Latvians dominate, because the requirements of government institutions have to be kept in mind. Correspondence here is entirely in Latvian. Non-Latvians can work here if they speak the language, but that is not a process that can be stimulated artificially by lowering the barrier of demands. People have to speak the state language at a very good level indeed. Some may have good communications skills, but if they are unable to write the language correctly and think that someone else will fix their mistakes - well, that will not happen. Why should someone else have to do extra work?"*

Also work motivations are very important. Most experts say that work in the state sector involves loyalty toward the state and a desire to do the job, because the state sector offers no material advantages in comparison to the private sector. The situation in which most civil servants are ethnic Latvians is seen as being completely normal.

I don't know that there's a need for more of them. It depends on Latvian language skills, the level of learning, and the desire to apply for these posts. The job of a civil servant provides certain guarantees, including social security, but at a fairly average level. It is certainly true that any more or less successful private business can ensure personal welfare to a much more effective degree. This is a complicated issue. I think that in the state system, the issue has to do with the level of state language skills and the desire to work at these jobs. We cannot really influence the desire, because it has to do with more than just purely mercantile considerations

and thoughts about personal welfare, it also involves a certain level of loyalty toward the Latvian state. Many Russian speakers in Latvia do not have any distinct loyalty toward the state. They're not hostile, but they or their children are thinking about someday heading for the EU. Older people think about moving to Russia. There are lots of different factors here, and they relate to a variety of phenomena - language skills, value orientation, goal orientation, the level of loyalty. At the level of pure patriotism, this loyalty is a bit more intensive among Latvians.

Experts also mention attitudes and stereotypes shaped by the historical and political events, in the result of what: "... Russians are more ready to adapt, but they uphold this syndrome of rejection. Latvians, for their part, suffer from the syndrome of being the ones who have been offended and oppressed; Latvians believe that others have been the bad ones. The internal feeling that we have been oppressed and inadequately understood - that is maintained in state institutions at the subconscious level of the ethnic environment. That does influence the way in which employees are chosen."

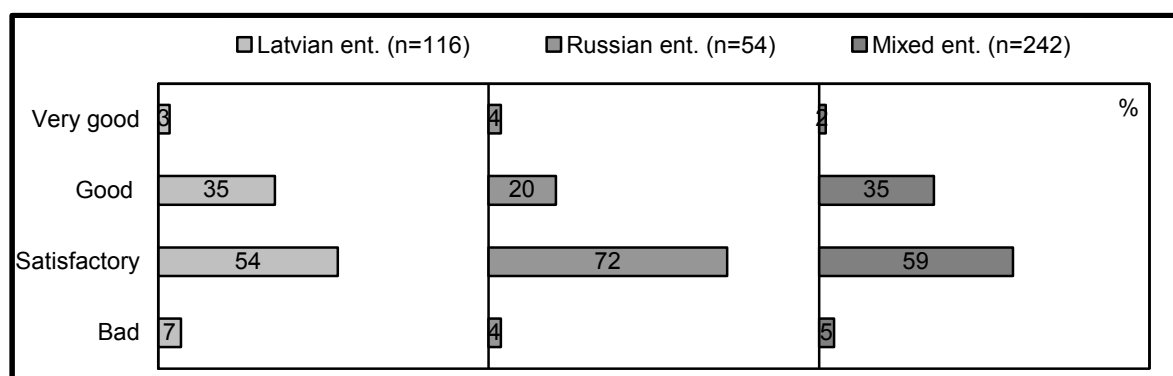
ETHNIC RELATIONS IN LATVIA

Within the survey, people talked about ethnic relations in a wide range of issues in Latvia today (both in the quantitative survey and interviews) - in the context of society at large, as well as thinking about actual everyday experiences and interethnic contacts within social networks, including work in ethnically mixed work collectives.

An evaluation of the situation in Latvia is alike in both the survey and interviews. Ethnic relations are seen as being neutral or even positive.

Figure 17

The Evaluation of Ethnic Relationships



Base: respondents, giving a certain answer

Neutral - it's the kind of relationship that it is. I wouldn't say that it's very good, and I wouldn't say that it is very bad. We do not have any bad relationships. I also don't sense that the situation has improved to any great degree. (MLE)

When asked to talk about ethnic relationships at the level of society, both Russian and Latvian respondents mostly said that the idea of ethnic disharmony is artificially created "outside of our country" through the mass media and politicians, or perhaps when listening to the views of the European Union and Russia.

On the one hand, the relationship is improving, but if you watch television and listen to the radio, it seems that the situation is awful. In truth, I think that it's not all that tragic at all. (MRE)

If you listen to publicity, then the situation has worsened. I don't feel that, people treat me normally as a Russian woman who speaks Latvian. I can't complain. I have never felt discrimination here. Perhaps I'm not all that sensitive. When I travel to Russia, discrimination against anyone is greater there than discrimination against Russians here in this country. (MRE)

The truth is that the situation is not worsening in real life, it's all being created artificially. School reform conflicts - I think those were artificially created. Anyone can see that it's all coming from outside of our country. (LD)

I think that it's not the case that the situation is deteriorating. In comparison to other parts of the former Soviet Union, thank God, we don't have the kinds of conflicts that there are in many other places. The situation here is that people just gather together in completely separate groups. People gather together on the basis of their interests - nationalists do their thing, the National Bolsheviks do their thing. People here divide up according to their interests more than anything else. There are all kinds of people here. When new cultures arrived in Latvia, we got Hare Krishna's and God only knows what else. Everyone tries to find himself, either in an Eastern culture or somewhere else in God knows what kinds of national characteristics. (RE)

I think that the point is that the conflicts are artificially fomented. It is conscious action on the part of Russia. It's just like in 1940 - all of these things are fired up. Just take a look at the events, which the Russian ambassador attends. It's all a purposeful process. (LD)

I think that it's all decided in politics, that is my feeling. It seems that one side is fired up, and then the other side is fired up. The EU can influence the policies here, perhaps they don't fully understand our situation, the situation in which we have lived. (LE)

Respondents stressed that the situation is, generally speaking, stable - “nothing radical of that sort”, “we don't have war or anything like that; at that level we live in peace”. Typically, in “communications to the outside”, respondents from both nationalities did not stress any division between “Russians” and “Latvians”, they spoke of ‘us’, of society as a unified whole.

To a certain extent this shows that issues of ethnic relations are not at the top of the agenda. The situation doesn't bother either side, and there is no real need to change anything. People don't focus on these issues in excessive depth. It has to be said that in all interviews - among employers and employees alike - when talk turned to attitudes and relationships among people of various nationalities, the phrase “I don't have any problems” was heard again and again. If someone has a problem with these issues, according to most respondents, then that is his or her own fault.

An observation of ethnic relations within the social networks of respondents suggests that differences of opinion about ethnic relations are more likely to occur among respondents of Russian and Latvian nationality. There are no differences between mixed and mono-ethnic work collectives.

Russian respondents are more positive, generally speaking, they feel less in the way of social distance, and they talk about the ability to communicate and find common ground.

At least when I meet with relatives, friends and colleagues, I don't find people having any problems in conversing with those of other nationalities, with making friends, celebrating holidays and the like. Everyone celebrates the Summer Solstice together, everyone sings the songs - I think that these days, everyone does. In my environment, nothing has become worse, no. (MRD)

Latvian respondents, by contrast speak of the isolation of the Latvian and the Russian communities. *"The Baltic Russian Institute - supposedly there are two flows of students, the Latvian and the Russian one. Classes are taught in one language and the other, but in everyday life, the two groups keep apart. I think that the problem exists, and the gap will become broader and more evident."* A woman who works in an ethnically mixed collective admitted that in everyday life, *they (the Latvians and the Russians) do keep to themselves. Latvians working together with Russians - that doesn't do much to facilitate integration*

When talking about public integration as such, respondents spoke of it as a process that might occur in the future, when there is a replacement of generations.

The younger generation, perhaps - yes, I believe that the younger generation might do it, but people of my age, no. We have our own thinking, our own views, and you cannot break those down 60 years later. I think that my views are strict, I will never change them.(MLD)

Russian respondents cited a variety of obstacles against integration - the inability of older people to adapt and to accept "new thinking", as well as the high language demands which Latvians make. *"Boundaries will disappear more quickly if they cooperate with us than if they carefully monitor whether you say something wrong when you speak in Latvian."*

Among Latvians, there was a certain lack of faith that this is possible at all, and that they don't want to promote integration at all.

I don't believe, I don't believe - never. We have Gypsies in our building, we have a little Russian guy, a Gypsy woman, someone else. When people come to congratulate me on my name's day, it's the Latvians who come, I go to congratulate other Latvians. Sure, I can say "hi" out the window. (LE)

Others spoke of the specifics of Russian mentality, of chauvinism.

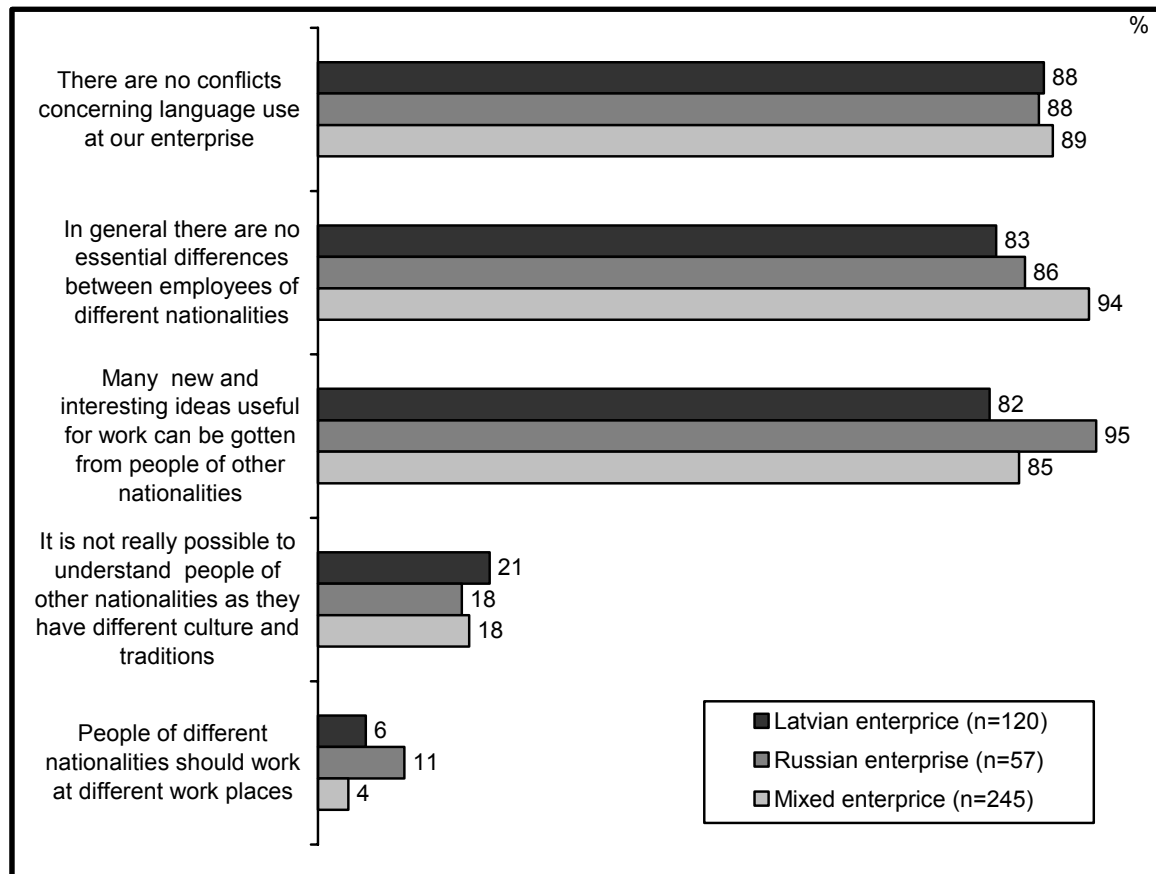
It's Russian chauvinism, it is very destructive. We are a big nation, and you little Latvian people, you just step aside, you don't have a culture, you have nothing. Just look at us. In truth he's a drunk, but he's a part of this big nation, and he will never understand that he is an occupant, he thinks that everything is just fine. We, for our part, are just Fascists in his eyes, and that's all.(LD)

ATTITUDES TOWARD ETHNICALLY MIXED COLLECTIVES

The results of the quantitative research confirm a fairly intensive orientation toward integration and co-operation among people of various nationalities. Fully 88% of company directors said that there are no major differences between employees of various nationalities and that language use creates no conflicts at their companies. Also, 87% of respondents feel that mixed collectives provide fertile soil for interesting ideas.

Figure 18

Statements



Base: all respondents

Summed up responses "completely agree" and "rather agree"

Approximately one-fifth of the surveyed company directors, however, said that people of different nationalities can't really understand one another, because they have different traditions and cultures. A distinctly separatist attitude was stated by 7% of respondents, with people arguing that those of different nationalities should work at different places of employment.

During the interviews, specialists studied the attitudes of employers and employees toward ethnically mixed work collectives, asking respondents to talk about the advantages and shortcomings of such collectives. **Employers** were more likely to talk about different mentalities, and these interviews allow one to conclude that an ethnically mixed collective is certainly not a goal for businesspeople in and of itself.

There were differences in the attitudes of Latvian and Russian respondents. Latvians were more likely to speak of shortcomings - splits among colleagues, difficulties with communications, potential conflicts and differences in work culture.

In work relationships, we don't get to the point where you could say that there are awful differences in mentality. There are probably some differences. The only thing is that Russians love to do nothing and to talk a lot. They don't do much work, they just pretend to work while in fact they do nothing but whinge about things. Latvians are a bit more hard-working. They're more hard-working, that's what I've noticed. One person will work from morning until night, the other one won't do a thing.(MLE)

It's mentality. You are perfectly well aware of the fact that Russians like to organise - well, let's call them orgies, celebrations. They have vast souls. But at the same time, the purely mental differences encounter one another, they can create conflicts. What's more, Russians really like ... in truth I think that Socialism was a better system for them, because Russians like it if everyone is alike. He'll be ready to give you the shirt off his back, but if you start to move forward, the Russian becomes quite horrible. The Latvian is horrible right away, isn't he? He won't give his neighbour a kopeck. A Russian becomes horrible when he sees that someone is doing better than he is.(LD)

I don't know that there are any advantages at all. There are problems in communications. There are some employees who don't speak Russian. There are Russians who say that they won't speak Latvian, and that's the end of the matter, even though their job requires them to speak Latvian and to explain things to their subordinates in Latvian. They won't speak Latvian anyway. That's a problem.(MLD)

Russian employers didn't talk about specific problems in ethnically mixed collectives, but they did speak of one advantage - that ethnically mixed collectives are a place to learn the Latvian language.

The director of one ethnically mixed collective spoke of the need for "ecological balance" in establishing a work collective so that the collective is in line with the model of society.

We have 30 or 40 Russians. There are two things that I have to monitor. First, I have to monitor the average age of the employees. There is an average employee age at any company, and that has to be preserved. It's not right, for instance, if the average age of a bank's employees is 20. In the entertainment industry, it would probably be ridiculous if the average age were around 60. The same is true with respect to nationality - each nation creates its own impression, and I think that there has to be ecological balance in everything. If the company could be dissolved, then that would be ideal - brown, blue, green people.(MLD)

Asked about the meaning of the work collective as such, **older** respondents were more likely than younger ones to say that relations among colleagues is one of the primary considerations in selecting a job.

It's important for me to know whether I will fit in. It may be that everyone is young, and then it would be difficult for me as an older person. It's not just the work as such, you also have to take the collective into account.(LE)

At any rate I want to work with Latvians. As my boss says, there's one mentality, one world view.(LE)

Thinking about what is important in selecting a job, younger respondents were more likely to talk about individualism, emphasising wages and the content of work. Young people want interesting work with opportunities for growth, they want an appropriate life rhythm.

In comparison to the things which **employers** had to say about ethnically mixed collectives, **employees** had a much more positive and open attitude, seeing more advantages than shortcomings. Russian speaking respondents said that they would choose an ethnically mixed collective so as to uphold and improve their Latvian language skills and to become integrated into a Latvian environment.

A mixed collective, yes. If you work in a Russian collective, you get no information about Latvia as such. You hear no new terms, you don't understand slang, you don't practice the language. Those are advantages - you expand your lexicon, your vocabulary. I don't watch LNT, because I'm a Russian. I have little time to watch television at all, so usually I switch on ORT. That's true even though I do perfectly well in receiving information in Latvian.(MRE)

I think that I'd like to work in a collective with various nationalities. When it comes to collectives and language, I'd like to add that when a colleague addresses me in Latvian, then I start to think in a different language. When there are different people, then we learn better to understand others and ourselves. If everyone in the collective is of the same nationality, then that's a range that's too narrow. The advantage to the mixed collective is that there is more in the way of integration. I see more pluses here. My colleagues and I, for instance, recently discussed the New Wave music festival and other cultural events. Each mentality contributed something new to the conversation, and that was very interesting. The ability to hear the views of another nationality with respect to one and the same event - that was nothing but a plus. (RE)

I haven't experienced any difficulties in our collective. Perhaps there are some differences in mentality. Latvians are calmer, less temperamental. I have girlfriends who are Latvian, and so I don't have any problems with Latvians and Russians. It's a good practice, generally speaking, there is less intolerance, a less haughty attitude toward others, because you're in contact all the time. (MRE)

When discussing ethnically mixed collectives, **Latvians** spoke of the human factor, arguing that of importance is not nationality, but the person's individual (this was true among older respondents).

In Soviet times, I was a clockmaker, and there were only Russians there, I was the only Latvian, and I had no problems. I worked there during the national renaissance, we all talked to one another. We never came to hate one another. There were different views, of course, perhaps it is an art to discuss things without insisting on your own viewpoint, each person has his own viewpoint. We never had any harsh conflicts, though yes, perhaps there were many things that I didn't care for. There were no harsh fights, I had worked there maybe 10, maybe 13 years, that's the human factor. They knew what kind of guy I am, and they knew that I had different views, but my human characteristics didn't change because of that, of course. Political views and everyday life are two different things. At home we live in a building where there are different kinds of people who lived there then and live there now. We smile at one another, we say hello. If he wants to speak Russian, I speak Russian. If he wants to speak Latvian, we speak Latvian. I think that it all depends on individuals, nationality has nothing to do with it in this instance. To say that the Russians are worse than the Latvians - I cannot say that. It all depends on

people. We have bad people, so do they. Nationality doesn't affect that in and of itself. That is my view.(LE)

If you fit in, then everything's fine. It all depends on the people themselves, in fact. If I answer in Latvian or Russian - that doesn't seem too important to me. Sometimes there are unpleasant Latvians in a collective, sometimes there are unpleasant Russians. I have worked with Jewish people, I have had no problems, I have never had any problems of that kind. Perhaps there have been some everyday problems, but those exist everywhere. We celebrated together - birthdays, name's days. It has never been the case that one group has one set of celebrations and the other groups has another set. I have never encountered such problems in my life.(LE)

In the collective, if everyone is nice and good, then nationality is not that important.(LE)

Younger people said that another advantage in ethnically mixed collectives is that the work is more interesting.

It's more interesting, I think, if there are different nationalities. Then each person has his or her own temperament, it's a bit different from the others. It's more fun, that's just the way it is. At first I wasn't convinced that I speak Russian very well, but now I'm used to it, and I like it. If you're asking me today, then I think that I would prefer a mixed collective. A Latvian one wouldn't be bad either. It depends on the work. If you like the work, then there's no problem with the collective. Bigger celebrations, birthdays. It doesn't particularly apply to the Summer Solstice festival or to Christmas.(MLE)

I can just tell you that we have no problems in this area in our collective. There have also been no visible advantages. I don't know - perhaps it's just that it is a bit more interesting, I really don't know. Other advantages? I really don't know.(MLE)

Both Latvian and Russian respondents said that they would feel *uncomfortable* if they were the only Latvian or the only Russian in a collective.

Better to be in a mixed collective, probably. If most of my colleagues were Latvians, I would be a bit bemused to some extent. I can't explain it, but I would be bemused. Those are emotions, not considerations. Perhaps I would be scared; perhaps I wouldn't work in such a collective.(MRE)

In a collective with all Russians? Never. I have no complaints about Russian speaking colleagues at work. A Latvian collective, a mixed collective - no problem. I would prefer, however, a Latvian collective, because the more Latvians, the nicer the atmosphere. But insisting that only Latvians should work at the company? I wouldn't say that.(MLE)

INTRODUCTION

The section of the project that was handled by the Economics Institute particularly focuses on the analyse of the way in which public integration affects the national economy:

- The economic structure and economic stability which may be related to the fact that companies which have been stratified on the basis of the ethnic principle have a different orientation when it comes to the market and to external communications, as well as the limited ability of Latvia's residents to engage in social and professional mobilisation, discrimination on the basis of age, and problems with employment and regional differences therein that might arise as a result of economic instability;
- The way in which insufficient public integration affects the emergence of the Information Society in Latvia - something that must be seen as an inviolable component of Latvia's hopes that its economic system will be based on science-capacious sectors.

When people talk about public integration, they usually talk about learning of the state language and a variety of aspects of cultural and ethnic identity. At the same time, however, there are also economic processes which clearly affect the ethnic polarisation of society. This is manifested through the emergence of "Russian" and "Latvian" business structures and through the hiring of people on the basis of ethnic principles. It is particularly evident in the private sector, which is less affected by the state's language policies than is the state sector.

Higher education is also becoming polarised on the basis of the language principle. The language of teaching in all of Latvia's state universities is Latvian, but in parallel to these institutions, there has been rapid emergence of private "Russian" universities, the demand for which is based on the presence of "Russian" business in Latvia. As a result, "Russian" young people get the false impression that the Russian language in Latvia is self-sufficient when it comes to ensuring professional and social mobility.

Also of importance when talking about public integration is the issue of the age structure of employees in private companies. Investigations indicate that there are companies in which only young people are hired. Employers often look for employees from specific age groups.

If these economic dimensions are ignored when it comes to public integration policies and strategies in a country such as Latvia - one that has a complicated ethnic structure in its population - then there can be severe social and economic consequences. Chief among them are the following:

- The limited professional and social mobility of individuals, hindering their ability to join the labour market and putting up obstacles against the emergence of a modern economic system even if all other conditions are in place;
- It becomes difficult to forecast the economic structure of Latvia, which means that economic stability and competition may deteriorate because of insufficient knowledge about the orientation of businesspeople and the reasons for that orientation.

The goals of the analyse of the way in which public integration affects the national economy are the following:

- To get a sense of how economic factors influence public integration and vice versa - the way in which integration processes affect the national economy; the

aim is to ensure that the economic dimension is included purposefully in the public integration policies and strategies of the state;

- To obtain knowledge that will be of use in preparing a more thorough public integration policy and strategy, taking a look at issues such as:
 - The readiness of Latvia's society to join the local and global Information Society;
 - The extent to which the public structure and behavioural model are appropriate for the Information Society;
 - The way in which the structural policies of the national economy are prepared;
 - Ways in which steps can be planned toward the promotion of regional development and the evening out of regional differences.

In order to find answers to the aforementioned questions, researchers analysed official statistics and a special survey of enterprises.

The work was conducted by Dr Raita Karnīte, who also prepared the relevant conclusions. The research was done by the specialist Oksana Treikale. Field work was done by a company called Sociological Research Institute, which was commissioned to do the work by the Economics Institute of the Latvian Academy of Sciences (the project for the company was directed by Sigita Sniķere).

BASIC INFORMATION ABOUT THE ETHNIC SITUATION IN LATVIA

ETHNIC PROPORTIONS

Over the course of history, Latvia's society has seen the emergence of a more or less sustainable system of social links and relationships among individuals. This system is based on joint work and is aimed at producing the material conditions for life and at satisfying people's needs. Over the course of time, a simple human community has turned into a complex system which consists of a great many different groups. Factors which split up society include age, gender, wealth, social condition, national self-identification and regional belonging. These are factors which often enough lead to alienation and social conflicts among people in society.¹

Latvia's society is a multicultural one, and one of the key issues for such a society is ethnic group existence. Ethnic issues have always been important in Latvia, and that has been particularly true since the restoration of the country's independence in 1991.

Table 1

Resident population by ethnicity, %

	Total	Riga	Vidzeme	Kurzeme	Zemgale	Latgale
Total	100	100	100	100	100	100
Latvians	58,5	45,4	83,3	73,1	69,9	43,4
Russians	29,0	40,2	11,1	16,1	17,6	40,2
Belarussians	3,9	4,5	1,8	2,3	4,2	5,9
Ukrainians	2,6	3,8	1,1	2,9	2,0	1,5
Poles	2,5	2,0	0,9	0,8	1,7	7,2
Lithuanians	1,4	0,9	0,5	3,0	3,1	0,6
others	2,1	3,2	1,3	1,8	1,5	1,2

Source: Statistical Yearbook of Latvia, 2003, p. 41, author's calculations.

Statistics show that 41.5% of Latvia's residents are members of ethnic minorities. The largest minorities are Russians (29% of the population) and Belarussians (3.9%) (see Table 1).

In no country and in no society are all ethnic groups represented in all areas of public life in accordance with their proportion of the overall population. Often enough, such inequalities are based on the self-segregation of a group, and this can be facilitated by factors such as differing languages, traditions and means of communications. Entrepreneurship is one of the areas of public life. If ethnic groups undergo self-segregation, business can become polarised on the basis of the ethnic principle. In Latvia, this creates negative social consequences such as the belief among Russians that the Russian language is self-sufficient in "Russian" companies. This does not

¹ The Jelgava public integration programme, 2004, p. 9.

encourage people to learn the Latvian language. Those who do not speak the Latvian language have problems in becoming integrated into the country's society, which means that the polarisation of companies on the basis of the ethnic principle is unquestionably a matter of integration policy. In this study, the polarisation of entrepreneurship has been analysed in greater depth in terms of whether and how it influences the national economy.

Until 2002, among Latvians native speakers, there was a slow and gradual increase in the exclusive use of the Latvian language, both in the labour sector - from 9% in 1996 to 26% in 2002. In 2003, however, there was a small decline - only 20% of non-Latvians said that they *speak more Latvian than Russian* at work. Correspondingly, 78% of Russian speakers *speak the Russian language more than the Latvian language* at work.² This is particularly important in the private sector, which is less affected than the state sector by the country's language policies.

There are not all that many jobs of this nature in absolute numbers - some 150,000, which would be around 15% of all jobs. On the other hand, the figure is not so small as to make one think that there is no need to study the way in which such jobs influence public integration.

The results of a survey³ show that among Latvian native speakers 68% of respondents mostly speak Latvian at work, 23.5% speak Latvian more than Russian, 1.8% speak mostly Russian, and 6.5% speak Russian more than Latvian (Table 2). It is of note that only 43.5% of Russians (1.6 times fewer than Latvians and 1.8 times fewer than people of other nationalities) speak exclusively Latvian at work, and there are only 20% of Russians (fewer than Latvians and people of other nationalities) who speak Latvian more than Russian at work. This suggests that in terms of language use, some 36% of Russian jobs might be ones in which the Latvian language is unnecessary or almost unnecessary.

Among Latvian native speakers, who live in villages and in the countryside, Russian language use is less than 1%, while the percentage of people who speak Russian more than Latvian is 1.8%. It is in the capital city of Rīga where Russian is spoken the most and Latvian is spoken the least (only 44.6%). This indirectly suggests that Russian is spoken more at large companies, most of which are found in Rīga. It is also possible that the polarisation of companies in the countryside may be more distinct, or perhaps employees have greater tolerance about the language that is spoken. These are only hypotheses, however, and they must be investigated further.

² Latvijas Republikas latviešu valodas apguves valsts programma: Valoda (The national Latvian language learning programme of the Republic of Latvia: Language), Baltic Social Sciences Institute, October 2003 – January 2004, p. 5.

³ *Ibid.*, p. 58.

Table 2

What language do you speak at work, %

		Mainly only in Latvian	More Latvian than Russian	More Russian than Latvian	Mainly only Latvian	Mainly other language
Total		68,0	23,5	6,5	1,8	0,1
Nationality	<i>Latvians</i>	68,0	23,6	6,6	1,7	0,1
	<i>Russians</i>	43,5	20,0	18,9	17,5	0
	<i>other</i>	77,3	22,7	0	0	0
Age	<i>15-34</i>	65,0	25,4	6,7	2,6	0,3
	<i>35-49</i>	65,5	24,5	9,2	0,8	0
	<i>50-74</i>	76,7	18,9	2,6	1,8	0
Living place	<i>Riga</i>	44,6	38,8	13,9	2,7	0
	<i>urban localities</i>	68,7	21,3	7,0	2,5	0,4
	<i>rural localities</i>	81,2	16,4	1,8	0,7	0

*(Question for Latvian native speakers)

Source: Latvijas Republikas latviešu valodas apguves valsts programma: Valoda (The national Latvian language learning programme of the Republic of Latvia: Language), Baltic Social Sciences Institute, October 2003 – January 2004, p. 58.

The numbers in the table show that among Latvian native speakers in the age group of between 35 and 49 years of age, 0,8% of people speak mostly Russian at work, and 9.2% speak more Russian than Latvian. In younger (15-34) and older (50-74) age cohorts, there is much less use of the Russian language at work. It has been found that age is one of the main reasons why people do not want to improve their Latvian language skills,⁴ but survey statistics show at the same time that it is precisely older people who are most likely to speak Latvian at work.

A lack of Latvian language skills can be a risk factor in terms of causing the emergence of a multi-ethnic labour force and a reduction in the job-related opportunities of some residents. Among other factors that influence the macroeconomic proportions of minority groups in the labour market, the most important ones are changes in the sectors which supplied Soviet-era military structures, the regional distribution of ethnic groups, as well as the influence of the shadow economy.⁵

On the other hand, there are some people, particularly in the middle and older generations, who find no economic reason for improving their Latvian language skills. There is a social environment in which there are few everyday contacts with

⁴ Latvijas Republikas latviešu valodas apguves valsts programma: Valoda (The national Latvian language learning programme of the Republic of Latvia: Language), Baltic Social Sciences Institute, October 2003 – January 2004, p. 35.

⁵ Latvia's joint social inclusion memorandum, 2003, p. 15.

Latvians, and they have jobs in which the practical use of professional Latvian is not important, or else in which the professional functions are narrow.⁶

UNEMPLOYMENT

According to official data, 93,042 people were registered as unemployed on June 1, 2004, and of these, 24,132 had been out of work for at least one year. The number of registered unemployed people has been on the rise since 2001. Unemployment among women has declined, but the number of young people who are out of a job has increased since 2002 (Table 3).

The unemployment level varies significantly from one region to the next. In 2003, the overall unemployment rate was 8.5% in Latvia, but in the region of Rīga, as well as in the regions of Vidzeme and Zemgale, the unemployment level ranged from 4.4% to 9.6%. Higher rates were recorded in Kurzeme (10%) and, particularly, the eastern Latvian region of Latgale (18.1%). The uneven development of business activities in Latvia's various regions dictates the differences in employment and unemployment levels.⁷

Statistics about the registered unemployment level show that in 2002, 50.8% of jobless people were Latvians, 35.4% were Russians, and 13.4% represented other ethnic groups. If we compare this to the ethnic constitution of the population (58.2% Latvians, 29.2% Russians, 12.6% other ethnic groups), then we see that the Latvian proportion among all unemployed people is lower by 7.4% than the Latvian proportion of the entire population.⁸ This might mean that one's ethnicity affects one's opportunities in the job market. Labour laws in Latvia prohibit any discrimination on the basis of ethnicity, which means that lesser opportunities in the labour market must be created by personal shortcomings. One of these may well be a lack of language skills - the Latvian language included.

⁶ Djačkova, S. *Latviešu valodas zināšanas un sabiedrības integrācija* (Latvian language skills and public integration), 2003, p. 34.

⁷ Report on Latvian Economic Development, June 2004, p. 73.

⁸ Draft Single Programming Document for Latvia Objective 1 Programme 2004-2006 (December 12, 2003), p. 49. See http://www.esfondi.lv/image/upload/spd2003_12pdf.

Table 3

Basic indicators of registered unemployment

	1998	1999	2000	2001	2002	2003	2004
Registered unemployed, thsd. people	111,4	109,5	93,3	91,6	89,7	90,6	93,0
Unemployment rate, % ¹	9,2	9,1	7,8	7,8	8,5	8,6	8,7
Total unemployed, %							
long-term unemployed ¹	26,3	31,1	29,0	26,6	26,4	23,6	24,1
women ²	58,5	57,4	57,6	57,4	58,7	53,0	54,7
juveniles (15-24)	16,4	14,8	14,7	14,6	13,9	17,9	17,5
older workers unemployed ²	13,1	13,7	14,7	15,3	16,5	-	-
unemployed with post-secondary education	6,8	7,1	6,9	7,0	7,2	-	-
unemployed with secondary education	52,7	52,3	50,5	69,6	68,3	-	-
unemployed with trade school education	16,6	17,7	19,6	1,0	2,5	-	-
unemployed with elementary educational or less	6,7	2,67	2,98	2,84	9	-	-

¹ Labour Force Survey. Persons aged 15 and older 1996-2001, or aged 15-74 from 2002.

² Women over 50 and men over 55, as defined by the law on Government Pensions.

Sources: Human Development report. Human Security. 2002/2003 – 40 page
Monthly bulletin of Latvians statistics, 2004/№6 – 49, 50 pages

Table 4

Unemployed persons by ethnicity

	Thsd population				Per cent distribution			
	1995	2000	2001	2002	1995	2000	2001	2002
Unemployed persons - total	83,2	93,3	91,6	89,7	100	100	100	100
Latvians	39,3	46,5	46,8	45,6	47,3	49,8	51,1	50,8
Russians	32,2	33,5	32,2	31,8	38,6	35,9	35,2	35,4
Belarussians	4,5	4,7	4,3	4,2	5,3	5,1	4,7	4,7
Poles	2,5	2,8	2,7	2,5	3,0	3,0	2,9	2,8
Ukrainians	2,3	2,7	2,7	2,6	2,8	2,9	2,9	2,9
Lithuanians	1,2	1,4	1,3	1,4	1,5	1,5	1,4	1,6
Jews	0,2	0,2	0,1	0,1	0,2	0,2	0,1	0,1
other ethnicities	1,0	1,5	1,5	1,5	1,3	1,6	1,7	1,7

Source: Statistical yearbook of Latvia, 2003 – 61 page.

The fact that the primary cause for unemployment is the weakness of Latvia's economic development and not the structure of ethnicity among local residents is confirmed when one looks at comparisons of unemployment rates and the ethnic

constitution of the population in various regions. In the Rīga region and in the region of Latgale, the percentage of non-Latvians is almost identical (Table 1), and the age structure of residents can also be compared. The unemployment rate in Latgale is significantly higher, however. More in-depth analysis is possible in this area, and it may turn out that in the countryside in Latgale, where the proportion of non-Latvians is higher than that of Latvians, unemployment rates are higher. In that case, too, the situation is influenced not only by ethnicity, but also by other circumstances such as the ability or inability of local residents to use telecommunications resources and to speak other languages.

Labour force reports tell us that among all economically active residents (i.e., residents aged 15 and up) in 2001, 10.2% of Latvians and 17.3% of non-Latvians were looking for work. The primary factor that affects the competitiveness of minorities in the labour market, according to specialists, is the absence of Latvian language skills. Among job seekers in the 15-64 age group, 12.7% spoke the Latvian language well, while 20.8% did not speak it at all.⁹

The situation with various ethnic minorities and the subjective perception of this situation are the result of a variety of interacting factors. A study that was run by the Institute of Philosophy and Sociology of the University of Latvia¹⁰ showed that when representatives of various ethnic groups find that their competitiveness in the contemporary labour market is lower than that of others, they usually argue that this is because of ethnic or linguistic discrimination, not because of their own inadequacies in terms of skills and levels of qualifications.

THE EMPLOYMENT STRUCTURE

Between 1990 and 1996, according to employment structure data, the level of employment in the industrial sector declined by a factor of two, employment in agriculture decreased to 20%, and the level of employment in the service sector doubled.

Between 1996 and 2000, employment in the agricultural sector declined by another 19%, while employment in the industrial sector remained more or less stable. The number of people who were working in the service sector increased by 85%. In May 2001, 14% of economically active residents were employed in agriculture, 26% worked in industry, and some 60% were employed in the service sector. In comparison to the EU average, the share of people in the agricultural sector remains high, while the share of those who work in services is comparatively small.¹¹

Data from Latvia's monthly bulletin of statistics tell us that of the slightly more than one million people who were employed in the country in 2004, 16,2% worked in the processing industries, 15,1% worked in wholesale and retail operations, while 13% were employed in agriculture, fishing and forestry¹² (Table 5).

⁹ Joint Assessment of Employment Policy Priorities in Latvia, February 6, 2003, pp. 8, 9.

¹⁰ The study "The Possibility of Social Alienation and Reasons for it Among Groups of Residents Threatened by Unemployment", 2003.

¹¹ Joint Assessment, *op. cit.*, p. 5.

¹² *Latvijas statistikas ikmēneša biļetens* (Monthly bulletin of Latvian statistics), No. 6, 2004, p. 49.

Table 5

Employed persons in the main job by kind of activity

	2003 I		2003 IV		2004 I	
	thsd.	%	thsd.	%	thsd.	%
Employed persons - total	993,6	100	1003,1	100	1021,2	100
Agriculture, hunting and forestry	128,9	13	120,6	12	132,5	13,0
Fishing	...	...	...	...	...	...
Mining and quarrying	...	...	...	...	...	...
Manufacturing	186,4	18,8	163,3	16,3	165,5	16,2
Electricity, gas and water supply	17,1	1,7	24,2	2,4	20,0	1,9
Construction	62,2	6,3	90,6	9	90,7	8,9
Wholesale and retail trade; repair of motor vehicles, motorcycles and personal and household goods	154,6	15,6	154,0	15,4	154,3	15,1
Hotels and restaurants	20,5	2,1	28,1	2,8	21,8	2,1
Transport, storage and telecommunication	83,8	8,4	103,3	10,3	103,7	10,2
Financial intermediation	18,8	1,9	16,3	1,6	16,8	1,6
Real estate, renting and business activities	41,9	4,2	39,7	4	40,2	3,9
Public administration and defence; compulsory social security	70,6	7,1	60,4	6	69,4	6,8
Education	87,1	8,8	77,1	7,7	85,2	8,3
Health and social work	53,3	5,4	59,1	5,9	53,3	5,2
Other community, social and personal service activities	55,8	5,6	57,6	5,7	58,4	5,7

Source: Monthly bulletin of Latvian statistics №6/2004. – 49 page

CHANGES IN THE DEMOGRAPHIC SITUATION

Migration is one mechanism for changes in the ethnic constitution of a population. 77% of Latvia's residents were Latvians in 1935. Throughout the Soviet era, migration was the primary source of population growth, and the number of non-Latvians in Latvia increased several times over. Since 1990, migration has led to a reduction in the number of people in Latvia of around 116,000 people.¹³

¹³ Report on Human Development, www.un.lv.

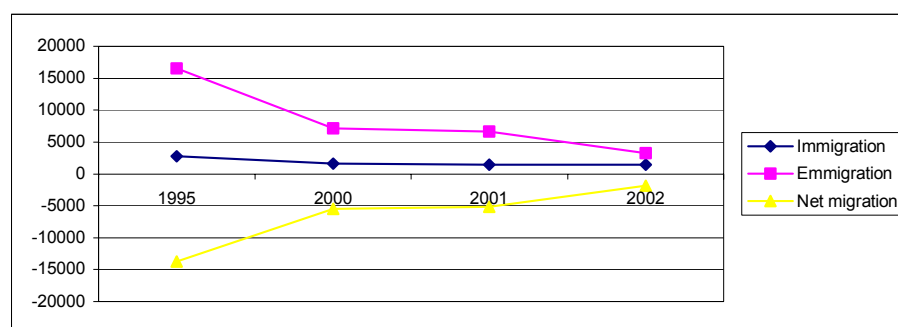
Post-war deportations and immigration from other republics of the Soviet Union had a fundamental effect on the ethnic situation in Latvia. Among European countries, Latvia distinguished itself with a very higher level of immigration, and with a high proportion of residents who had been born in other countries (26% in 1989). Among non-Latvians, the proportion was 51%. The number of ethnic Latvians slightly increased from 1.298 million in 1959 to 1.387 million in 1989, but that was a number that was still 79,000 lower than had been the case in 1935. The proportion of Latvians among all residents declined from 62% in 1959 to 52% in 1989.

The number of people of Slavic origin increased very rapidly - by a factor of 3.1 for Ukrainians, of 1.9 for Belarusians and of 1.6 for Russians. There were also significant increases in the number of Moldovans (by a factor of 16), Tatars (2.7), Armenians (2.8), Germans (2.4) and Roma (1.6). The number of Jews declined by 37%, while the number of Estonians declined by 28%. A total of 60% of population growth could be attributed to migration. Because of a more favourable age structure, natural growth among Russians, Ukrainians and Belarusians was considerably higher than among Latvians.

The changes in Latvia's ethnic constitution which took place in the 1990s (Figure 1) were of a different nature. For the first time since World War II, the proportion of Latvians began to grow gradually (57.7% at the time of the last national census in 2000), while the number and proportion of Russians, Ukrainians and Belarusians declined. In 2000, there were 210,000 fewer Russians than had been the case in 1989 (a drop of 23.2%). The numbers for Belarusians were 24,100 and 20.1%, and for Ukrainians - 29,300 or 31.8%. The proportion of these three nationalities in the national population declined from 42.0% to just 35.8% in 2002. A very rapid decrease in the number of Jewish people and Germans has been noted, because many of them have emigrated to Israel, Germany, the United States and other countries.¹⁴

Figure 1

Long-term migration in Latvia (1995 – 2002).



Source: www.csb.lv

The rate of long-term migration in Latvia has slowed down substantially. In 1995, more than 16,000 people departed Latvia for permanent life somewhere else, but in 2001 that number had declined to 6,600 individuals, and in 2002 it was just 3,300

¹⁴ Population trends, see www.popin.lanet.lv/lv/stat/trends.html.

people. As a result of greater emigration than immigration, the number of permanent residents in Latvia declined by 1,800 people in 2002. The decline in emigration must be seen as a positive thing, in general terms, because according to statistical migration data, most émigrés are young, educated and highly qualified. These are people who can make a significant investment in Latvia's economic development if they choose to stay put.¹⁵

Data from the Central Statistical Board show that in 2003, immigration and emigration had the lowest effect on population numbers in recent years. Because emigration was greater than immigration, the country lost 846 individuals, including 650 women and 196 men.¹⁶

Migration data tell us that in 2003, there were 1,364 people who **immigrated** into Latvia - 26% from Russia, 10.7% from Lithuania, 7.7% from the United States, 6.7% from Ukraine, 5.8% from Germany, 5.1% from Estonia, 4.8% from Belarus, 4.3% from Israel, and 28.9% from other countries. In the other direction, there were 2,210 people who **emigrated** - 42.4% to Russia, 7.7% to Germany, 7.5% to Ukraine, 6.2% to the United States, 4.2% to Belarus, 3.6% to Lithuania, 2.2% to Israel, 2% to Estonia, 2% to Sweden and 22.2% to other countries.¹⁷

Table 6

External long-term migration by ethnicity

	1995			2000			2001			2002		
	immigration	emigration	net migration	immigration	emigration	net migration	immigration	emigration	net migration	immigration	emigration	net migration
Total	2733	16512	-13713	1627	7131	-5504	1443	6602	-5159	1428	3262	-1834
Latvians	1030	690	340	293	653	-390	250	544	-294	171	225	-54
Russians	1237	10386	-9149	723	3787	-3064	522	3645	-3123	376	1333	-957
Belarussians	107	1279	-1172	93	601	-508	90	503	-413	59	129	-70
Ukrainians	130	1916	-1786	147	569	-422	117	538	-421	93	254	-161
Poles	59	197	-138	33	155	-122	25	129	-104	40	64	-24
Lithuanians	31	238	-207	27	160	-133	25	118	-93	112	128	-16
Jews	44	914	-870	40	432	-392	43	381	-338	57	115	-58
Roma	35	30	5	4	34	-30	7	12	-5	2	13	-11
Germans	7	280	-273	18	156	-138	37	127	-90	44	76	-32
Estonians	8	25	-17	4	27	-23	18	15	3	23	47	-24
other ethnicities	111	557	-446	275	557	-282	309	590	-281	451	878	-427

¹⁵ Data from the Central Statistical Board, 2003, www.scb.lv.

¹⁶ Data from the Central Statistical Board, www.csb.lv/teksts.cfm?tem_kods.

¹⁷ *Ibid.*

Source: Statistical yearbook of Latvia, 2003 – 50 page.

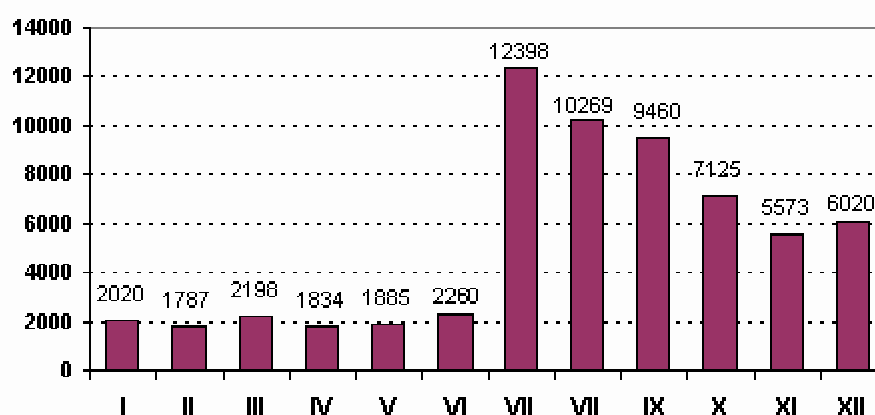
The international migration that took place in 2003 affected the ethnic constitution of Latvia's population to a slight degree (Table 6). Migration led to a situation in which there were 22 fewer Latvians, 710 Russians, 125 Ukrainians, 79 Belarusians and 66 Jews at the end of the year. There were 17 more Lithuanians at the end of 2003 than at the beginning of the year. Many of those who were involved in the migration, however, did not state their ethnicity, which the law allows. This was true among 29.5% of all immigrants and 6% of all emigrants.

An analysis of internal migration in Latvia, meanwhile, shows that a key factor in this process was a new law on declaring one's place of residence. The law took effect on July 1, 2003, and it led to a rapid increase in the number of changes in the permanent residence of Latvia's residents (Figure 2).

In 2003, there were 2,331,000 residents in Latvia, a decline of 14,000 (0.6%) on the year. The fact that mortality rates exceeded birth rates was the reason for a decline of 12,500 people, while the fact that emigration exceeded immigration accounted for a decline of 1,800 individuals.¹⁸

Figure 2

Internal migration by months of 2003



Avots: www.csb.lv

A total of 20,000 newborns were recorded in Latvia in 2002 - nearly 400 more than in 2001. The fertility rate per 1,000 residents in 2002 was 8.6, as compared to 8.3 in 2001 - an increase of 3.6%.¹⁹

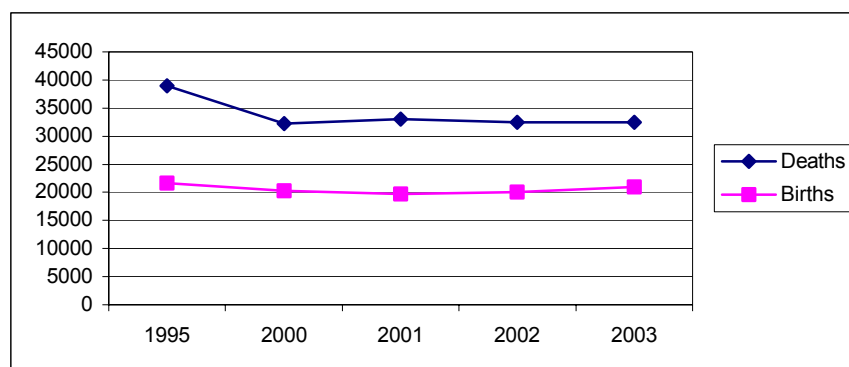
The mortality rate also declined in 2002. A total of 32,500 people died - 500 fewer than in 2001. The overall mortality coefficient of 13.9 deaths per 1,000 residents was 0,7% lower than had been the case in 2001 (14%).²⁰

¹⁸ Latvian Statistical Annual, 2003, p. 36.

¹⁹ Latvian Statistical Annual, 2003, p. 45.

²⁰ *Ibid.*, p. 44.

Figure 3

Number of births and deaths in Latvia (1995 – 2005).

Source: Statistical yearbook of Latvia, 2003, p. 44

DEMAND FOR FOREIGN LANGUAGE SKILLS

Changes in Latvia's political and economic situation have led to the need for people to learn foreign languages. There are two major languages which compete in the Latvian language market - Russian and English. Both are of high economic value. The English language is in second place behind the Russian language in terms of foreign languages which people in Latvia speak, but it does not seek to fulfil the socio-linguistic functions of the Latvian language. For the time being, the number of English speakers in Latvia is not of numerical importance.²¹

Other surveys,²² however, show that English is of greater importance than Russian in Latvia, and that thought must be given not only to "Russian" business structures, but also to "English" ones. Figure 4 shows the responses which people gave to the question "How important to you consider the need for everyone in Latvia to speak the following languages freely?"

Table 7 shows that the demand for Latvian language skills has declined from 95% in 2000 to 92.5% in 2003, while demand for Russian and English skills has increased. That's because English language skills ensure international contacts throughout virtually every one of the world's regions. The latest achievements in science and technology are usually described in English. There is one serious factor, however, which hinders the expansion of English in Latvia, and that is the small number of people who speak the language. This is seen as a key obstacle against the emergence of the Information Society in Latvia.

According to a Eurobarometer study that was conducted by socio-linguistic specialists in Europe in 2000 and that was dedicated to the fact that 2001 was the year of European languages, English is the most often spoken foreign language in Europe. It

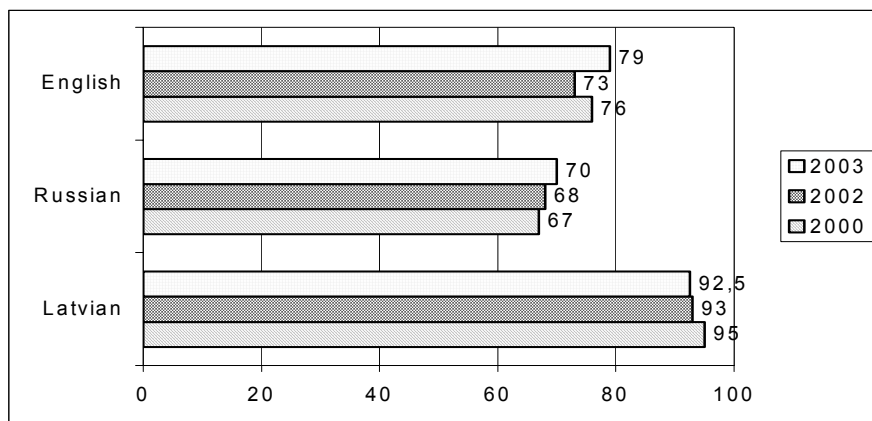
²¹ Baltaiskalna, D. Latvijas iedzīvotāju lingvistiskā attieksme (The linguistic attitudes of Latvia's residents), 2001.

²² Latvijas Republikas valodas apguves..., *op. cit.*, p. 47.

is spoken by 41% of Europeans, even though it is the native language of only 15% of the EU's residents.²³

Figure 4

**The meaning of the state and foreign languages in Latvia (2000 – 2003),
%**



Source: Latvijas Republikas latviešu valodas apguves valsts programma: Valoda (The national Latvian language learning programme of the Republic of Latvia: Language), Baltic Social Sciences Institute, October 2003 – January 2004, p. 47.

Table 7

English language skill necessity for inhabitants of Latvia

At the age of:	Very necessary	Quite necessary	None too necessary	Not necessary
15-34	24,0	50,1	21,7	4,2
35-49	19,2	53,0	24,9	2,9
50-74	21,3	50,8	23,3	4,6

Source: Latvian Social Situation Monitoring, p. 6.

Data show that people of all age groups and all nationalities have a good understanding of the way in which the English language dominates in international politics and economics. An average of 72.8% of all respondents said that English language skills are important for Latvia's residents.

²³ "Economic, Cultural and Social Aspects of Latvia's Integration into the European Union", 2001, the sub-programme "Monitoring Latvia's Socio-Linguistic Situation", p. 5.

THE LEVEL OF EDUCATION FROM THE ETHNIC PERSPECTIVE

According to statistical data, 506,000 people in Latvia were enrolled in various institutions of education in the 2002/2003 academic year - 340,000 of them in general education schools, 47,000 in professional training institutions, and 119,000 in universities and colleges.²⁴

Data from the 2000 national census in Latvia, meanwhile, show that there are certain differences in the level of education among various ethnic groups. When asked about their level of education, 45.1% of Jews, 18.2% of Ukrainians, 15.6% of Russians, 15.1% of Estonians and 13.3% of Latvians indicated that they had completed a university education²⁵ (Table 8).

Table 8

Educational attainment of population of selected ethnicities of Latvia, 2000, thsd.

Ethnicity	All population aged 15 and over	No tiem ar izglītību						
		Primary	Basic	Secondary	Secondary specialised	Higher	Less than 4 grades	not indicated
All population	1947.0	103.8	464.7	544.2	355.0	244.2	41.8	193.3
Of which:								
Latvians	1083.5	54.0	293.7	308.0	195.0	133.3	17.9	81.6
Russians	599.0	31.5	115.6	167.3	111.3	81.5	14.2	77.6
Belarussians	88.5	7.2	19.2	23.8	17.5	7.8	3.7	9.3
Ukrainians	56.8	1.8	9.0	15.8	12.7	8.9	0.5	8.1
Poles	51.3	4.0	12.3	14.4	9.4	4.7	1.8	4.7
Lithuanians	29.3	3.3	9.2	6.9	4.1	1.4	1.7	2.7
Jewes	9.4	0.2	0.7	1.4	1.1	2.8	0.1	3.1
other ethnicities	29.2	1.8	5.0	6.6	3.9	3.8	1.9	6.2
of population of selected ethnicities, in per cent								
All population	100.0	5.3	23.9	28.0	18.2	12.5	2.1	9.9
Latvians	100.0	5.0	27.1	28.4	18.0	12.3	1.7	7.5
Russians	100.0	5.3	19.3	27.9	18.6	13.6	2.4	13.0
Belarussians	100.0	8.1	21.7	26.9	19.8	8.8	4.2	10.5
Ukrainians	100.0	3.2	15.8	27.8	22.4	15.7	0.9	14.3
Poles	100.0	7.8	24.0	28.1	18.3	9.2	3.5	9.2
Lithuanians	100.0	11.3	31.4	23.5	14.0	4.8	5.8	9.2
Jewes	100.0	2.1	7.4	14.9	11.7	29.8	1.1	33.0
other ethnicities	100.0	6.2	17.1	22.6	13.4	13.0	6.5	21.2

Source: Results of the 2000 Population and Housing Census in Latvia, p. 202, author's calculations

²⁴ Latvian Statistical Annual, 2003, p. 89.

²⁵ Latvian Statistical Annual, 2003, p. 184.

THE EU AND POLICIES IN LATVIA

The language policies of European Union member states and candidate countries alike have increasingly been influenced by international organisations in recent years - the Council of Europe, the Organisation for Security and Co-operation in Europe, the Council of Baltic Sea States, etc. There are also supranational documents in the field of human rights and minority protections. These include the European Convention on Human Rights, the Framework Convention on the Protection of Minority Rights, and the European Charter of Regional or Minority Languages.²⁶

EU policies emphasise that the establishment and development of an all-encompassing labour market is the most important means for fighting against social alienation. Meeting at Lisbon, the EU's leaders set out the strategic goal of creating the most competitive and dynamic knowledge-based economy in the world, thus ensuring successful economic growth and social cohesion.

In 2003, European employment guidelines defined three general goals:

- Full employment;
- Improvements in the quality and output of labour;
- Strengthening of social inclusion and reduction of social alienation.

Ten major guidelines for operations in pursuit of those goals were also identified:

- 1) Taking active and preventive steps to work with unemployment people and those who are economically inactive;
- 2) Promoting business and creating new jobs;
- 3) Promoting the ability of people to adapt to new circumstances and to be mobile in the labour market;
- 4) Facilitating the development of human resources and lifelong learning;
- 5) Increasing the number of job vacancies and lengthening the duration of active working life;
- 6) Ensuring gender equality in the labour market;
- 7) **Promoting the integration of groups which face the risk of social alienation into the labour market and eliminating any and all forms of discrimination;**
- 8) Improving motivational mechanisms (wages, taxes, support systems) so as to make work more attractive;
- 9) Transforming undeclared employment into officially registered employment;
- 10) Reducing regional differences.²⁷

In many European Union States, as in Latvia, unemployment has become one of the key political, social and economic issues on the agenda. There has been greater unemployment in the EU even during periods of economic growth. There are various possible explanations for this fact, but the main reason in Latvia and the rest of the EU

²⁶ Druviete, I. *Latvijas valodas politika Eiropas Savienības kontekstā* (Latvia's language policies in the context of the European Union). Rīga: Institute of Economics, Latvian Academy of Sciences, 1998, p. 13.

²⁷ Information from the UN Centre, <http://www.ngo.org.lv/?news=1146>.

is that the skills and abilities of unemployed people are out of step with labour market requirements as the continent moves toward the Information Society.²⁸

Discrimination, which is a manifestation of ways in which the basic rights of human beings can be limited, is impermissible in labour relations. That is made clear in the Latvian constitution and the country's labour law. In the latter case, Latvia adopted the principle of equal rights that is set out in the European Union's fundamental documents. All individuals have an equal right to work, to fair, secure and harmless working conditions, and to fair wages, **irrespective of race**, skin colour, gender, **age**, disability, religious, political or other convictions, **national** or social origin, property or family status, or other circumstances.²⁹

The EU devotes particular attention to the elimination of any unequal attitude toward employees when they are hired (advertisements of job vacancies, job interviews, conditions for concluding contracts) and during the work process (working conditions, wages, career opportunities). These principles focus first of all on the classical understanding of equality between men and women, and then also cover discrimination that is based on other aspects - **age**, family status, race, sexual orientation, etc.

The Welfare Ministry in Latvia has been charged with the co-ordination of equal attitudes in labour policies. The infrastructure is in place for ensuring that the laws are implemented - the National Labour Inspectorate, the National Employment Service, the National Social Insurance Agency, as well as the National Human Rights Bureau, which promotes the observing of basic human rights and freedoms.

Latvia's government has adopted three conceptual documents which are aimed at the integration of elderly people, unemployed people, young people and differently abled people and at the elimination of social alienation in these groups. The documents include a concept on dealing with poverty, a concept on ensuring guaranteed minimal income for the poor, and a concept that is called "Equal Opportunities for Everyone". These programmes involve steps that are taken to integrate young people into the labour market, to involve differently abled people in public life, to develop alternative care structures, etc.³⁰

LANGUAGE POLICIES IN MULTILINGUAL COUNTRIES

In virtually all of the world's multilingual countries, the relationship between various languages is regulated by laws, and the observance of those laws is strictly monitored. Language laws cannot be seen as resources for negative influence. On the contrary, they must be seen as officially approved programmes of action in terms of language use - programmes which help in preventing conflicts and in ensuring the rights of languages which are in less favourable positions.

²⁸ Information from the UN Centre, <http://www.ngo.org.lv/?news=1146>.

²⁹ Article 7 of the labour law.

³⁰ Information from the Foreign Ministry of the Republic of Latvia, <http://www.am.gov.lv/lv/eu/3749/3752/3768>.

SLOVAKIA EXAMPLE

Minority and religious problems are found in many Central and Eastern European countries. Minority group problems have been of great importance ever since the 19th century. When Central and Eastern European countries got rid of despotic political systems, they often encountered this problem and sought to deal with it by law.³¹ Slovakia is no exception. The country was a part of the Habsburg Empire until the empire collapsed after World War I.

Slovakia is one of a number of Central European countries with significant minority populations. According to statistical data, there were 5.42 million residents in Slovakia in 2004 - 85.7% Slovaks, 10.6% Hungarians, 1.6% Roma, 1.1% Czech and 1% others.³²

After World War II, nearly all Hungarian schools in Slovakia were shut down. In 1991, accordingly, 36.4% of schoolchildren were not given the opportunity to gain a basic education.³³ The political changes which took place in 1989 did not influence the minority education system. The state did not allow ethnic minorities to set up autonomous educational systems.

Table 9

Slovakian resident population by ethnicity (2004, %)

Total	5,42 millions
of which:	
Slovakians	85,7
Hungarians	10,6
Roma	1,6
Czech	1,1
Ukrainians	0,6
Germans	0,1
Poles	0,1
other	0,2

Source: Gesource World Guide, <http://www.cia.gov/cia/publications/factbook/geos/lo.html>

On October 15, 1995, the Slovakian parliament approved a new law on the state language of the Republic of Slovakia, and it took effect on January 1, 1996. The law allowed minorities to speak their own language in those places where the number of minority representatives exceeded 20% of the local population. The law also said that during official communications, the state language and only the state language must be used. This applied to all state documents, official petitions and signs - only the Slovakian language could be used.³⁴ By 1996, however, there were also significant improvements in the lot of the country's minorities. A National Minorities Council

³¹ Wolf, S. "Bilateral Ethnopolitics After the Cold War: The Hungarian Minority in Slovakia, 1989-1999".

³² CIA World Factbook, <http://www.cia.gov/cia/publications/factbook/geos/lo.html>.

³³ From Minority Status to Partnership: Hungarians in Czechoslovakia/Slovakia 1918-1992.

³⁴ Balla, K. "New Language Law in Slovakia", in *Minorities Research: A Collection of Studies by Hungarian Authors*, 1999.

had been set up in 1993, and the Slovakian University at Nitra set up an Institute for Educational and Cultural Minorities.³⁵

Despite this, however, the country's minority policies were, in most cases, quite limited until the elections of 1998. State financing for minority culture, education, television and publishing was diminished severely. Financing depended on the minority - cultural organisations belonging to non-Hungarian ethnic minorities (they represent fewer than 4% of all residents) received nearly five times more in subsidies in 1996 than did the minority organisations of Hungarians, who represented some 10% of the population. Minority activists unsuccessfully protested not only against the reduction in state aid for their cultural activities, but also against their lack of autonomy. Periodicals (26 Hungarian, three Ukrainian, two Roma and one German publication) received various levels of financing from the state. In accordance with a 1993 law on radio and television, there had to be 35 hours of radio broadcasts each week in Hungarian and 11 hours of broadcasts in Ukrainian. On television, however, broadcasts in Hungarian were reduced from one hour per week to just 35 minutes weekly. Financing for the publication of minority newspapers declined.³⁶

It was only in 1999, that the Slovakian Cabinet of Ministers approved a draft law on minority languages. This was the result of recommendations which the OSCE had made with respect to minority rights in Slovakia.³⁷

The approved draft law was finally adopted on September 1, 1999, and it granted minority languages the same status as the Slovakian language (i.e., the state language) in all towns and cities in which the respective minority population exceeded 20% of the total. The law also indicates that minorities can use their native language in all state and local protocols and documents.³⁸

³⁵ Wolf, *op. cit.*

³⁶ *Ibid.*

³⁷ Kopanic, M.J. "The New Minority Language Law in Slovakia", *Central European Review*, 1999, www.ce-review.org.

³⁸ *Ibid.*

SURVEY RESULTS

GENERAL INFORMATION

The research which was done by the Economics Institute of the Latvian Academy of Sciences particularly focused on the way in which public integration affects the national economy:

- The economic structure and economic stability which may be related to the fact that companies which have been stratified on the basis of the ethnic principle have a different orientation when it comes to the market and to external communications, as well as the limited ability of Latvia's residents to engage in social and professional mobilisation, discrimination on the basis of age, and problems with employment and regional differences therein that might arise as a result of economic instability;

- The way in which insufficient public integration affects the emergence of the Information Society in Latvia - something that must be seen as an inviolable component of Latvia's hopes that its economic system will be based on science-capacious sectors.

These were the goals of the project:

- To get a sense of how economic factors influence public integration and vice versa - the way in which integration processes affect the national economy; the aim is to ensure that the economic dimension is included purposefully in the public integration policies and strategies of the state;

- To obtain knowledge that will be of use in preparing a more thorough public integration policy and strategy, taking a look at issues such as:

- The readiness of Latvia's society to join the local and global Information Society;

- The extent to which the public structure and behavioural model are appropriate for the Information Society;

- The way in which the structural policies of the national economy are prepared;

- Ways in which steps can be planned toward the promotion of regional development and the evening out of regional differences.

Companies that were surveyed were organised into five groups:

- 1) Agriculture, forestry, hunting and fishing;
- 2) Industry and construction;
- 3) Hotels, restaurants, transport, communications, storage, finances, insurance, business services;
- 4) Wholesale and retail operations;
- 5) Education, health care, social and individual services.

The authors surveyed 422 companies from all of Latvia's regions. Basic information about the cohort can be seen in Tables 10-12.

Table 10

Number of enterprises by sectors and regions

Sector	Riga	Vidzeme	Kurzeme	Zemgale	Latgale	Total in fact
1 sector	1	6	6	4	2	19
2 sector	15	2	2	7	5	31
3 sector	33	17	2	2	4	58
4 sector	92	28	15	12	14	161
5 sector	80	17	16	26	14	153
Total	221	70	41	51	39	422

Table 11

Number of enterprises by sectors and regions, in per cents

Sector	Riga	Vidzeme	Kurzeme	Zemgale	Latgale	Total	CR data, in per cent
1 sector	0,5	8,5	14,6	7,8	5,2	4,5	2,8
2 sector	6,8	2,9	4,9	13,7	12,8	7,3	19,0
3 sector	14,9	24,3	4,9	4	10,2	13,7	27,5
4 sector	41,6	40	36,9	23,5	35,9	38,2	43,3
5 sector	36,2	24,3	39	51	35,9	36,3	7,4
Total	100	100	100	100	100		
Total by regions (per cent of total number)	52,4	16,6	9,7	12,1	9,2	100	100

Table 12

Division of sample according to size of enterprise

Enterprises size	Number in sample	in per cents	CR data, in per cent
Under 9 workers	282	67	75
10-19 workers	53	12	12
20-49 workers	45	11	8
50+ workers	42	10	5
Total	422	100	100

This is the structure of the enterprises that were surveyed:

In the first group (19 companies):

- Agriculture - 26.3%
- Forestry - 52.6%
- Hunting - 5.3%
- Fishing - 15.8

In the second group (31 companies):

- Industry - 54.8%
- Construction - 45.2%

In the third group (58 companies):

- Hotels - 3.5%
- Restaurants - 1.7%
- Transport and communications - 31%
- Insurance - 3.5%
- Tourism - 6.9%
- Business services - 53.4%

In the fourth group (161 companies):

- Retail operations - 75.8%
- Wholesale operations - 24.2%

In the fifth group (153 companies)

- Education (preschool institutions, learning centres, science) - 6.5%
- Health care (optics, pharmaceuticals, medicine) - 16.3%
- Social and individual services - 77.2%

Sample division of Economics Institute differs from sample of Baltic Social Sciences Institute, as in the section of the project that was handled by Economics Institute the enterprises have been divided according to essence, but not following formal references.

It has to be added here that the distribution of companies among groups and the final research cohort proved to be insufficiently comparable for full economic analysis. As can be seen in the tables, the cohort is more or less in step with the actual distribution of companies in Latvia by sector, region and company size, as defined by the Company Register. Still:

- Construction and industry are different sectors and should be analysed separately;
- The analysis was encumbered by the fact that transport, communications and storage services were merged with the hotel, restaurant and financial services sectors;
- The number of answers from each sector is not fully comparable, even though there is no reason to think that the answers are inappropriate for analysis. That is because there are a lot of commercial enterprises in the fifth group of companies.

The aspect of regions and sectors is very important in this research. Sadly, the distribution of surveyed companies by region and sector does not allow researchers to produce more than conditional conclusions from this perspective. That is first of all because the number of companies in each sector and region was small, because the overall cohort was small (422 enterprises, which can be divided up into an average of just 17 enterprises in each sector/region). It is also true that the distribution of companies by sector was not in step with Company Register statistics or with the design for the survey cohort.

In the first group, the largest number of surveyed companies could be found in Vidzeme and Kurzeme. Only one company was surveyed in the Rīga region, and

only two were identified in Latgale. This means that from the “sector-region” perspective, there are enough data to make note of the facts of the surveyed companies in the Rīga region and in Latgale, but there are not enough data to make any generalisations about sectors and regions.

In the second group, the largest number of surveyed companies were located in Rīga and Zemgale, while only two companies apiece were surveyed in Vidzeme and Kurzeme. As was the case in the first group, conclusions about this group in Vidzeme and Kurzeme cannot be extrapolated to a wider meaning.

The largest number of surveyed companies **in the third group** were in Rīga and Vidzeme. In all regions, the number of companies was sufficient for generalisation.

In the fourth sector, the largest numbers of companies were in Rīga and Vidzeme. Here, too, the numbers were sufficient for extrapolation in all regions.

In the fifth sector, the largest numbers of companies were found in Rīga and Zemgale. Once again, the numbers were sufficient for generalisation in all regions.

Even though some answers in the “sector-region” perspective of the economic research are not of use, they can be used for general conclusions about the whole country, and they do help in finding answers to other questions in the survey.

Received information can be used for further researches, changing division by sectors.

The actual respondent at each of the surveyed companies was the person who hires and sacks employees (directors, deputy directors, personnel directors).

THE RANGE OF COMPANY OPERATIONS AND INTERNATIONAL CO-OPERATION

In order to learn about the range of company operations, researchers asked this question: “*How would you describe your company in terms of its operating in all of Latvia or in a specific city or district?*”. Respondents had to choose from among the following answers:

- 1) *My company operates in all territory of Latvia;*
- 2) *My company is focused on the local market (within a city or district);*
- 3) *My company is oriented one exports and co-operation with other countries;*
- 4) *It is hard to say;*
- 5) *No answer.*

A significant share of respondents (40%) reported that they operate in all of Latvia (168 of the 422 enterprises). There were particularly large numbers of such companies in the sector of industry and construction (69% of enterprises in that group).

The largest number of companies that are focused on exports and international co-operation was found in the third group (14 companies, 24.1% of the total number of enterprises in the sector). As was reported previously, the largest number of respondents in this group came from the transport sector and the financial services

sector, which makes clear the focus on collaboration with businesses in other countries.

Wholesale and retail companies, as well as education and health care institutions, mostly operate in a specific city or district (94 companies or 58.5% of the total number in the 4th group, and 99 enterprises or 65.1% of all surveyed companies in the 5th group) (Figures 5 and 6).

Figure 5

Location of enterprises, in numbers

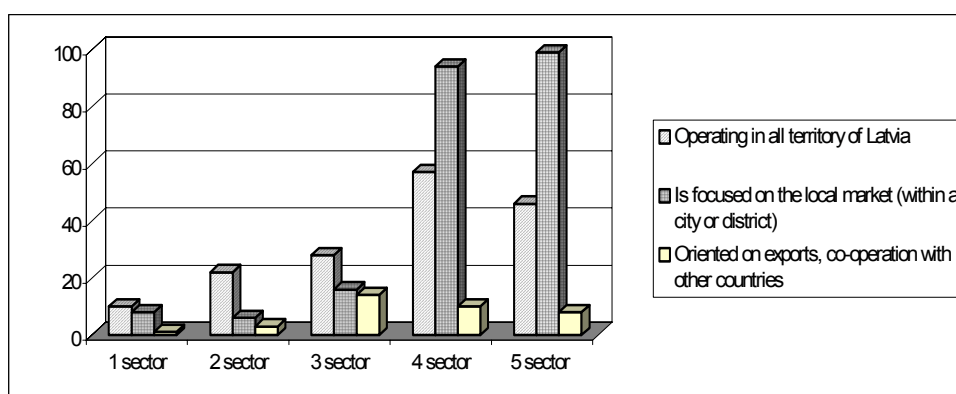
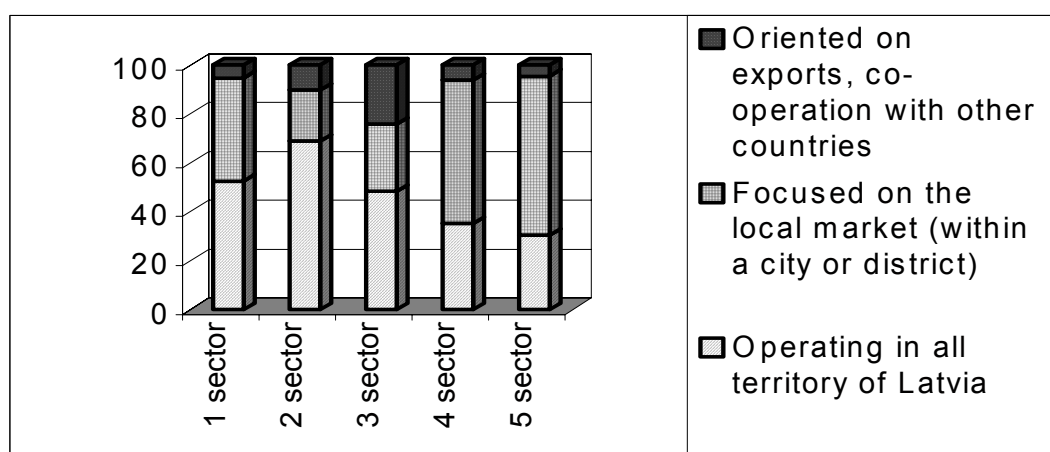


Table 6

Location of enterprises, in per cents



The survey shows that there are differences among the various regions when it comes to the range of operations. The largest number of surveyed enterprises were found in the Rīga region (221 of 422 companies).

In the **Rīga region**, most companies work in all territory of Latvia. The largest number of companies that are oriented toward exports was found in the third sector (27.3% of all companies in that group). Wholesale and retail companies, as well as educational and health care institutions, operate mostly within Rīga alone.

Figure 7

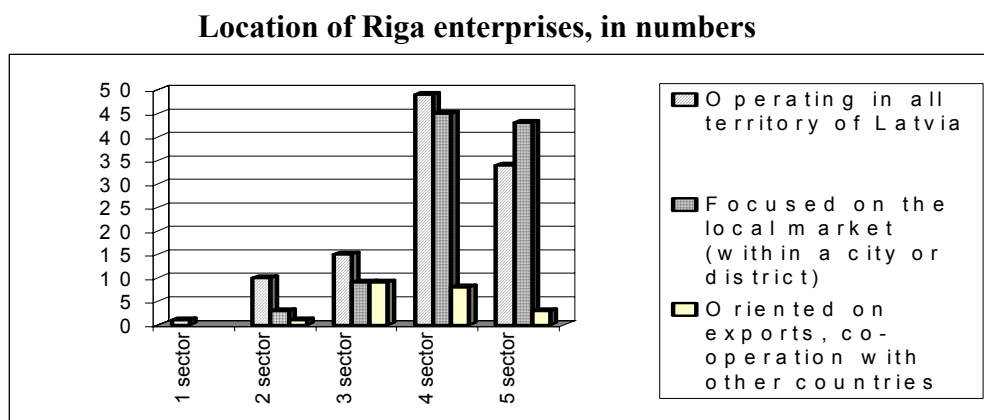
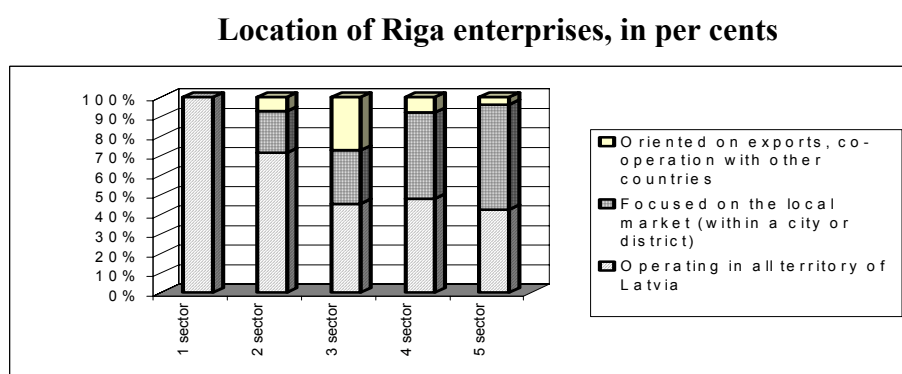


Figure 8



Of the 422 surveyed companies, 70 were found in **Vidzeme**. Most companies there, unlike in Rīga, are local enterprises which operate in the local market (34 enterprises). That was particularly true in the second sector, where all companies were local. As is the case in the Rīga region, the largest number of companies that are focused on international co-operation in Vidzeme, can be found in the third sector (Figure 9 and 10).

Figure 9

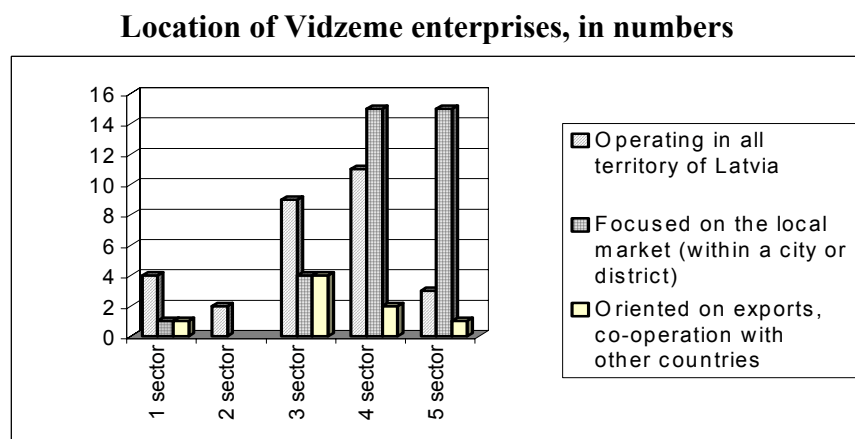
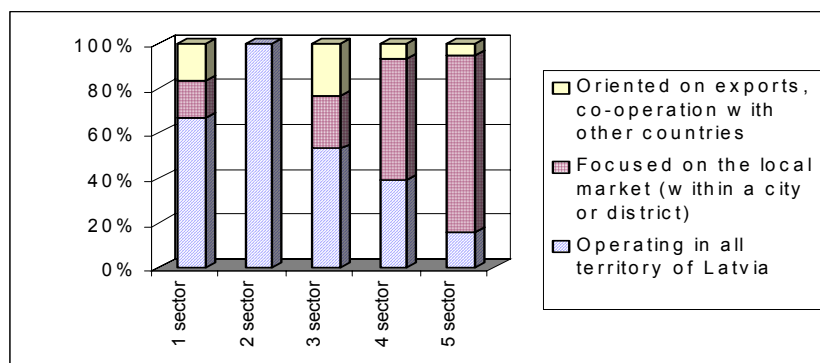


Figure 10

Location of Vidzeme enterprises, in per cents



In **Kurzeme**, specialists surveyed 41 companies. As was the case in Vidzeme, most companies in Kurzeme, too, are in the local market alone (23 of the total). The other 18 companies operate throughout Latvia. No company was found in Kurzeme which works in other countries, too (Figures 11 and 12). Even companies in the third sector were all local in nature.

Figure 11

Location of Kurzeme enterprises, in numbers

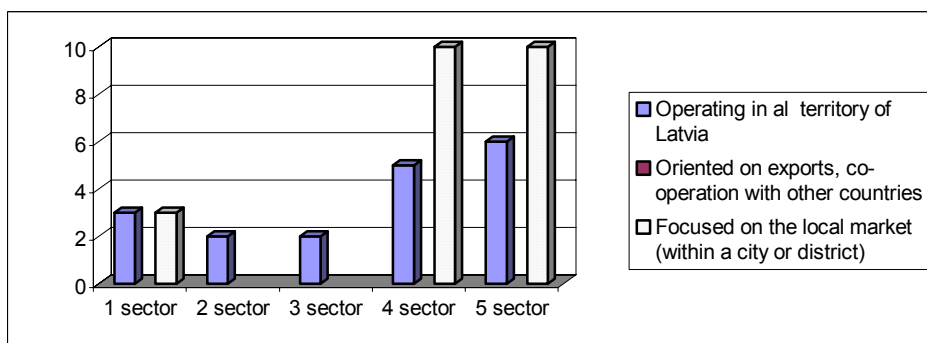
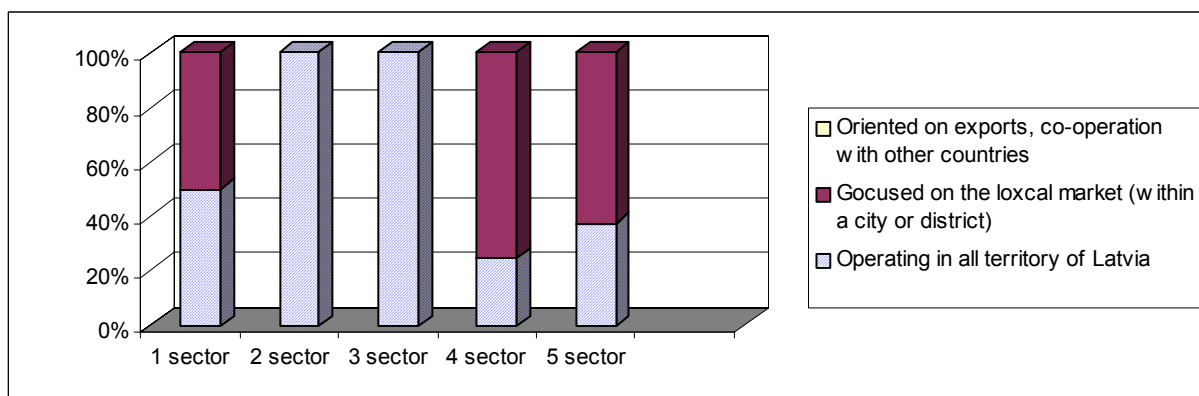


Figure 12

Location of Kurzeme enterprises, in per cents



There were 51 surveyed enterprises in **Zemgale**. Most of the companies are district-based (31). The greatest number of companies was found in the 4th and the 5th of the identified sectors. In Zemgale, as in Rīga, there are companies, which are focused on exports and on collaboration with other countries. Such companies were found in the 2nd and the 5th sector (Figures 13 and 14).

Figure 13

Location of Zemgale enterprises, in numbers

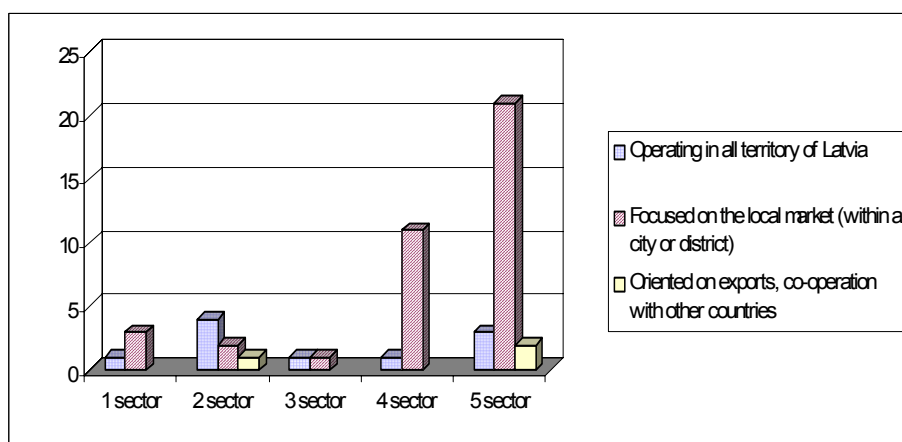
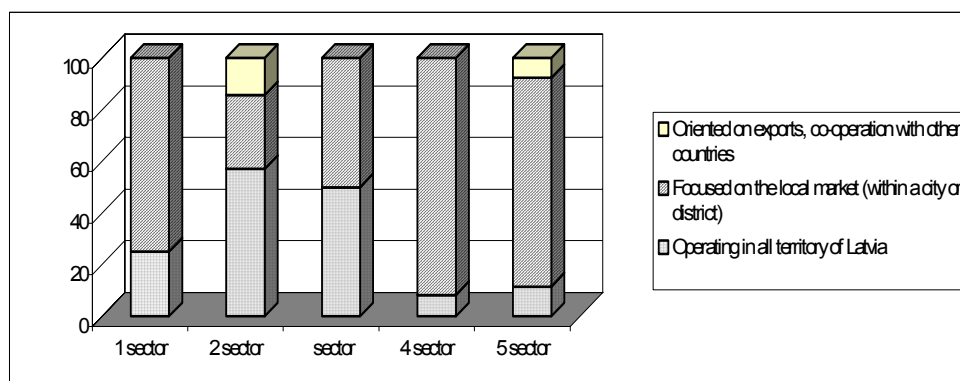


Figure 14

Location of Zemgale enterprises, in per cents



In **Latgale**, researchers found 39 of the total number of surveyed companies. In Latgale, as in all of Latvia except for Rīga, the majority of companies work locally (27). The largest number of companies here, as elsewhere, was found in the 4th and 5th sector. As in Rīga and Zemgale, there are companies in Latgale which engage in exports and international co-operation. These companies were found in the 2nd, 3rd and 5th sectors (Figures 15 and 16).

Table 15

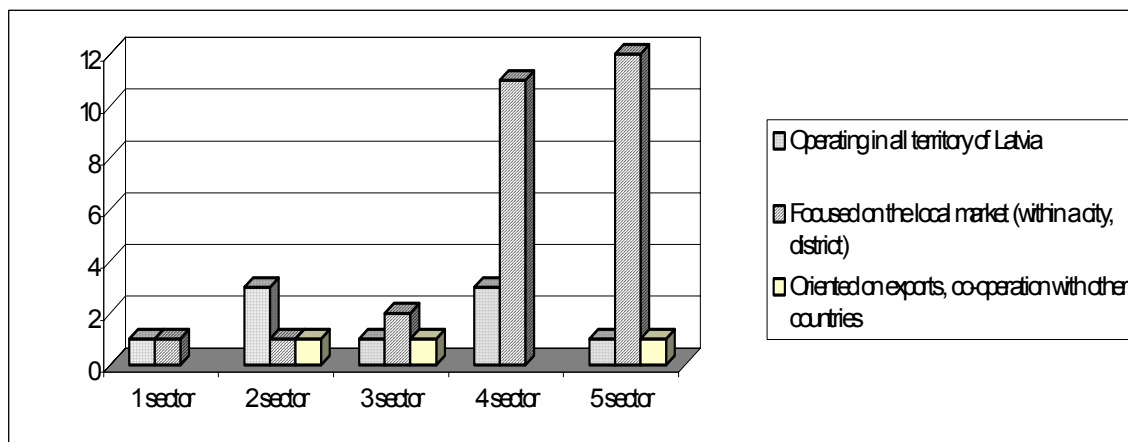
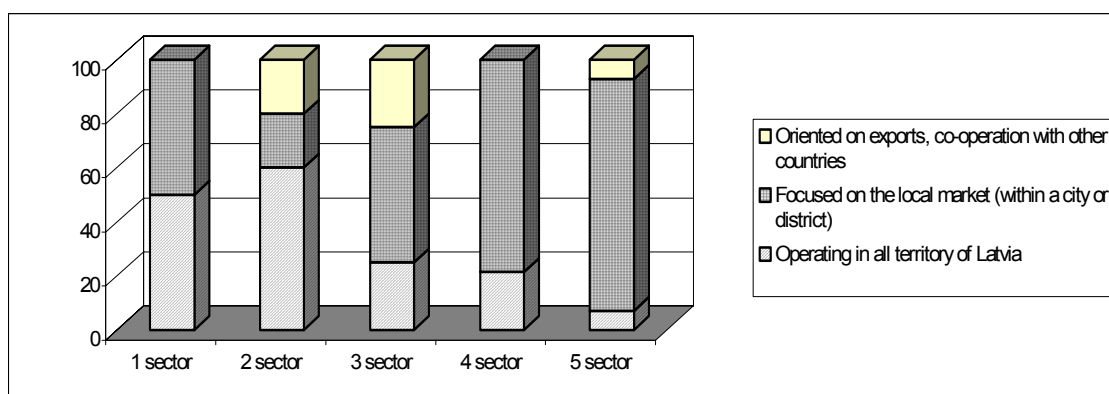
Location of Latgale enterprises, in numbers

Table 16

Location of Latgale enterprises, in per cents**PARTNER COUNTRIES FOR INTERNATIONAL ACTIVITIES**

Two questions were posed to find out the directions of economic activity in Latvia:

Question 3: *Does your company have co-operation partners from other countries?*

Yes

No

Hard to say

No answer

Question 4: *With which countries does your company work (list countries)?*

Table 13

More frequently mentioned partner states

State	1 sector	2 sector	3 sector	4 sector	5 sector
Russian		+	+		+
Poland	+			+	
England	+				+
Sweden		+			
Germany	+	+	+	+	+
EU States			+		
Lithuania			+	+	+
Estonia			+	+	

Survey results showed that in every sector, there are enterprises which are oriented toward international co-operation. Data from respondents allow us to determine the countries with which companies collaborate most extensively. In each sector, for instance, there are companies which have international relations with enterprises in Germany (Table 13).

As can be seen in the table, surveyed forestry companies mostly work with England, Poland and Germany, while fishing companies collaborate only with Germany and Poland. The construction sector is focused on co-operation in Russia and Germany. Transport services are provided in the direction of Russia, Germany, Lithuania and Estonia, insurance companies often work with Russia, and telecommunications firms have links to European countries. Wholesale and retail enterprises are most likely to be working with Latvia's nearest neighbours - Estonia, Lithuania, Germany and Poland. Educational and scientific organisations look for co-operation in Poland, Lithuania and Estonia, while medical and pharmaceutical firms seek contacts only in Russia and Germany.

Table 14

More frequently mentioned partner states by regions

	England	Italy	Finland	Sweden	Russian	EU States	Germany	Estonia	Lithuania	Holland	Poland	Denmark	France
1 sector													
<u>RIGA</u>													
<i>Vidzeme</i>			+		+						+		
<i>Kurzeme</i>	+			+			+			+	+	+	
<i>Zemgale</i>	+						+						
<i>Latgale</i>													
2 sector													
<i>Riga</i>		+	+	+									
<i>Vidzeme</i>							+						
<i>Kurzeme</i>													
<i>Zemgale</i>					+								
<i>Latgale</i>					+		+		+				
3 sector													
<i>Riga</i>					+	+	+	+					
<i>Vidzeme</i>								+	+				
<i>Kurzeme</i>													
<i>Zemgale</i>													
<i>Latgale</i>		+											
4 sector													
<i>Riga</i>		+					+	+	+	+	+		
<i>Vidzeme</i>							+		+				
<i>Kurzeme</i>							+		+				
<i>Zemgale</i>													
<i>Latgale</i>													
5 sector													
<i>Riga</i>					+		+	+	+				
<i>Vidzeme</i>			+	+			+						
<i>Kurzeme</i>					+				+				
<i>Zemgale</i>	+						+			+		+	
<i>Latgale</i>	+												+

The results of the survey make it clear that the place where the company is located has much to do with the selection of countries for partnership attempts. In all regions, however, there were companies with no partners abroad at all (Table 14).

THE ETHNIC COMPOSITION OF COMPANIES

When it comes to the integration of society, an important issue is the polarisation of enterprises on the basis of the ethnic principle. Observations suggest that the area of activity, the place of operations and the focus on co-operation of enterprises can influence the ethnic constitution of a company's employees, and vice versa. The company's "belonging" to an ethnic group was studied through Question 7: "How many people in your company have Russian as their native language?"

The results showed that there are multi-ethnic, “Russian” (all employees have Russian as their native language) and “Latvian” (all employees have Latvian as their native language) companies in Latvia.

Of the surveyed 422 companies, 123 are purely “Latvian”, 56 are purely “Russian” and 243 are mixed enterprises:

- In the **first sector**, nine of 19 companies (47.4%) are “Latvian”, and 10 (52.6%) are multi-ethnic;
- In the **second sector**, seven of 31 enterprises (22.6%) are “Latvian”, and 24 (77.4%) are mixed;
- In the **third sector**, 18 of 58 companies (31%) are “Latvian”, seven (12.1%) are “Russian”, and 33 (56.9%) are mixed;
- In the **fourth sector**, 47 of 161 companies (29.2%) are “Latvian”, 34 (21.1%) are “Russian”, and 80 (49.7%) are multi-ethnic;
- In the **fifth sector**, 42 of 153 companies (27.5%) are “Latvian”, 15 (9.8%) are “Russian”, and 96 (62.7%) are mixed.

Figure 17

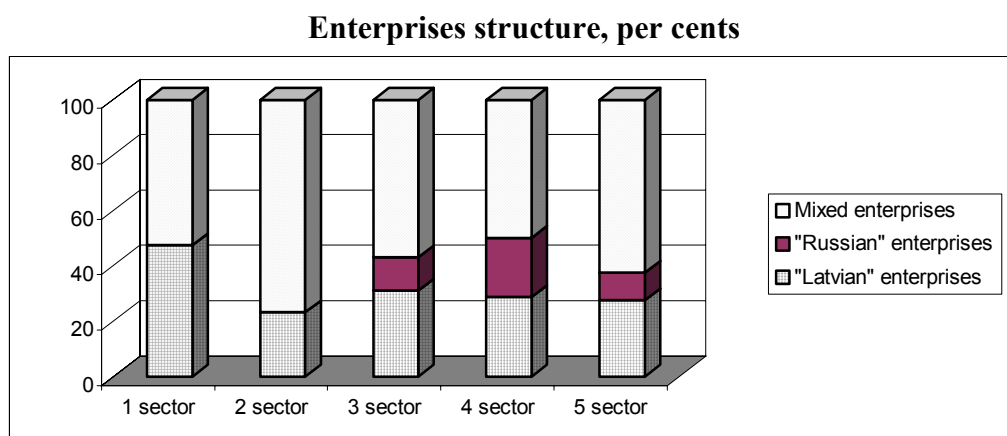
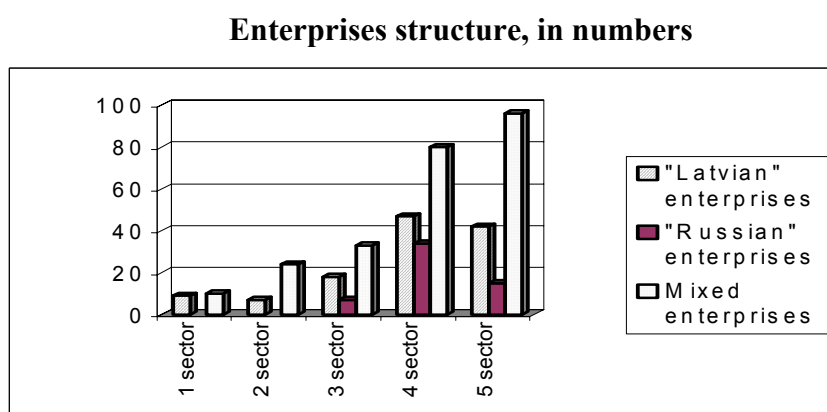


Figure 18



As can be seen here, the first and second sector have only multi-ethnic and “Latvian” companies. The largest number of “Russian” companies can be found among wholesalers and retailers. These are sectors in which the primary co-operation partners are found in Poland, Germany, Lithuania and Estonia. The most common

type of company in Latvia, however, is the mixed company. That unquestionably has a positive effect on public integration in Latvia.

In expert interviews that were conducted by the Baltic Social Sciences Institute, it was found that the distribution of companies by ethnic belonging was more distinct in the past and that it is not seen as being particularly important now. Quantitative analysis and the interviews alike demonstrated the fact that mixed companies are being established to a greater degree.

Experts have cited a number of factors which promote this:

- The introduction of Latvia's language law;
- The inflow of foreign capital, which encourages companies to accept "Western" business culture;
- Accession to the EU and globalisation, as well as a focus on the EU market, where the honesty of companies is of key importance.

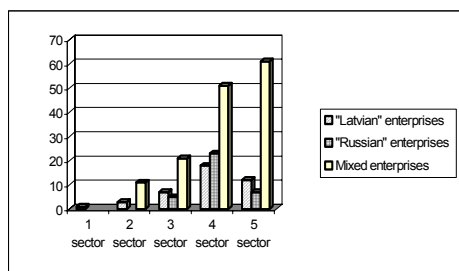
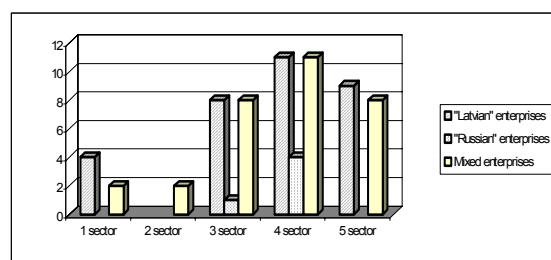
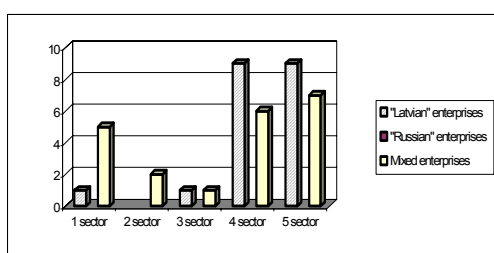
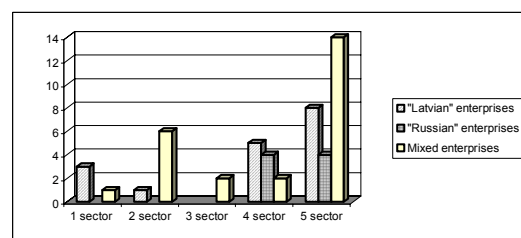
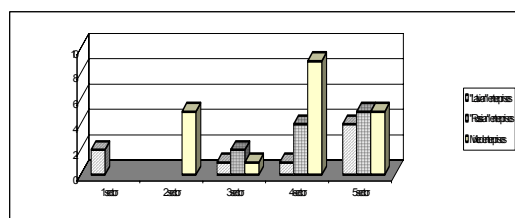
Experts do admit, however, that there is still segregation in the business environment, and they identify two major sectors in which typical "Russian" enterprises can be found - among "small and unnoticed companies" and in the "short-term business" sector. Experts say that a typical "Russian" company is more dynamic and colourful, but also more risky. "Latvian" companies are said to be calmer and more humble. There is an informal distribution of companies into sectors in which "Russian business" dominates - oil, trade, sports clubs, beauty salons, automobile repair shops, computer sales, and alcoholic beverage sales. "Latvian businesses" dominate in the fields of advertising and agriculture. "Russian" businesses are often accused of tax evasion, links to the Russian Mafia and other forms of dirty business, and that illustrates the fact that ideas about "Russian" business are distinctly negative in Latvia. As can be seen from the survey results, no quantitative confirmation of these claims was found. There was no district orientation of "Russian" businesses toward high risk zones, for instance.

The survey shows that the direction for international co-operation usually has nothing to do with the company's ethnic structure. Russia is mentioned as a co-operation partner for companies in the 2nd, 3rd and 5th sector, even though no "Russian" companies were identified in the 2nd sector, and the proportion of such companies in the other two sectors was low. In wholesale and retail operations, where the proportion of "Russian" companies is the greatest, however, Russia is not mentioned as a co-operation partner, as opposed to Poland and Lithuania, which are.

The range of issues in this study was too broad to ensure a detailed and more thorough description of "Russian" business, but the fact is that distinctly negative ideas about "Russian" business are automatically transferred by many people in Latvia to the entire ethnic group. This is a problem in public integration, and it requires additional research.

When the situation is broken down by region, it is found that the largest number of "Russian" companies in each sector can be found in Rīga and Latgale. It is only in the 3rd and 5th sector in Rīga and the 2nd sector in Latgale that any company said that it is working with Russia. In Kurzeme, there were no "Russian" companies at all, but there is co-operation with Russia. There are quite a few "Latvian" companies in Vidzeme and Kurzeme.

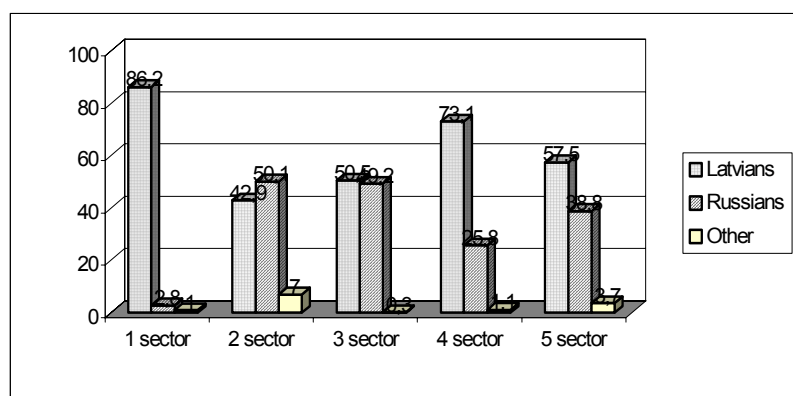
Figure 19

Riga region**Vidzeme region****Kurzeme region****Zemgale region****Latgale region**

On the one hand, polarisation of business activities on the basis of the ethnic principle in Latvia is found only in specific sectors. On the other hand, it is very interesting that in construction and industry, where there are more Russian employees than Latvian employees overall, there were no “Russian” companies. The survey shows that Latvians do not dominate in all sectors. In the 3rd sector, in fact, the number of Russians and Latvians is almost equal, while in the 2nd sector, there are more Russians than Latvians. The 2nd sector is the one with the greatest number of non-Latvians overall. It may be that this is a trend specifically in the construction and industrial sector, because state language skills are not of great importance in jobs that are related to those industries. It is also true that lots of people work in construction “unofficially” (Figure 20).

Figure 20

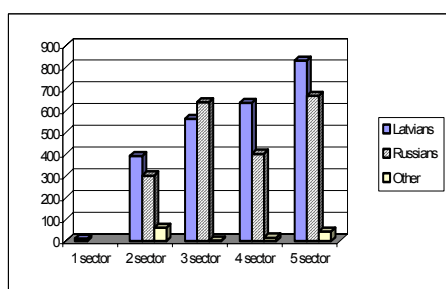
Enterprises workers by ethnicity, %



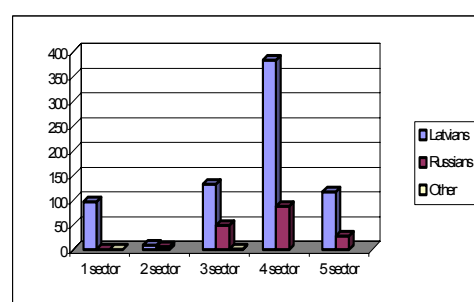
In wholesale and retail operations, the number of Latvians is 2.9 times higher than the number of Russians. Region-by-region, the largest number of Latvians is found in Rīga and Vidzeme. In Latgale, there are more Russian employees than Latvian employees, but most of the companies in that region are multi-ethnic (Figure 21).

Figure 21

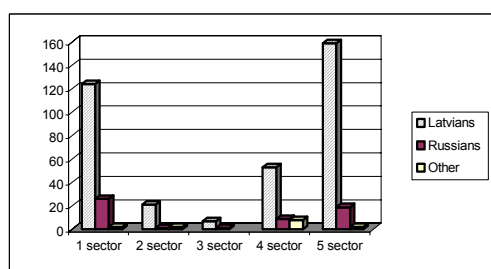
Riga region



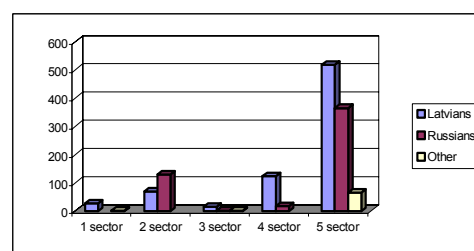
Vidzeme region



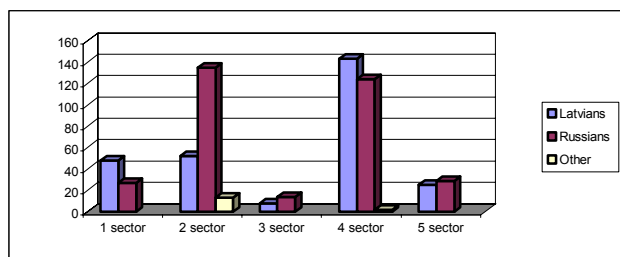
Kurzemes region



Zemgale region



Latgale region

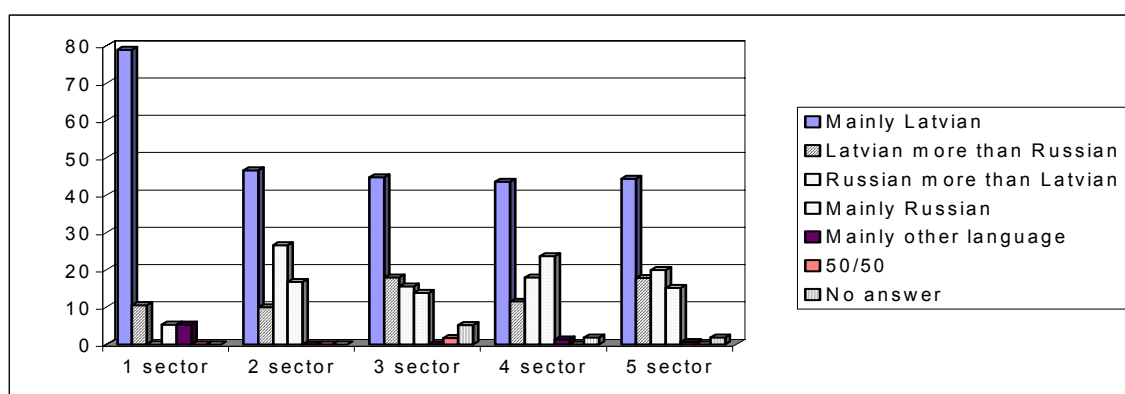


CHOICE OF LANGUAGE

The ethnic composition of a company's staff leads to the choice of the language that is used at work. There are differences from one company to the next however. In the 3rd sector, the number of Latvians and Russians is almost identical, but despite this, the main working language in the group is Latvian (Figure 22).

Figure 22

Language use in internal communication



In all sectors, companies *mostly* or *exclusively* use the Latvian language, with Russian as a second language. The level of Russian language use is quite high in industry and construction, as well as in wholesale and retail operations.

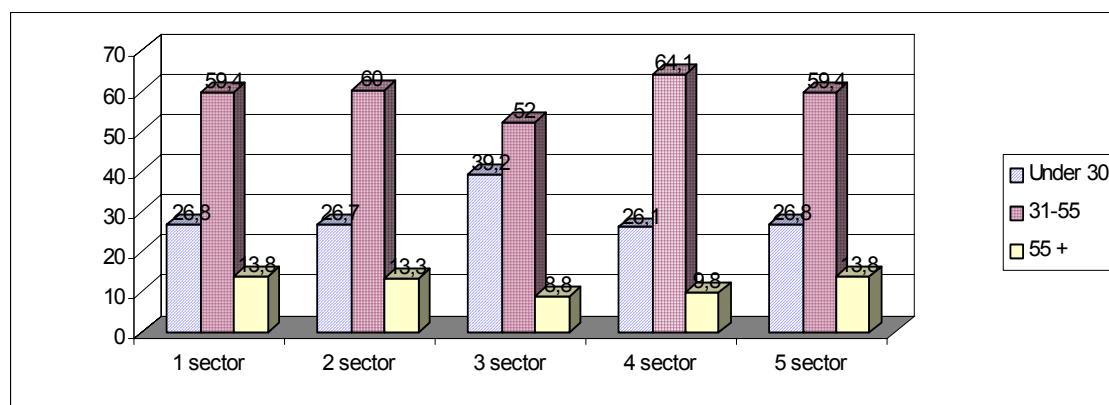
THE AGE OF EMPLOYEES IN VARIOUS SECTORS

Another issue that is of importance when it comes to public integration is the question of the age structure among companies. Observations indicate that there are companies in which only young people are employed. Employers often seek out employees from specific age groups.

Survey results show that employers prefer young people, as well as people who are between 31 and 35 years of age. They do not favour older employees (Figure 23).

Figure 23

Workers age-specific by sectors, %

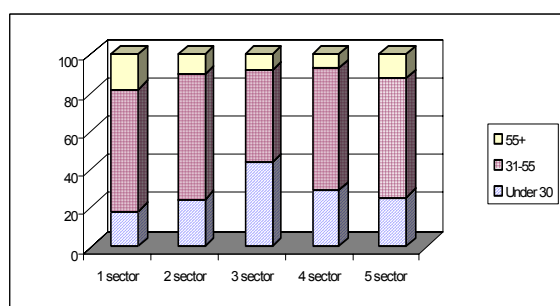


The largest proportion of young people is found in the 3rd sector, while the number of young people is virtually identical in all of the other sectors. There are few differences among the various sectors when it comes to older employees, but the lowest proportion is found in the 3rd sector - the so-called service sector; young employees dominate there.

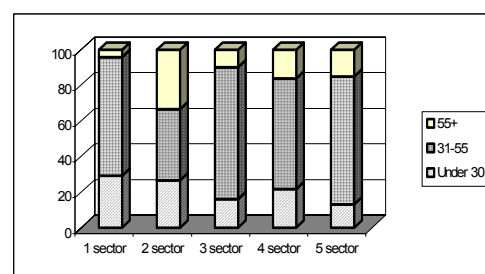
Region-by-region, the situation varies. In various regions it was found that there are more older employees and fewer young employees. In Zemgale and Latgale, no young people were found in the 3rd sector.

Figure 24

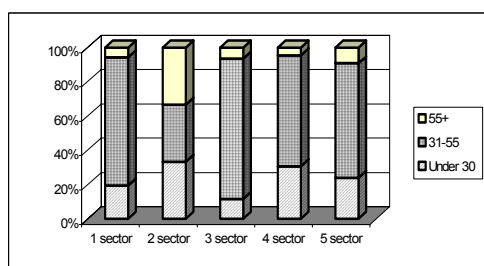
Riga region



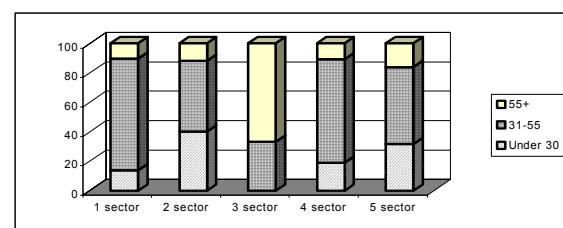
Vidzeme region



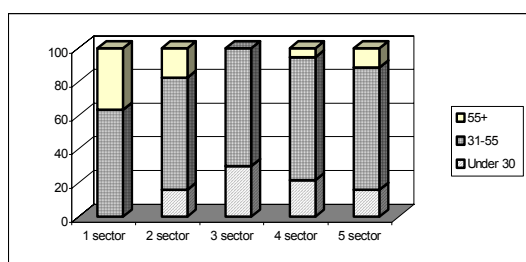
Kurzeme region



Zemgale region



Latgale region

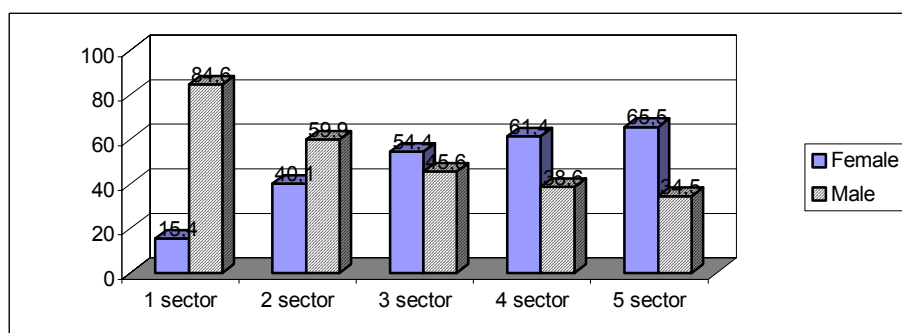


THE PROPORTION OF WOMEN AND MEN IN THE SECTORS

There are big differences among the various sectors when it comes to the proportions of women and men. There are more men than women in the 1st and 2nd sector, and there are more women than men in the other sectors. The survey shows that in wholesale and retail operations, as well as in education and health care, there are nearly two times more women than men (Figure 25).

Figure 25

Number of male and female by sectors, %



It must be remembered here that the survey covered only 422 companies, and analysis of the results cannot produce a full picture of the country's economic situation. Economic analysis would be much more complete if the number of companies were proportional in each sector. According to this survey, no factors which really influence the process of integration in Latvia were discovered. The results primarily reflect statistical data alone.

SUMMARY

1. In order to find answers to the questions that were posed in the research project, there was analysis of official statistical data and of the results of a special survey of companies.

2. The self-secession of ethnic groups can lead to polarisation in business on the basis of the ethnic principle, and that creates negative social consequences and hinders public integration. In this study, polarisation of business for ethnic reasons was analysed in greater depth to see whether and how it affects the national economy.

3. Surveys in the past show that until 2002, the number of people who speak Russian at work declined, but in more recent times, the speaking of that language has once again been on the rise. Russians more than people of other nationalities speak Russian at work or speak more Russian than Latvian. There are some 150,000 jobs in Latvia which are held by people who can speak only Russian or Russian more than Latvian.

4. Between Latvian native speakers in the 35-49 age group, 0,8% of people speak mostly Russian at work, while among younger people (15-34) and older people (50-74), far fewer people speak Russian at work. Age is seen as one of the main reasons why people don't want to improve their Latvian language skills, although sociological research indicates that it is elderly people in particular who speak Latvian at work to the greatest degree.

5. Between Latvian native speakers, who live in villages and in the countryside, Russian language use less. It is in the capital city of Riga where Russian is spoken the most and Latvian is spoken the least (only 44.6%). This suggests that Russian is spoken more than Latvian at big companies that are sited in the capital city, and that polarisation of small companies on the basis of the ethnic principle is more pronounced in rural areas.

6. A comparison of the ethnic composition of the Latvian population (58.2% Latvian, 29.2% Russian, 12.6% - other ethnic groups) and the ethnic makeup of unemployed people, one finds that the proportion of Latvians among the jobless is 7.4% lower than the proportion of Latvians in the population at large.

7. The primary reason for unemployment is the weakness of economic development, not the ethnic constitution of the country's residents. This is demonstrated when unemployment rates and the ethnic makeup of the various regions are compared. In the Rīga region and in Latgale, there are virtually identical proportions of non-Latvians, and the age distribution is also similar. Still, unemployment in Latgale is far more extensive than in Rīga.

8. Labour laws in Latvia ban discrimination on the basis of ethnicity, which suggests that lower opportunities in the labour market are caused by personal shortcomings. Among these, the absence of language skills - including Latvian language knowledge - may be of importance.

9. People in Latvia understand the importance of languages, and English is playing an increasing role in business.

10. Linguists have done research to show that the demand for Latvian language skills declined from 95% in 2000 to 92.5% in 2003, while demand for Russian and English among new employees increased. The expansion of the English language in Latvia hinders the low level of English language skills among local residents. This is seen as a key obstacle against the emergence of the Information Society in Latvia.

11. It was found during the survey that the Western market dominates external communications, external investments and it is also true that the English language is becoming more and more important in business. This serves to integrate the business world, and differences between “Latvian” and “Russian” companies, which businesspeople say used to be far more pronounced, are disappearing.

12. Quantitative analysis of the interviews shows that there are mixed (multi-ethnic), “Russian” and “Latvian” companies in Latvia.

13. The most common type of company is the multi-ethnic enterprise, and this clearly has a positive effect on public integration in Latvia.

14. The largest number of “Russian” companies can be found in wholesale and retail operations.

15. In terms of regions, the largest number of “Russian” companies can be found in each sector in Riga and in Latgale.

16. Business in Latvia is polarised on the basis of the ethnic principle only in some sectors, but on the other hand, there are sectors such as industry and construction in which the number of Russian employees exceeds the number of Latvian employees - even though there are no “Russian” companies in those sectors.

17. The survey results show that the direction for international co-operation of a company usually has nothing to do with the ethnic structure of that company’s employees.

18. At the same time, however, the quantitative analysis and the in-depth surveys did find that the style of business at “Latvian” and “Russian” companies differs, and there is an informal distribution by sector - “Russian” sectors include the oil business, trade, sports clubs, car repair shops, alcohol sales, etc., while “Latvian” companies dominate in agriculture, construction and industry (even though there are lots of Russians who work in those sectors).

19. Because “Russian” business operations tend to be more dynamic, there is reason to think that those sectors in which “Russian” business dominates involve higher risk.

20. Survey results showed that Latvians do not dominate in all sectors. In the service sector, the number of Russians and Latvians is virtually identical, and in the industry and construction sectors, there are more Russian than Latvian employees. The industry and construction sector is also the one with the largest number of other non-Latvians. It may be that this trend is typical in construction and industry, where state language skills are not of decisive importance where, in the construction industry in particular, many people work “unofficially.

21. The ethnic composition of a company’s staff determines the choice of a language that is used at work, but there are differences here. Although there are virtually identical numbers of Latvians and Russians in the service sector, the primary language in the working environment in that sector is Latvian.

22. The survey results showed that in all sectors, Latvian is used *mostly* or *exclusively*, and Russian is the second language. There is a considerably high rate of Russian language use in construction and industry, as well as in wholesale and retail operations.

23. The survey results show that employers prefer to hire young people and individuals in the 31-35 age group, as opposed to older workers. The highest proportion of young people is found in the industry and construction sector, while in all of the other sectors, the number of young people is virtually identical. There are few differences in terms of the number of older workers in the various sectors, but the smallest number is found in the industry and construction - the service sector, where young people dominate.

24. On a region-to-region basis, there are varieties, according to the survey. The number of older workers is increasing in all regions, and the number of young employees is declining. No young people were found in the 3rd (the service) sector in Latgale and Zemgale.

25. The information that has been collected indicates that there may be problems in introducing the Information Society in Latgale and Zemgale.

26. It has to be remembered that this survey covered only 422 companies, and the analysis of those companies provides us with a short review of the question of the research. The economic analysis would be much more complete if the number of surveyed companies were proportional in each sector.

27. No factors which have a fundamental effect on the process of integration in Latvia were identified in this survey, but there are several areas in which public integration policies can be improved on the basis of economic factors.

CONCLUSIONS

Analysis of the statistical information that was collected during the research process and of the results of the survey that was conducted allow us to come up with the following conclusions:

- 1) We now have a sense of the way in which economic factors affect public integration and vice versa.

Ethnic polarisation among companies is on the wane in Latvia, and the scene is dominated by ethnically mixed enterprises. Reduction in polarisation process and forming of mixed enterprises is promoted by state language law and by economic factors:

- The inflow of foreign capital, which leads companies to focus more on “Western” standards;

- Globalisation and Latvia’s accession to the European Union.

“Mixed” companies have a positive effect on public integration, because people at work communicate in both languages. There is the possibility of information transfer, and there are fewer opportunities for segregation (although secession does exist).

Purely “Russian” companies are mostly found at the level of small enterprises and short-term business. According to expert interviews, **this is the segment of companies that could be the target group for economic integration.**

Economic factors also, however, have a deleterious influence on the integration of generations. The quantitative survey showed that companies are happier to hire younger, as opposed to older employees. Gender equality is not affected by economic factors.

Public integration, for its part, affects the economy in that language skills are of importance in finding a job and then doing the work. A lack of language skills is seen as a key shortcoming when people apply for jobs. Even if professional skills are sometimes more important, survey respondents say that language skills are necessary for communications with clients and for written documents. This means that public integration enhances the individual’s economic opportunities.

An important conclusion can be drawn from the in-depth interviews - ideas about “Russian” business are distinctly negative, but no quantitative confirmation of this has been found. The belief is (among Latvian population), for instance, that “Russian” businesses collaborate with the Russian Mafia, but quantitative data do not indicate that the international activities of “Russian” companies are particularly focused on Russia. The negative impression of “Russian” business is transferred to the entire ethnic group, and this, of course, hinders public integration. This means that **in support of public integration, more true and positive information about “Russian” business must be ensured.**

- 2) Researchers did find out the way in which integration processes affect the national economy. The hypothesis for the study was that the stratification of business can influence economic stability if it is manifested as an orientation toward economically instable market such as the Russian market.

As was noted before, the survey found no direct links between the ethnic makeup of a company on the one hand and its area of external business operations on the other. Still, negative concept about the nature of “Russian” business - concepts that have neither been proved nor disproved so far - cause people to be cautious about

sectors which are dominated by “Russian” businesses, the retail sector in particular, according to the survey.

With respect to specific issues, the following conclusions were drawn:

- There is no distinct polarisation in business, and increasing numbers of ethnically mixed companies are being established. This has a positive effect on public integration, and so polarisation of business cannot have a fundamental effect on the emergence of the Information Society in Latvia. Language barriers are gradually deteriorating, and use of the Latvian language as the local Information Society communications resource and the English language as the international means for Information Society communications is expanding as people more and more come to understand the meaning and importance of languages;

- Special steps that are to be taken toward the establishment of the Information Society and that are in step with the structure and behavioural model of society are necessary in the sense that in rural areas, many working people are elderly, and they have greater trouble in adapting to the Information Society. The accessibility of means of communications must be enhanced, because that promotes an orientation toward the international market and toward international business behaviour. As has been seen in this research, this promotes the integration of society;

- No key threats against the country’s economic structure were identified, and so there is no visible need for special structural and policy steps in the national economy so as to strengthen the stability of the system in relation to the orientation of significant numbers of companies and businesses toward economically unstable zones and the resulting risks against more rapid economic development. At the same time, however, it must be noted that the study cohort and the questions that were posed were not appropriate for a more detailed analysis of these issues.

When it comes to facilitating regional development and evening out regional differences, it can be noted that one target group for public integration policies could be small companies in which ethnic secession is more distinct. The Latgale region would also be a proper target audience.

RECOMMENDATIONS

The purposeful inclusion of an economic dimension into public integration policies and strategies is to be recommended, and it could manifest itself through a variety of activities:

- Facilitating the emergence of mixed companies, improving the chance for non-Latvians to work for such companies on the basis of the following considerations:
 - Enhancing the opportunities for non-Latvians in the labour market, doing everything possible to allow individuals to learn the Latvian language and other languages;
 - Not exaggerating, at the same time, the importance of language skills and ensuring that language requirements do not hinder the ability of people to learn professional skills - something that must be taken into account as school reforms are developed further;
- Conducting more in-depth research about the nature of “Russian” businesses and providing public information about the results of such research so as to dissipate suspicions and reducing the negative approach that exists toward the economic activities of non-Latvians. This would exclude any possibility of manipulation with untested suppositions in this area for political purposes;
- Developing policies which promote the integration of generations in the economy and in employment, particularly focusing on the employment of older people and providing targeted opportunities for lifelong learning and adult education.