BUSINESS SERVICES SECTOR IN LATVIA 2026

RIGA

In Cooperation with
Riga Investment and Tourism Agency

ABSL

Report prepared by the Association of Business Service Leaders in Latvia (ABSL Latvia) in cooperation with the Riga Investment and Tourism Agency, Colliers, Figure Baltic Advisory.

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Chapter 1 – ABSL Latvia (Business Services Sector in Latvia, 2026)

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GENERAL INFORMATION ABOUT RIGA, LATVIA

Market Access and Connectivity

Riga is the largest economic centre in the Baltic States and provides access to a regional market of over 6 million people within approximately a three-hour drive.

The city benefits from strong international connectivity: Riga International Airport offers direct flights to more than 100 destinations, while the Port of Riga maintains links with around 50 ports globally.

Language Skills

The workforce in the Riga region is highly multilingual, with 95.9% of residents speaking at least one foreign language and nearly 75% fluent in two or more.

International Integration

Latvia is a member of the European Union and the euro area, enabling the free movement of goods, services, capital, and labour. It is also part of key international organisations, including NATO, the WTO, and the OECD.

Economic Environment

According to economic freedom rankings, Latvia places 15th among European countries and 24th globally, reflecting a business-friendly and open investment climate.

Tax Competitiveness

Latvia's tax system is internationally recognised for its competitiveness, ranking 1st in the International Corporate Income Tax Index 2025 and 2nd in the International Tax Competitiveness Index 2025.

Global Competitiveness

In global competitiveness assessments, Latvia ranks 38th overall and 34th in terms of business efficiency.

Talent and Human Capital

Latvia also performs strongly in global talent metrics, ranking 21st overall and 13th for investment in talent development and growth.

FOREWORD

Alesja Kircenko

Chairperson of the Board at ABSL Latvia

It is our pleasure to present the seventh edition of the *Latvian Business Services Report* – a comprehensive, data driven overview of the Global Business Services (GBS) industry in Latvia. The report highlights key developments, achievements, and future plans, providing valuable insights for both established market players and potential investors seeking to make informed, long term strategic decisions.

Over the past year, the industry has continued to expand the scope and complexity of services delivered from Latvia, both in terms of geographical reach and functional capabilities. Importantly, this momentum is set to continue, as 70% of this year's respondents indicate plans to further expand their operations in 2026.

The findings clearly demonstrate that the Latvian GBS sector is evolving into a mature, knowledge intensive environment characterized by highly skilled and experienced talent. This is supported by a technologically advanced and forward looking ecosystem, as well as a city that offers a high quality business environment, modern infrastructure, and strong connectivity. Together, these factors position Riga as an increasingly attractive and competitive destination for global business services operations.

We would like to extend our sincere gratitude to all participating companies for their valuable contributions and insights, which made this report possible and continue to strengthen its relevance and credibility. We would also like to express our heartfelt appreciation to the Riga Investment and Tourism Agency for their continued support and strong partnership, which plays a vital role in the development of the industry and the creation of this report.

RIGA'S STRATEGIC ROLE IN A CHANGING GEOPOLITICAL LANDSCAPE

Fredis Bikovs

Director, Riga Investment and Tourism Agency

Riga, the capital of Latvia, continues to strengthen its position as a competitive location for Global Business Services (GBS) in Central and Eastern Europe. As companies increasingly prioritise resilience, talent, and long-term stability, Riga stands out for its skilled multilingual workforce, competitive business environment, and strong connectivity.

According to Fredis Bikovs, Director of the Riga Investment and Tourism Agency, investment decisions today are shaped not only by cost, but also by confidence. "Companies want to know they can build and scale operations in an environment that is stable, well-connected, and capable of supporting future growth."

A Trusted Destination for International Business

One indication of growing international confidence and Riga's reputation as a trustworthy and reliable business location was the ABSL Forum, hosted in Riga in autumn 2025. The event brought together around 200 global business leaders, policymakers, military experts, and innovators to discuss the future of business services and economic resilience in Europe.

As discussions focused on sustainable business development strategies in Europe, the key conclusion was that geopolitical and economic uncertainty in Europe is accelerating transformation across the business services sector. In this context, locations that combine stability with flexibility, such as Riga, are becoming increasingly relevant.

A Mature and Resilient GBS Ecosystem

Riga offers a well-established GBS ecosystem, allowing companies to scale operations efficiently without starting from scratch. Major global players, including Accenture, SEB, and Circle K, have developed large, multifunctional service centres employing between 1,000 and 1,700 professionals.

At the same time, many traditional GBS locations across Europe are experiencing saturation, rising costs, and intense competition for talent. Riga, by comparison, remains less crowded and more balanced.

Expansions and New Investments Reflect Growing Confidence

Recent investment decisions further highlight Riga's increasing attractiveness in a more complex global environment. Earlier this year, Epson announced the establishment of its new European Business Services centre in Riga. The company selected Riga from 28 cities across 18 countries, citing factors such as political and economic stability, workforce quality, language capabilities, and cost competitiveness.

"What we increasingly hear from investors is that predictability matters," says Bikovs, "companies need confidence when planning for the next five or ten years". Latvia's transparent business environment and steady wage growth make long-term workforce and investment planning easier.

Talent and Capability as Core Strengths

Talent remains one of Riga's strongest assets. The city is home to the country's largest concentration of business services professionals and benefits from a strong network of universities, international employers, and technology companies. English proficiency is widespread, often complemented by additional European and Nordic languages.

"Companies consistently highlight the mindset of the workforce," Bikovs adds, "professionals in Riga are quick to adapt, have a global mindset, and comfortable working in complex cross-border environments. These qualities are becoming increasingly more valuable."

At the same time, the city's capabilities continue to expand beyond traditional support functions. More companies are establishing advanced IT, engineering, automation, and digital services teams in Riga, reinforcing its position as a centre for higher-value business activities.

Balanced Growth and Quality of Life

Quality of life is another factor that contributes to the city's attractiveness. Unlike many larger metropolitan centres, the city combines a vibrant cultural scene with a compact and accessible urban environment.

Riga is one of Europe's greenest capitals, with forests, beaches, and extensive urban parks all within easy reach. Short commuting times and a walkable city centre allow residents and visitors to enjoy a more balanced lifestyle.

Efficiency, Accessibility, and Connectivity

Riga combines strong physical and digital connectivity. Riga International Airport provides access to over 100 destinations, while EU single market access ensures seamless integration into regional and global business operations.

Companies operating in Riga benefit from Latvia's advanced digital infrastructure and efficient public services. Most public services are available online, and company registration can typically be completed within 1 – 2 days.

One of the advantages of Riga is its accessibility. As Bikovs puts it, "whether you're speaking about government institutions, universities, or the business community, it's possible to bring the right people together quickly and move projects forward efficiently".

Outlook: Resilience as a Competitive Advantage

In a world where uncertainty has become the new constant and companies continue to adapt to changing economic and geopolitical conditions, they are looking for locations they can trust. And as Bikovs summarizes, "Riga offers more than competitiveness - it offers resilience, talent, and stability. That is why more international businesses are choosing Riga not only for today's opportunities, but for tomorrow's growth".

ABSL LATVIA

The Association of Business Service Leaders in Latvia (ABSL Latvia) represents the largest Shared Services Centres (SSC), Global Business Services (GBS), Business Process Outsourcing (BPO), and Information Technology Outsourcing (ITO) centers operating in Latvia. Established in 2019, the Association serves as a platform for dialogue, collaboration, and strategic alignment between the business services community, government institutions, academia, and other key stakeholders - both locally and internationally.

In 2025, ABSL Latvia successfully hosted the second ABSL Latvia Summit, the largest GBS-focused event in the Baltic States. The summit brought together industry leaders, experts, and professionals from across the Baltics and beyond to exchange insights on key trends shaping the sector and to foster meaningful networking opportunities.

Alongside the Summit, ABSL Latvia continued to actively deliver on its five core pillars:

Cooperation with Universities

ABSL Latvia expanded its Guest Lecture initiative across leading Latvian universities, connecting students with industry professionals and providing practical insights, career guidance, and exposure to real-world business challenges.

Knowledge Exchange

Through regular industry meetups and events, ABSL Latvia brings together professionals to share experiences, best practices, and insights, strengthening internal competencies and fostering cross-industry collaboration.

Industry Awareness

ABSL Latvia actively contributes to public dialogue as a thought leader, participating in forums, discussions, and national debates. The goal is to enhance public understanding of the business services sector and highlight the wide range of career opportunities it offers.

Annual Business Services Report

Each year, ABSL Latvia publishes the Latvian Business Services Report, providing comprehensive data, insights into industry trends, and forward-looking perspectives essential for policymakers, investors, and business leaders.

Policy Advocacy

ABSL Latvia maintains close engagement with national ministries and policymakers, acting as a bridge between the private sector and government. Through this work, the Association addresses regulatory challenges, promotes improvements, and supports Latvia's competitiveness as a destination for business services.

ABSL Latvia Members and Strategic Partners

BUSINESS SERVICES INDUSTRY IN A NUTSHELL

57

Number of Business Service Centers based in Latvia

20,069

Jobs (March 2026)

52%

Business Service Centers operating in Latvia more than 10 years

IT, Customer Operations, Finance & Accounting

Most popular business support functions in 2025

70%

Planning to expand their operations in 2026

48%

Providing their services globally

52%

Organizations plan to increase their headcount in 2026

Top 3 countries serviced from Latvia

57%

Organizations plan to recruit talent from any part of Latvia without relocation to Riga (in the next 12 months)

13%

The average employee voluntary turnover rate reported by the industry in 2025

EUR **1,815**

Average salary in Latvia (2025) before taxes

EUR **2,728**

Average salary in GBS Sector (2025) before taxes

EUR **344.6** million

Total payments made by the industry to the state budget through taxes and social contributions in 2025

The largest tenants of A-class, modern office space in Riga

Industry long-term growth has positively affected the development of A-class offices in Riga

REPORT CONCEPT AND METHODOLOGY

This year, 23 organizations out of the 57 currently operating in Latvia participated in the ABSL Latvia survey, conducted at the beginning of 2026. The survey primarily reviews key data, achievements, and challenges faced by the industry in 2025, while also providing preliminary insights and outlooks for 2026.

ABSL Latvia continues to strive to increase the number of survey participants each year. We are sincerely grateful to every organization that invests time and effort in completing the survey – your contribution enhances the credibility, depth, and reliability of the findings.

A growing segment of the ABSL Latvia member base consists of pure IT centers, delivering IT related services either to their group companies or to external clients globally. The role of IT in Latvia's business services sector continues to expand rapidly, further strengthening the industry's position as a hub for technology driven services.

While the exact definition of the Global Business Services (GBS) industry may vary across countries, in Latvia an organization is classified as part of this sector if it meets the following three criteria:

It operates as part of an international organization, with affiliates or subsidiaries in at least two countries;

It is foreign capital based, reflecting the industry's strong links to international investment;

It primarily exports business or IT services to group companies or external clients abroad.

Organizations within the industry typically fall into one of the following operating models:

Captive centers, which provide services exclusively to their group companies and generally operate as cost centers;

External service providers, which deliver services to clients globally and typically operate as profit centers or regional hubs;

Hybrid models (less common), where organizations combine internal service provision with external client-facing activities.

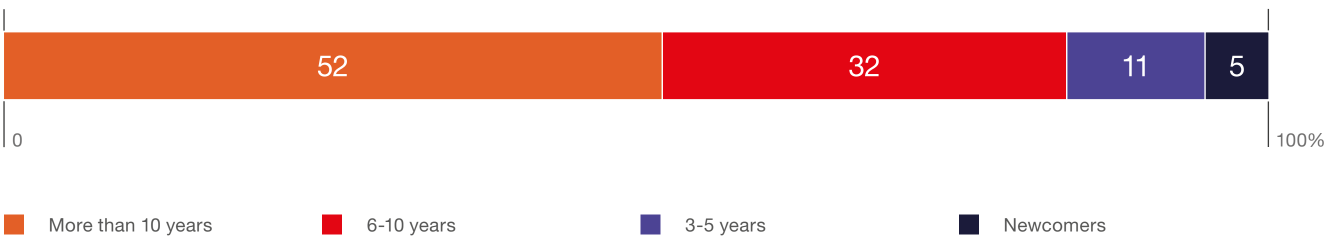
1

OVERVIEW OF THE BUSINESS SERVICES SECTOR IN LATVIA

Characteristics of the GBS Industry in Latvia

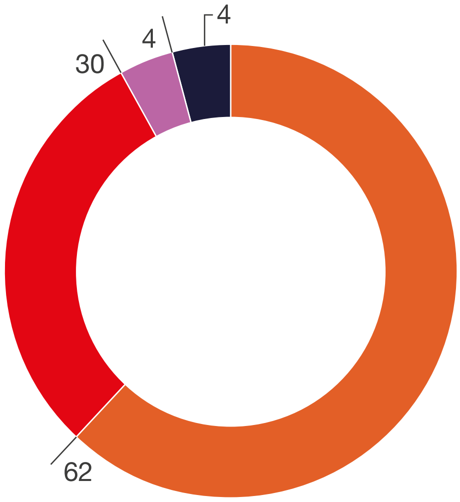
An analysis of the maturity of the GBS industry in Latvia clearly demonstrates that the country has not only proven its value to global organizations but has also established itself as an attractive destination for companies expanding or setting up their business services operations. *Figure 1.1* illustrates the strong and well-established position of Latvia within the global GBS landscape. More than half of all GBS centers operating in Latvia have been present in the country for over ten years, reflecting long-term confidence in Latvia as a stable and reliable location for business services. This longevity highlights key structural advantages such as a skilled and multilingual workforce, a highly developed IT and digital infrastructure, and a supportive business environment. At the same time, the presence of a meaningful share of centers that have entered the market within the last five years, indicates that Latvia continues to attract new investments. This combination of a mature core and a steady inflow of newer entrants suggests a healthy and dynamic GBS ecosystem, balancing stability with ongoing growth and renewal.

FIGURE 1.1 | **Length of time all business services centres have had their operations in Latvia** (%)



ABSL | Chapter content preparation: **ABSL LV**

FIGURE 1.2 **SSC / GBS / IT / BPO centers by operating model** (%)



- Internal unit / captive center (provides services to group companies only) SSC / GBS
- Hybrid model (providing IT and / or Business services to both internal and external clients)
- Internal IT service provider (provides IT services to group companies only)
- Commercial provider / outsourcing center (providing IT services to external clients) ITO

The distribution of operating models represented in this year's survey shows that the GBS landscape in Latvia is predominantly characterized by internal delivery structures. Over 60% of respondents operate as internal units or captive centers (SSC / GBS), providing business support services exclusively to their respective group companies.

The second most common operating model, accounting for 30% of respondents, is the hybrid model, under which centers deliver IT and / or business services to both internal group entities and external clients. In contrast, internal IT service providers, delivering IT services only to group companies and purely commercial outsourcing providers delivering services exclusively to external clients, represent a relatively small share of the market, accounting for 4% each among surveyed organizations.

The strong dominance of internal units and captive centers highlights Latvia's attractiveness as a preferred location for global organizations seeking to consolidate, standardize, and scale their internal processes and operations. This operating model distribution suggests a high level of trust in Latvia as a long-term strategic hub for internal service delivery rather than a primarily third-party outsourcing destination.

FIGURE 1.3 **GBS / IT / BPO centers by country of origin** (%)

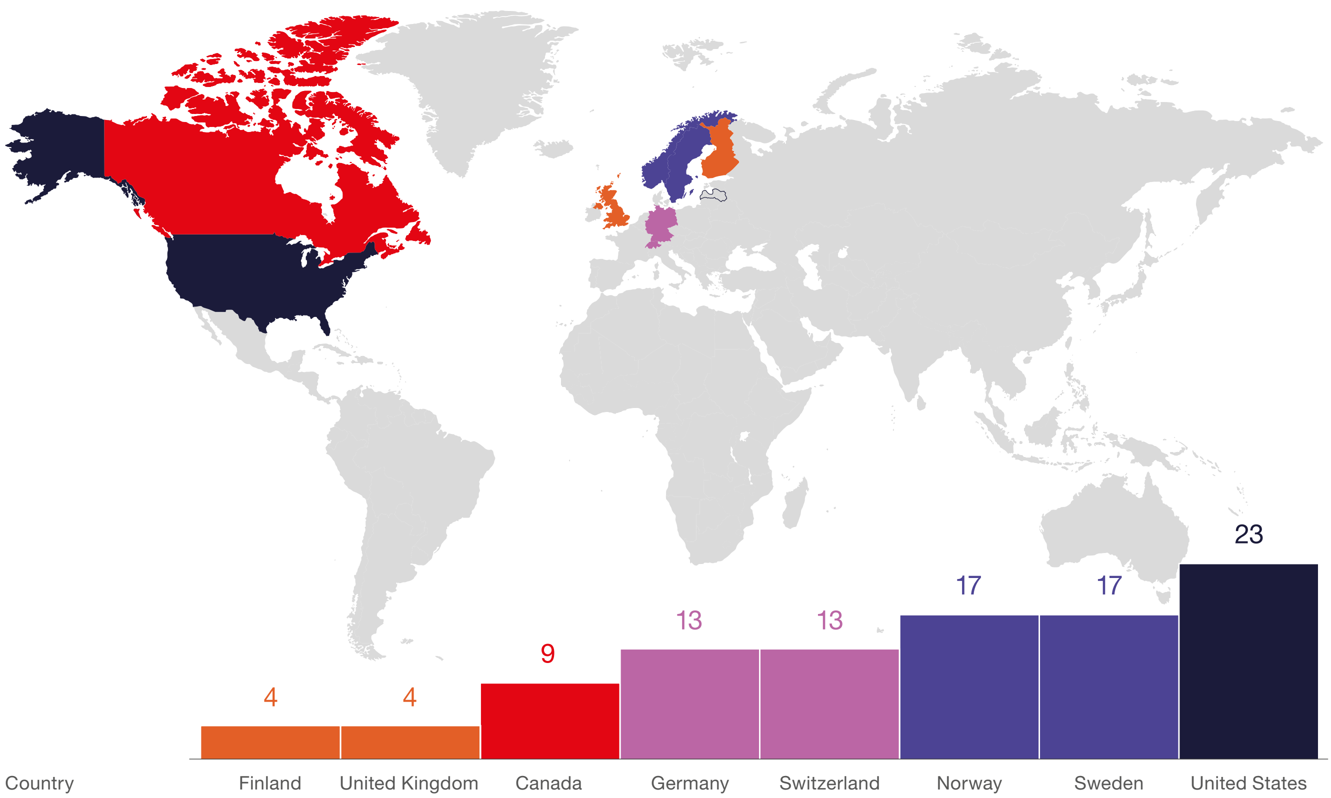
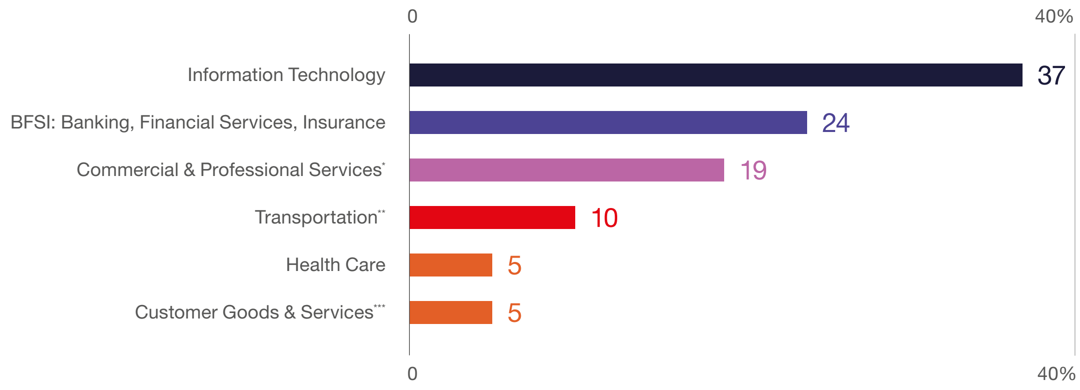


FIGURE 1.4 **Core business of the companies (HQ)** (%)



* i.e. Business Support Services, HR Services, Legal Services, Research & Consulting Service
** i.e. Airlines, Logistics
*** i.e. Automation & Auto Parts, Food & Beverages, Media, Retailing, Leisure

The industry mix highlights Latvia's flexibility and reliability as a location where companies from different sectors can successfully centralize and scale their operations. GBS centers in Latvia are not limited to a single specialization. Instead, they are capable of supporting diverse business needs, from digital and technical services to regulated and process-driven functions.

FIGURE 1.5 **Top markets served by Latvian GBS industry** (%)

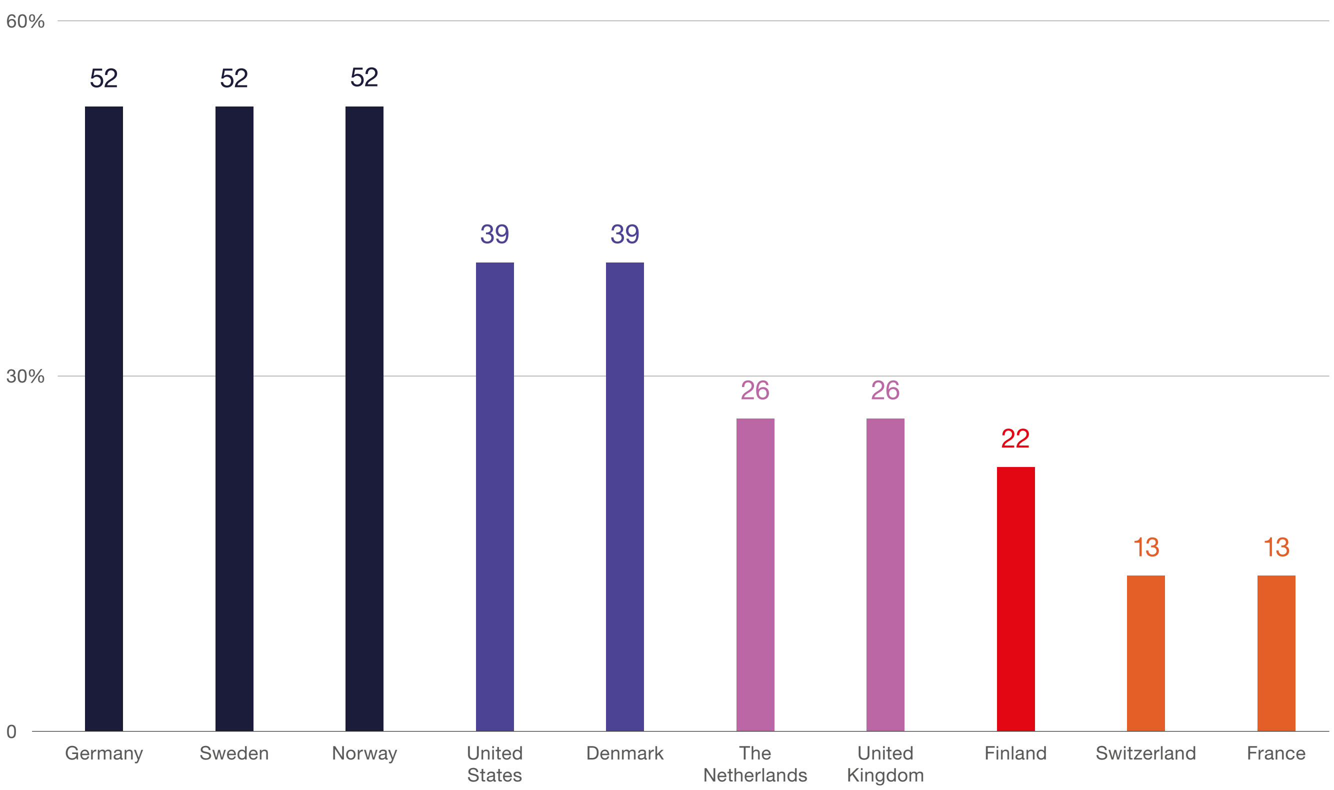
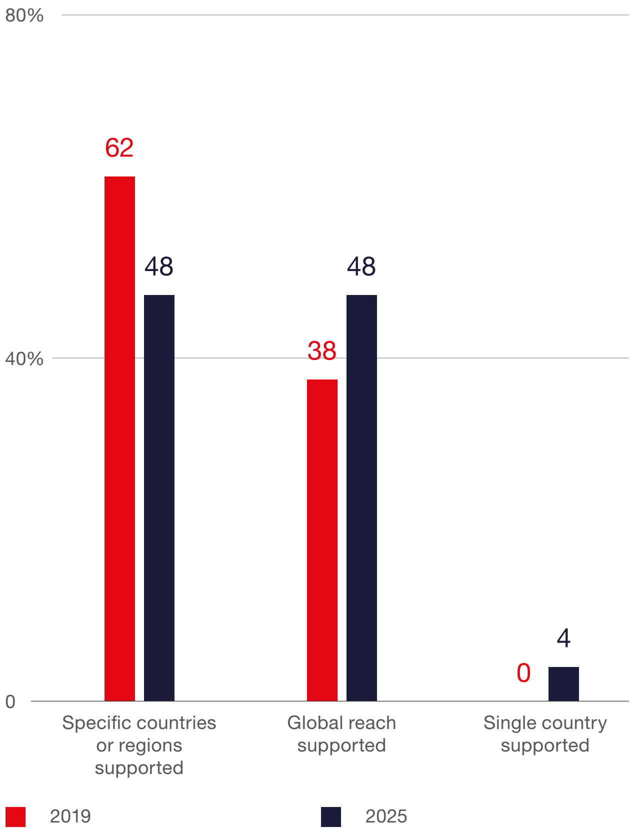


FIGURE 1.6 | **Geographical scope of services** (%)



Over recent years, the GBS and IT services landscape in Latvia has undergone a notable shift in the geographical scope of services delivered. While earlier development stages were characterized by a strong focus on supporting specific countries or regions, centers operating in Latvia are increasingly assuming responsibility for globally integrated service delivery.

As illustrated in *Figure 1.6*, the share of centers providing services with global reach has increased from 38% in 2019 to 48% in 2025, representing 10-percentage-point increase overall and a 2-percentage-point rise compared to the previous year. At the same time, the share of centers supporting specific countries or regions has declined, indicating a gradual move away from more limited, locally focused operating models.

This trend reflects the growing maturity of Latvia's GBS ecosystem and the increased confidence of global organizations in Latvia-based teams to deliver standardized, scalable, and business-critical services across multiple geographies. Expanding the global service scope typically requires advanced capabilities in areas such as process standardization, digital enablement, multilingual support, and cross-cultural collaboration, further reinforcing Latvia's position as a trusted location for higher-value, globally integrated operations.

FIGURE 1.7 | **Process categories supported by business services centers in Latvia in 2025** (%) (Part 1)

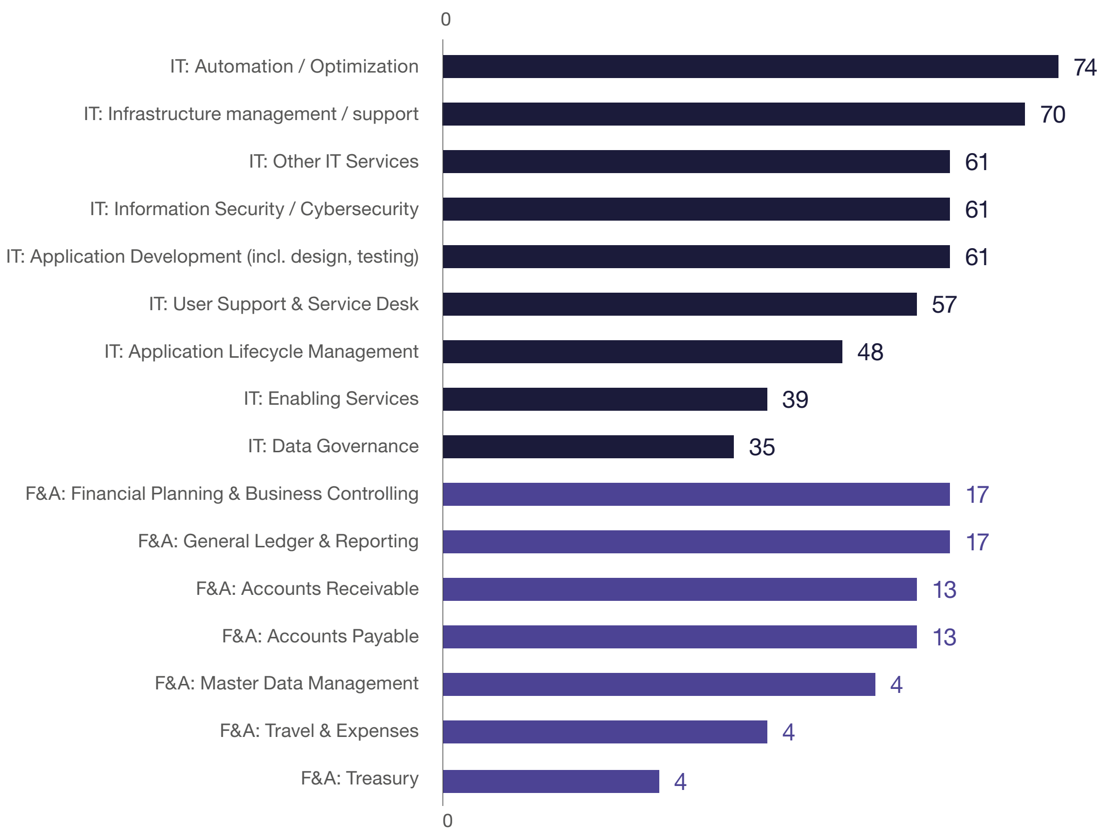


FIGURE 1.7 | **Process categories supported by business services centers in Latvia in 2025** (%) (Part 2)

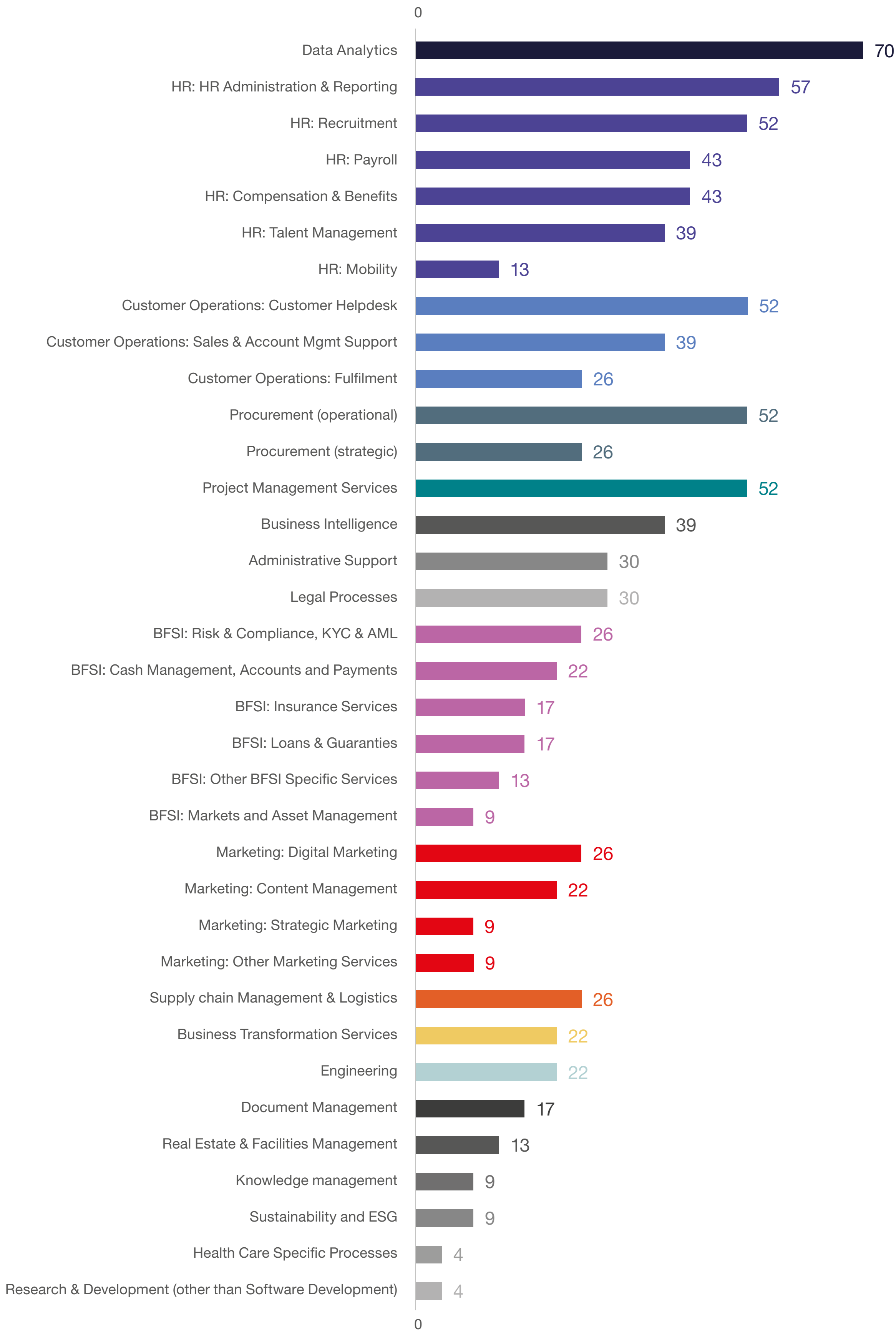
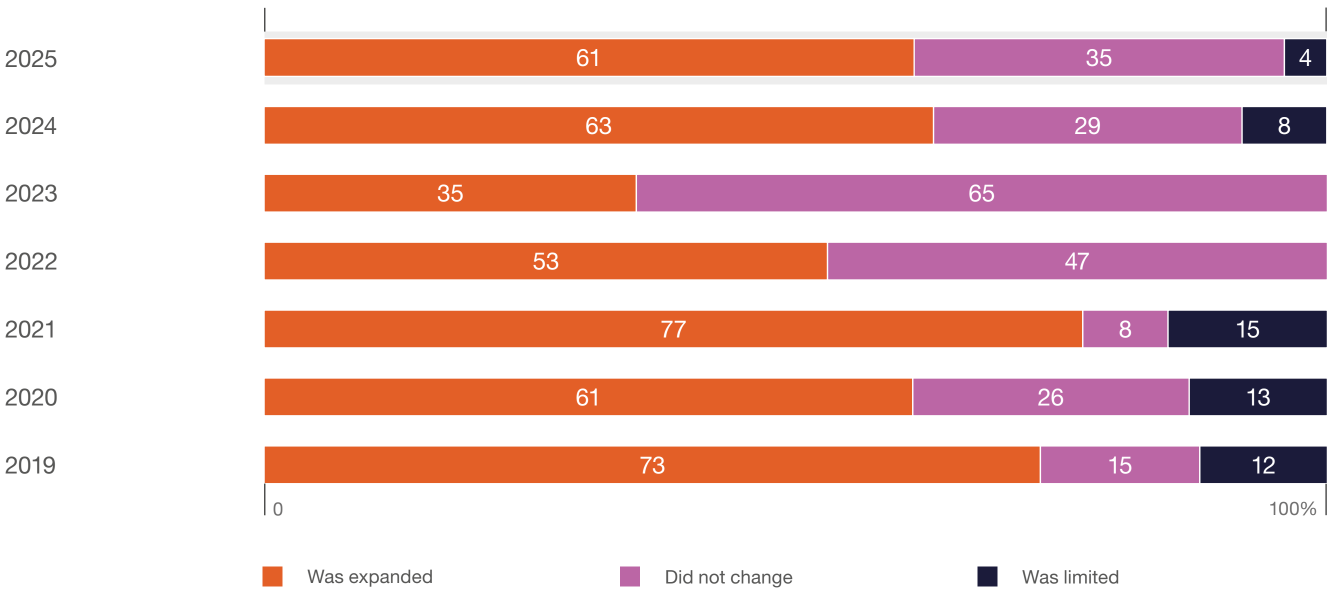
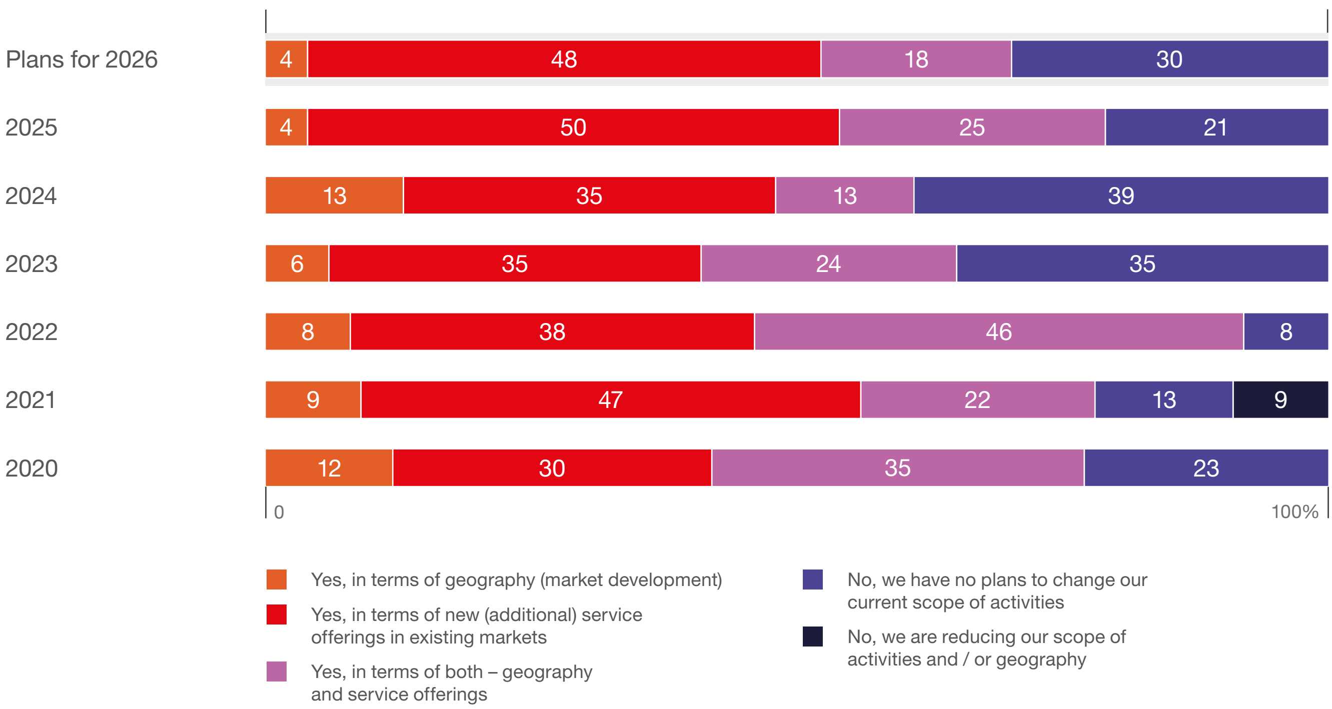


FIGURE 1.8 | **Changes in the scope of services provided (2019-2025)** (%)



The GBS industry in Latvia shows steady and consistent growth. In 2025, 61% of companies expanded their services, either by adding new activities, entering new markets, or both. This is slightly below previous expectations but remains in line with the overall trend observed in previous years. The only slowdown occurred in 2023 due to global uncertainty, after which growth returned to normal levels in 2024 and 2025. Looking ahead, the outlook remains positive. Around 70% of companies plan to expand further in the next 12 months, confirming that Latvia continues to be seen as an important location for future growth.

FIGURE 1.9 | **Industry plans to expand the operations over next 12 month (comparison 2020-2026)** (%)

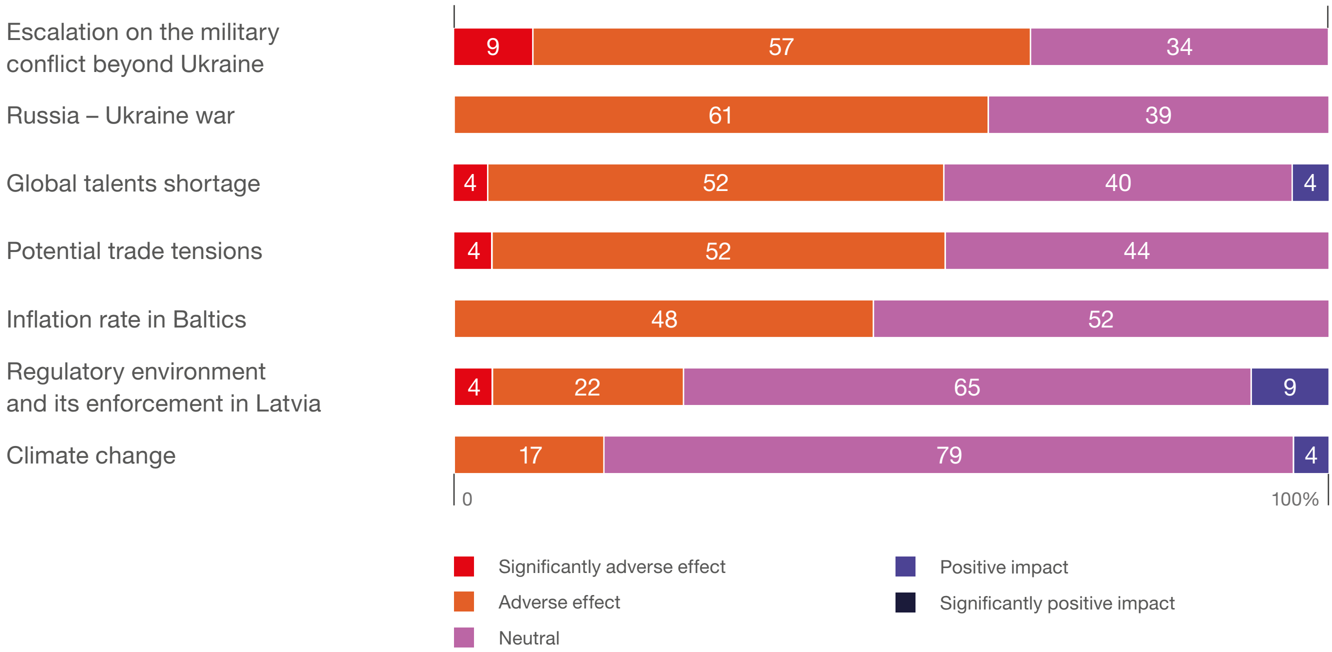


These findings reflect sustainable expansion, consistent with the broader maturation of Latvia's GBS sector, where growth decisions are increasingly driven by strategic considerations, service complexity and long-term value creation.

An assessment of external factors that may influence the future development of the GBS industry in Latvia shows a differentiated outlook across geopolitical, economic, and structural dimensions. Climate change continues to be perceived largely as having a neutral impact on industry activity, with the majority of respondents indicating neither significantly adverse nor positive effects.

In contrast, geopolitical and macroeconomic risks remain prominent concerns, the Russia-Ukraine war is viewed as having adverse or significantly adverse impact by 61% of respondents, representing a 7 percentage points increase compared to the previous year. This indicates that, despite some degree of adaptation by organizations, the prolonged nature of the conflict continues to weigh on business sentiment.

FIGURE 1.10 **Future outlook on factors affecting industry activity in Latvia in 2026** (%)



And even more pronounced increase is observed in perceptions related to potential trade tensions and trade wars. In 2025, 56% of respondents identify this factor as having an adverse or significantly adverse impact, up from 33% in the previous year. This rise suggests that uncertainty in the global trade environment is no longer temporary, but has become a persistent feature, increasing sensitivity to disruptions affecting cross-border operations and integrated service delivery models.

At the same time, concerns related to global talent shortages appear to have eased somewhat. While talent availability remains a challenge, the share of respondents reporting adverse or significantly adverse effects declined by 11 percentage points compared to last year, suggesting that organizations may be benefiting from improved workforce planning, automation, or increased labor market maturity.

Overall, the results indicate that while global geopolitical and trade-related risks have intensified in perceived importance, structural factors such as talent availability and regulatory environment remain manageable for most organizations operating in Latvia.

Employment in the Industry

The employment outlook for the GBS industry in Latvia in 2025 indicates a stable employment environment with continued though measured growth. Based on responses from participating companies, the average voluntary turnover rate stood at 13%, while average involuntary turnover rate was 7%. These levels are consistent with a healthy and balanced labor market, suggesting neither excessive employee attrition nor widespread restructuring.

With regards to headcount development in 2025, 24% of respondents reported an increase in employment, while majority (52%) indicated no significant change in their workforce size. A smaller share of companies reported a decrease in employment (19%), but 5% of respondents started their operations during the year. Although the share of companies expanding employment was somewhat lower than the levels anticipated in prior year's forecast, the overall distribution points to industry stability rather than contraction.

FIGURE 1.11 | **Headcount change in 2025** (%)

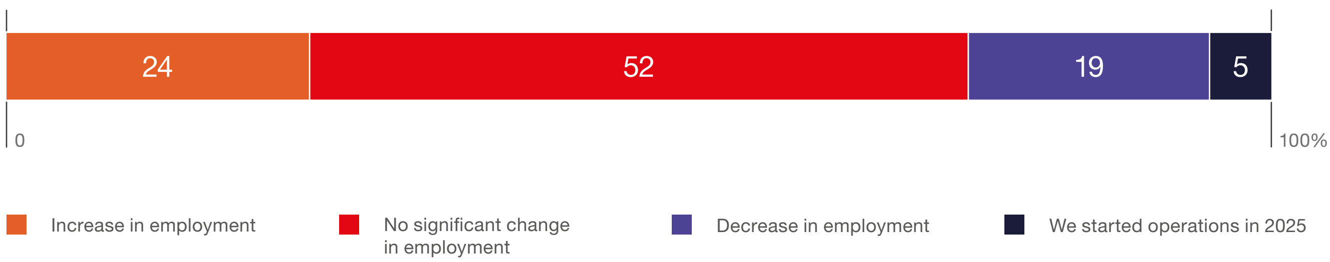
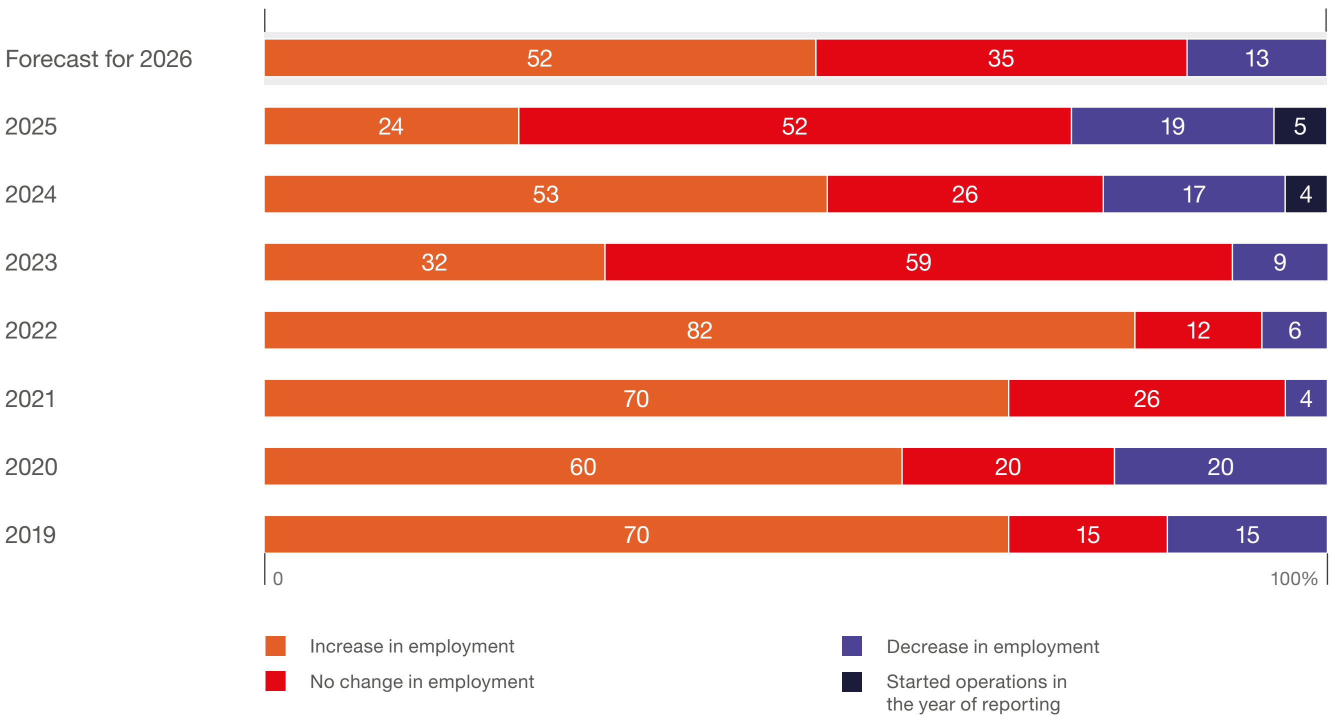
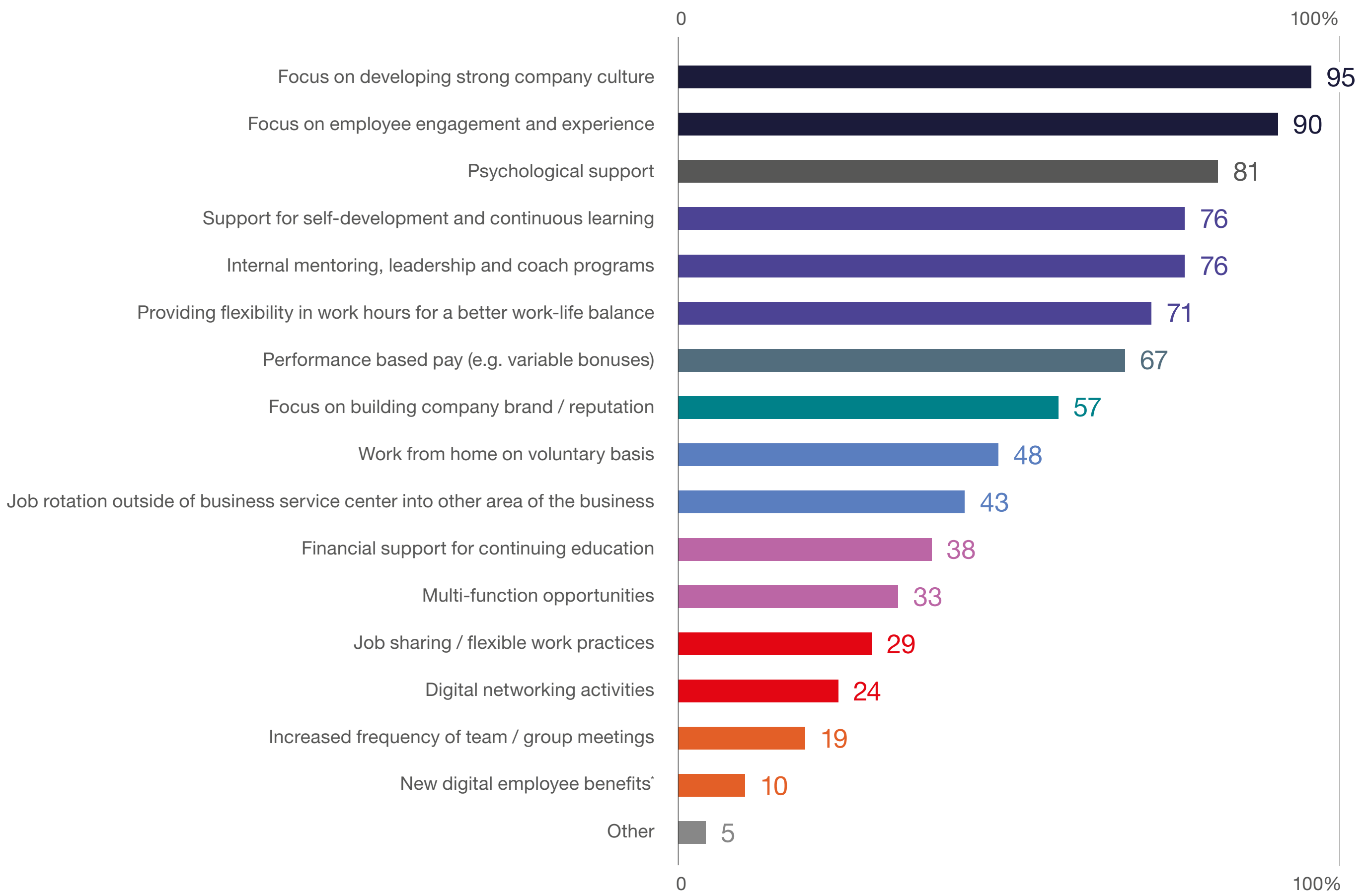


FIGURE 1.12 | **Headcount change dynamics from 2019 to 2026** (%)



When viewed in a longer-term context, headcount dynamics remain broadly in line with historical patterns observed since 2019. Periods of moderate growth have typically coincided with broader global uncertainty, while subsequent years demonstrate a return to expansion as conditions stabilize. The 2025 results align with this trend, reflecting a cautious but resilient employment outlook.

FIGURE 1.13 | **Measures introduced by companies to improve retention** (%)



* e.g. mobile apps access, video streaming subscriptions

Looking ahead, expectations for workforce growth remain positive. More than 52% of respondents indicate plans to increase employment over the next 12 months, while 35% report no plans for significant changes to their current headcount. This forward-looking perspective suggests sustained confidence in Latvia based operations and continued demand for skilled talent to support evolving service scopes and increasing service complexity.

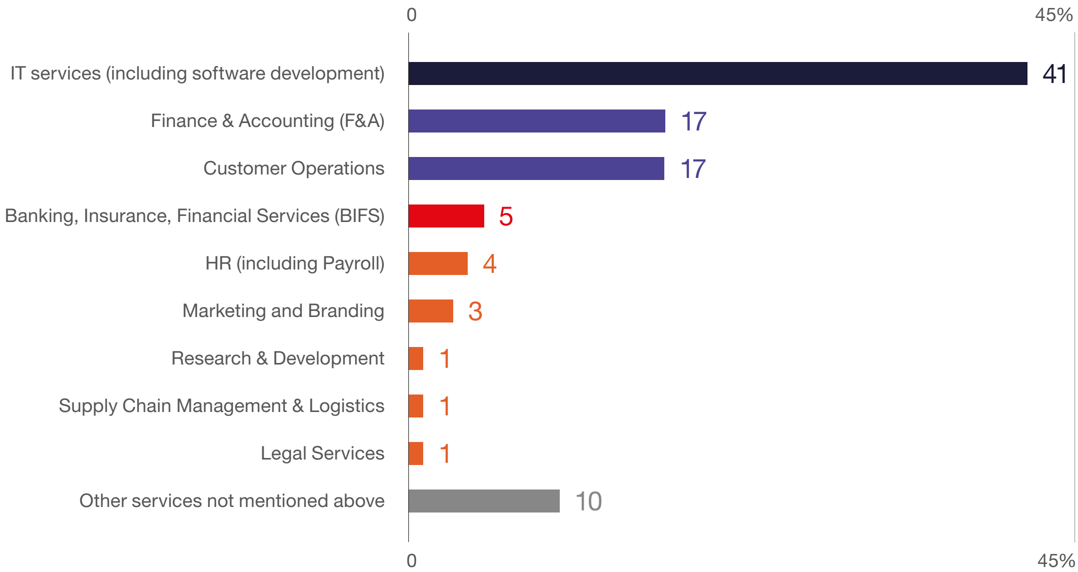
An overview of the measures introduced by companies to improve employee retention highlights a holistic and people-centric approach to workforce management within Latvia's GBS industry. Rather than relying primarily on financial incentives alone, organizations are placing strong emphasis on company culture, employee engagement, wellbeing and long-term development.

As shown in *Figure 1.13*, nearly all respondents (95%) report a focus on developing a strong company culture, while 90% actively invest in improving employee engagement and experience. Wellbeing-related initiatives are also widely implemented, with 81% of companies providing psychological support and 71% offering flexible working arrangements to support better work-life balance.

At the same time, strong emphasis is placed on employee growth and capability building. More than three quarters of respondents highlight internal mentoring, leadership development, coaching and support for self-development and continuous learning as key retention measures. These initiatives reflect the increasing importance of career progression and skill development in retaining talent within a knowledge-intensive service environment.

Compensation-related measures, such as performance-based pay, are present but are less dominant than culture and developmental factors, indicating more sustainable, long-term retention strategies. Overall, the initiatives adopted suggest that companies operating in Latvia are actively responding to evolving employee expectations and reinforcing their attractiveness as long-term employers in a competitive talent market.

FIGURE 1.14 | **Employment structure by business functions in 2025** (%)



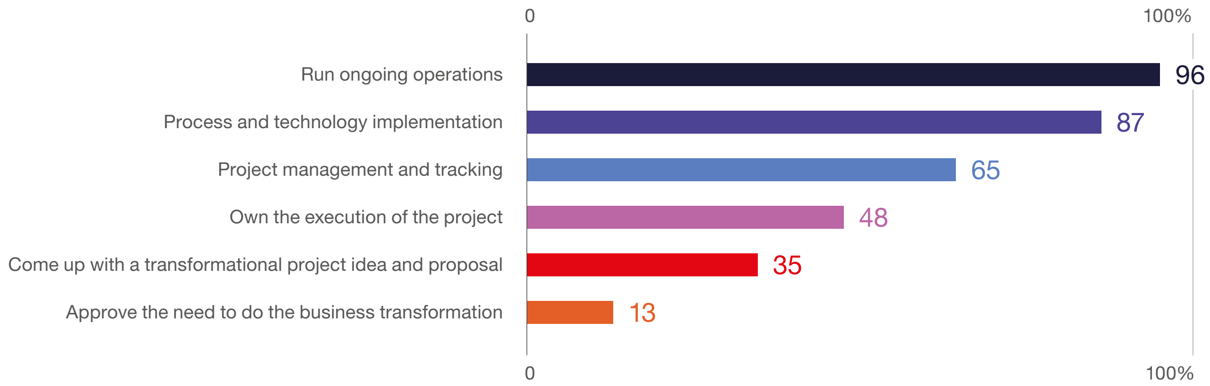
The employment structure of GBS centers operating in Latvia further reinforces the industry's strong orientation towards knowledge-intensive activities. According to this year's survey results, the largest share of GBS professionals is employed in IT services, including software development, which accounts for 41% of total employment within surveyed centers.

This is followed by Customer Operations and Finance & Accounting, each representing 17% of industry employment. Together these functions form the core of many globally integrated service delivery models, requiring a combination of technical expertise, process knowledge, analytical skills and strong language capabilities.

While Banking, Insurance and Financial Services, HR, Legal Services, Research and Development and Marketing functions individually account for smaller shares of total employment, they are typically associated with higher levels of specialization, regulatory awareness and business understanding.

As shown in *Figure 1.15*, GBS centers in Latvia continue to focus on day-to-day operations, but are increasingly taking on a larger role in transformation and decision-making. Most centers are involved in process and technology implementation (87%) and project management (65%), while nearly half (48%) own the execution of transformation initiatives and 35% contribute to developing new ideas. This reflects a clear shift beyond operational delivery toward active participation in strategic initiatives. While final decisions are still typically made at headquarters, Latvia-based teams are increasingly trusted to design, lead, and implement change at scale.

FIGURE 1.15 **Roles Provided by Latvia Service Centers in Global Business Transformation** (%)



As illustrated in *Figure 1.16*, the structure of employment in Latvia's GBS sector has shifted significantly toward more experienced roles. Entry-level and junior positions declined from 28% in 2019 to 13% in 2025, while the share of senior specialists and experts increased from 18% to 31%. At the same time, the proportion of specialists has remained stable, forming a strong base of experienced professionals.

FIGURE 1.16 **Employment structure of business services centers by job category (2019-2025)** (%)

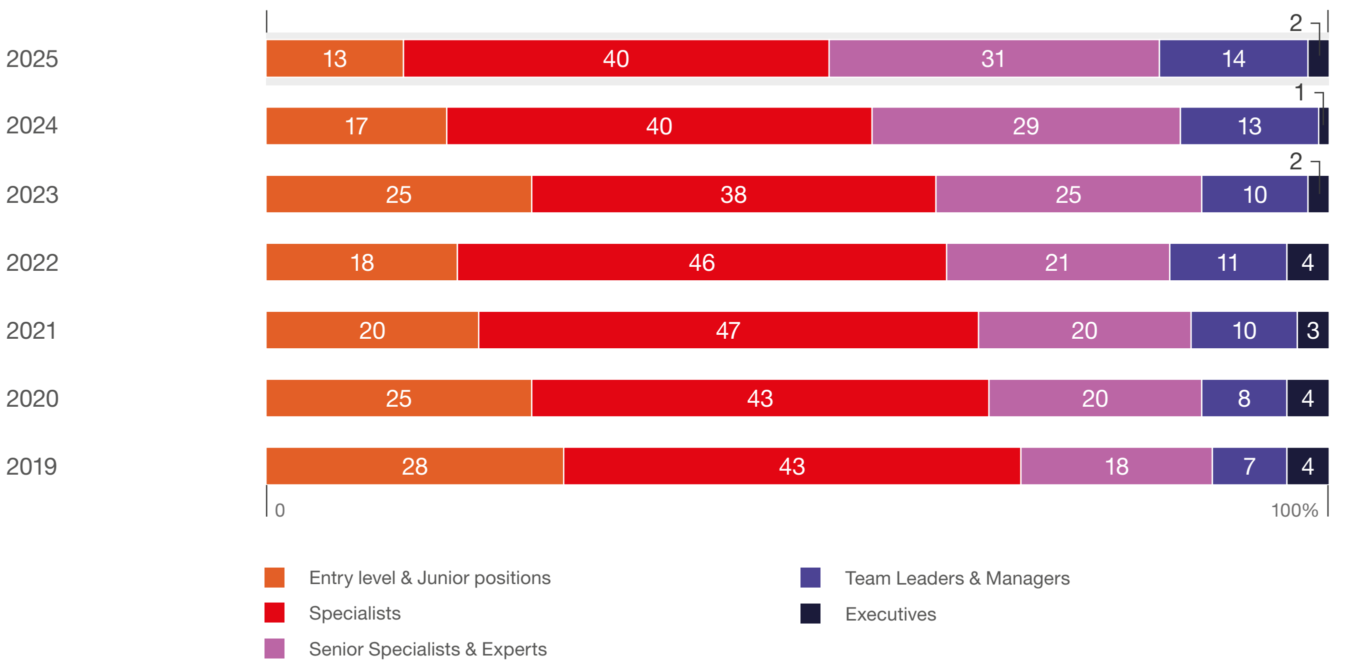
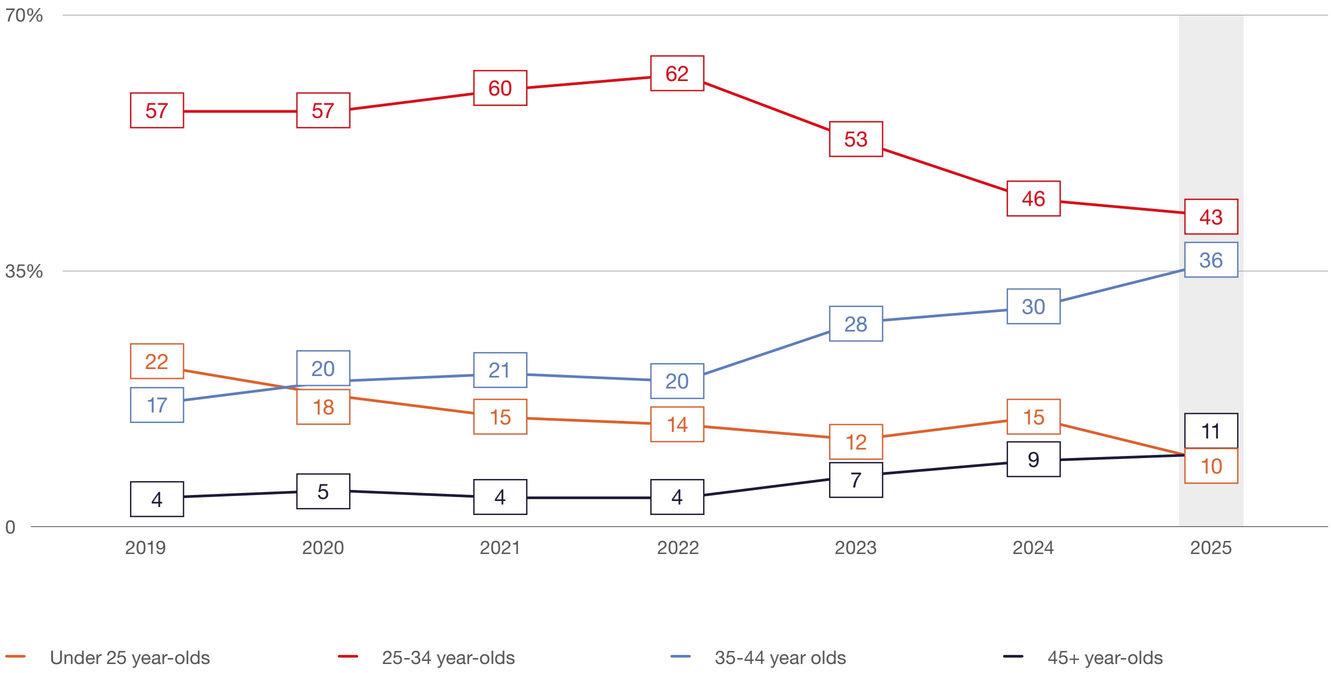


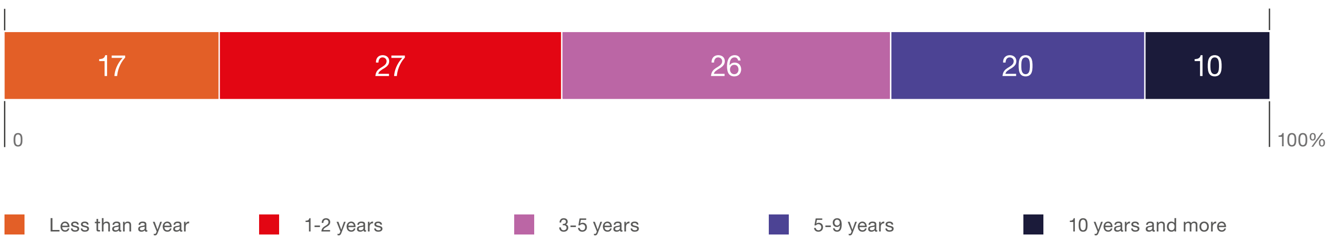
FIGURE 1.17 | **The employment structure of business services centre by age of employees** (%)



An analysis of workforce age distribution in Latvia's GBS industry indicates a gradual shift toward a more experienced employee base. While professionals aged 25-34 continue to represent the largest group, their share has steadily declined in recent years, decreasing from over 60% at its peak to 43% in 2025.

At the same time, the proportion of employees aged 35-44 has increased significantly, rising from 17% in 2019 to 36% in 2025. The share of employees aged 45 and above has also grown, contributing to a more balanced workforce structure.

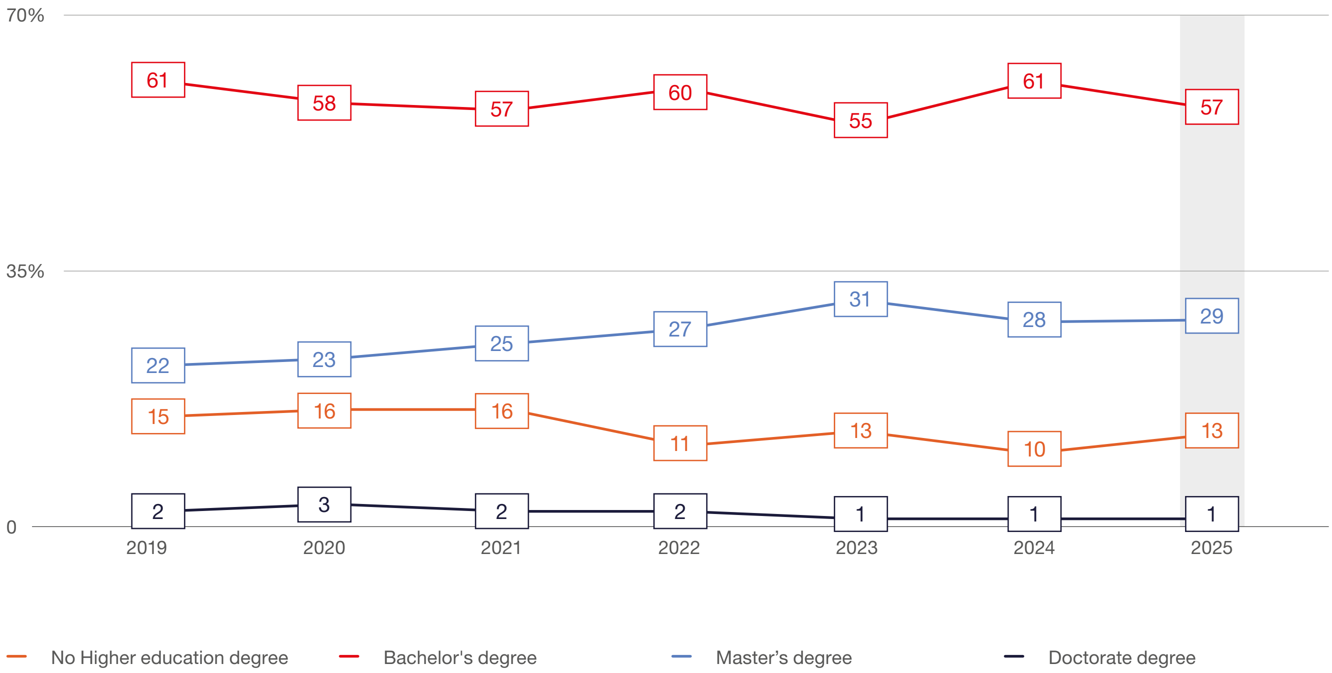
FIGURE 1.18 | **Distribution of workforce by length of employment in 2025** (%)



Age-related trends are reflected in the reported length of employment within the industry. As shown in *Figure 1.18*, more than half of employees have been with their current employer for three years or longer, including 26% with 3-5 years of service, 20% with 5-9 years, and 10% with ten or more years of tenure.

This distribution indicates a relatively stable workforce with a notable share of employees building long term careers within the Latvian GBS sector.

FIGURE 1.19 | **Employment structure by level of education (2019-2025)** (%)



The education profile of employees further reflects the skill level of the workforce. As shown in *Figure 1.19*, the share of employees without a higher education degree remains low, accounting for 13% in 2025.

The majority of employees hold either a bachelor's degree or a master's degree. Bachelor-level qualifications continue to represent the largest share of the workforce, while the proportion of employees with a master's degree has increased over time, reaching nearly one-third in 2025.

Taken together, the developments in job structure, age distribution, employment tenure, and education profile point to a clear maturation of Latvia's GBS workforce. The shift toward more senior roles, combined with an increasing share of experienced professionals and longer tenure, indicates a move away from entry-level, high-turnover structures toward a more stable and capability-driven employment model.

This is further reinforced by the stronger educational profile of the workforce, with the majority of employees holding higher education qualifications and an increasing share possessing advanced degrees. These factors collectively support the growing complexity of services delivered from Latvia, including higher levels of responsibility in global operations and business transformation initiatives.

Overall, the composition of the workforce suggest that Latvia's GBS sector is evolving into a mature, knowledge-intensive environment characterized by experienced talent, long-term career development, and increasing strategic importance within global organizational structures.

Despite the dominance of IT- related functions within Latvia's GBS industry, a field that has traditionally been characterized by gender imbalance, the overall gender structure of the sector remains balanced and stable over time.

Importantly, this balance is also reflected at the management level. The proportion of women within management teams has remained close to parity throughout the observed period, reaching 55% in 2025. This indicates that career progression and leadership opportunities within the Latvian GBS industry are broadly accessible and not limited by function or seniority level.

The sustained gender balance across both operational and managerial roles suggests that Latvia's GBS sector provides an inclusive and supportive employment environment.

FIGURE 1.20 | **Employment structure by gender** (%)

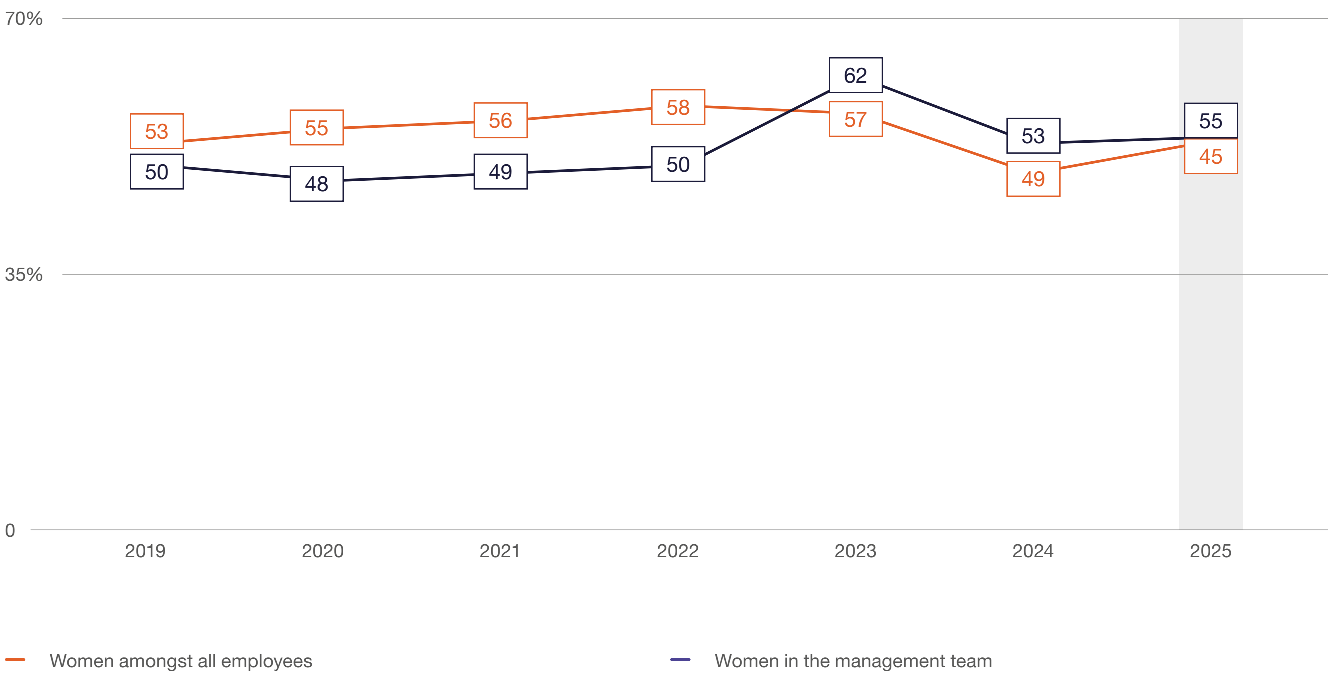
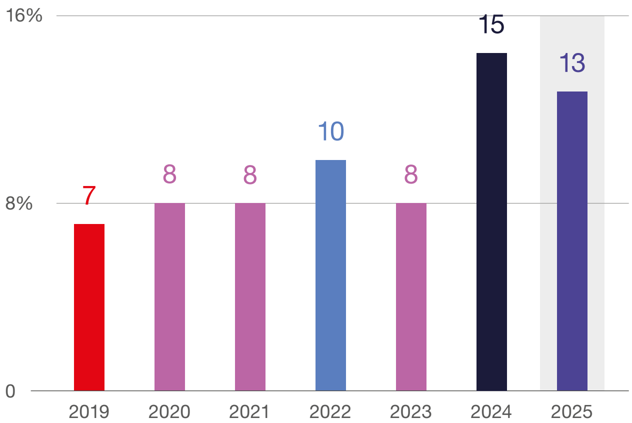


FIGURE 1.21 | **Foreign employees working for industry organizations (2019-2025)** (%)

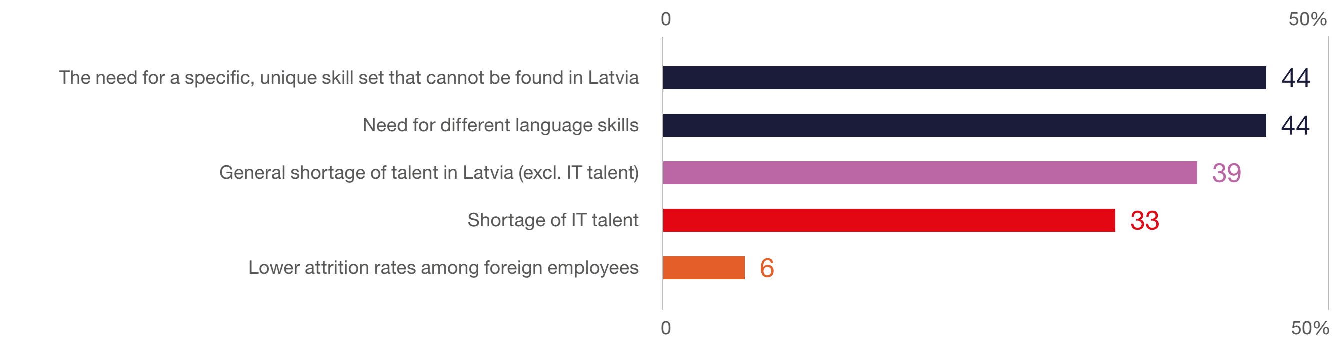


An analysis of the share of foreign employees within the Latvian GBS industry shows a gradual increase over the past two years, with foreign nationals accounting for 13% of the workforce in 2025. While this represents a noticeable rise compared to earlier years, the overall share remains moderate, indicating that the industry continues to be predominantly supported by local talent.

The factors motivating organizations to attract employees from other countries suggest that international hiring is driven primarily by specialization and global service requirements rather than by an overall lack of available talent in Latvia. As shown in *Figure 1.22*, the most frequently cited reasons are the need for specific or unique skill sets that are not readily available locally (44%) and the need for additional language capabilities to support international service delivery (44%).

At the same time, broader labor market considerations play a secondary role, while 39% of respondents point to a general shortage of talent outside of IT-related roles and 33% mention challenges related to IT talent availability, these factors are less dominant than the need to complement existing teams with highly specific expertise. This suggests that foreign recruitment is being used in a targeted manner to address niche requirements rather than as a substitute for local hiring.

FIGURE 1.22 | **Main factors motivating organizations to attract employees from other countries in 2025** (%)



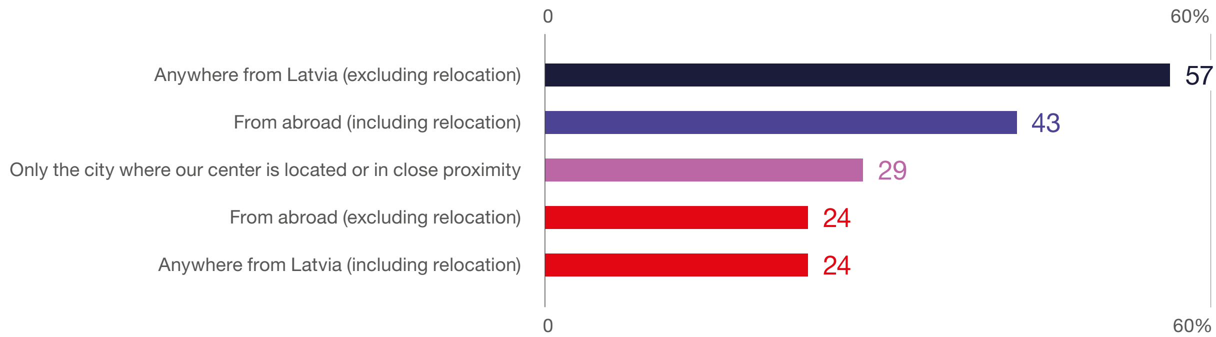
Overall the growing presence of foreign professionals reflects the increasing complexity, internationalization and specialization of services delivered by Latvian GBS centers. Rather than signaling a lack of local capability, this trend highlights Latvia's integration into global talent networks and ability to attract international professionals to support multilingual, technologically advances, and globally distributed operations.

While the share of foreign employees in Latvia's GBS industry has increased in recent years, organizations remain selective and deliberate in their approach to international recruitment. As shown in *Figure 1.23*, the most frequently cited factor discouraging companies from recruiting foreign professionals is the administrative complexity and length of related processes. This indicates that international hiring is not undertaken lightly, but rather pursued when there is a clear business rationale.

FIGURE 1.23 | **Factors discouraging organization from recruiting foreigners** (%)

At the same time, nearly one quarter of respondents indicate that they experience no need to recruit internationally, as the required talent can be sourced locally. A further 19% report that they are able to recruit foreign employees without significant difficulties, suggesting that international hiring, when needed, is increasingly becoming a manageable and familiar process for growing share of organizations.

FIGURE 1.24 | **Industry's recruitment plans over next 12 months in terms of geographical coverage** (%)



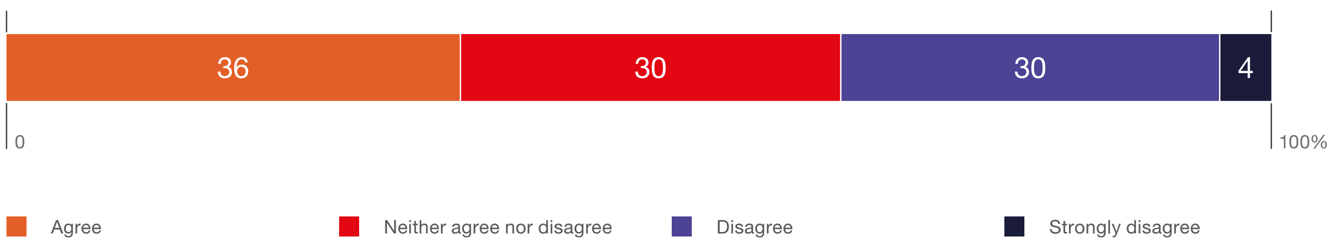
Importantly, recruitment plans for the next 12 month confirm that the Latvian labor market remains the primary talent source for most GBS organizations. As illustrated in *Figure 1.24*, the majority of respondents plan to hire within Latvia, either nationwide or within close proximity to their existing centers. This underscores the continued relevance and availability of local talent for sustaining industry growth.

At the same time, a substantial share of organizations indicates openness to international recruitment where appropriate. 43% of respondents plan to recruit from abroad with relocation support, demonstrating a willingness to invest in attracting highly specific skills or language capabilities when these are required to support global operations. This balanced approach suggests that companies view international talent as a complement to the local workforce, rather than a substitute.

Overall, these findings reinforce the view of Latvia's industry as both locally grounded and globally connected.

Perceptions of competition between centers on the local labor market paint a nuanced picture of talent dynamics within Latvia's business services ecosystem. As shown in *Figure 1.25*, only 36% of respondents agree that competition between centers represents a challenge, while the majority either disagree (34%) or remain neutral (30%). This indicates that, while competition exists, it is not perceived as a systemic constraint across the industry.

FIGURE 1.25 | **Is competition between GBS, SSC, ITO, IF, BPO centres on the local labour market a challenge for your company?** (%)



One contributing factor is the increasing differentiation of GBS operations in Latvia. Rather than competing for a uniform talent pool, organizations pursue distinct recruitment strategies based on their specific service portfolios and skill requirements. These range from advanced IT and digital roles to finance, data analytics, process management, and multilingual customer and business support. As a result, competition is often segmented by expertise rather than driven by volume hiring for interchangeable roles.

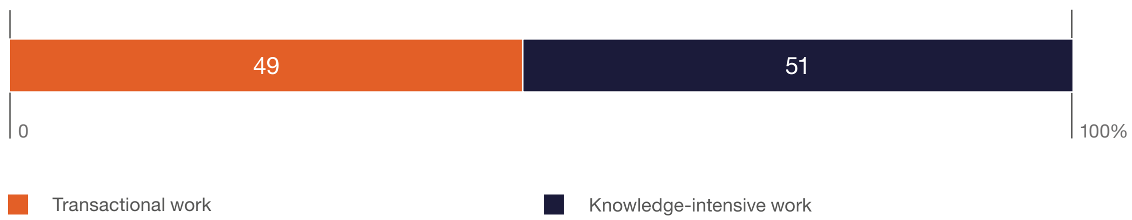
Importantly, this dynamic also plays a positive role in strengthening Latvia's overall talent base. GBS organizations invest significantly in employee development through structured training programs, certifications, leadership development, and exposure to global processes and technologies. This enables professionals to acquire skills and experience that are often not available in smaller local enterprises, particularly in areas such as large-scale operations management, digital transformation, and international service delivery.

As talent moves across industries over time, these capabilities contribute to knowledge transfer beyond the GBS sector, supporting broader economic development and raising skill levels across the Latvian labor market. In this sense, the GBS industry functions not only as an employer, but also as a catalyst for building a highly skilled, internationally experienced workforce.

Overall, the moderate perception of competition, combined with strong investment in professional development, suggests that Latvia's GBS market is evolving toward a mature and differentiated talent ecosystem. Rather than signaling talent exhaustion, the findings reflect an industry that actively creates, develops, and circulates expertise, reinforcing long-term sustainability and value to the national economy.

This trend aligns closely with other findings presented in this report, including the rising share of senior specialists and expert roles, higher education levels within the workforce, longer employment tenure, and the growing involvement of Latvia-based centers in global business transformation initiatives. Together, these indicators confirm that the expansion of knowledge-intensive work is structural rather than incidental.

FIGURE 1.26 **Ratio of transactional work versus knowledge-intensive work in SSC / GBS, BPO, ITO organizations (2025)** (%)



The balance between transactional and knowledge-intensive work further illustrates the evolving nature of Latvia's GBS industry. As shown in *Figure 1.26*, knowledge-intensive activities account for 51% of total work performed by surveyed centers in 2025, marginally outweighing transactional tasks.

While the split appears relatively balanced in the current year, this result should be viewed in the context of longer-term developments. Over recent years, survey responses have consistently indicated a gradual shift toward a higher share of knowledge-intensive work, reflecting the increasing complexity and sophistication of services delivered from Latvia.

FIGURE 1.27 **Foreign languages used by the industry (in actual number of FTEs) to serve the customers in 2025**

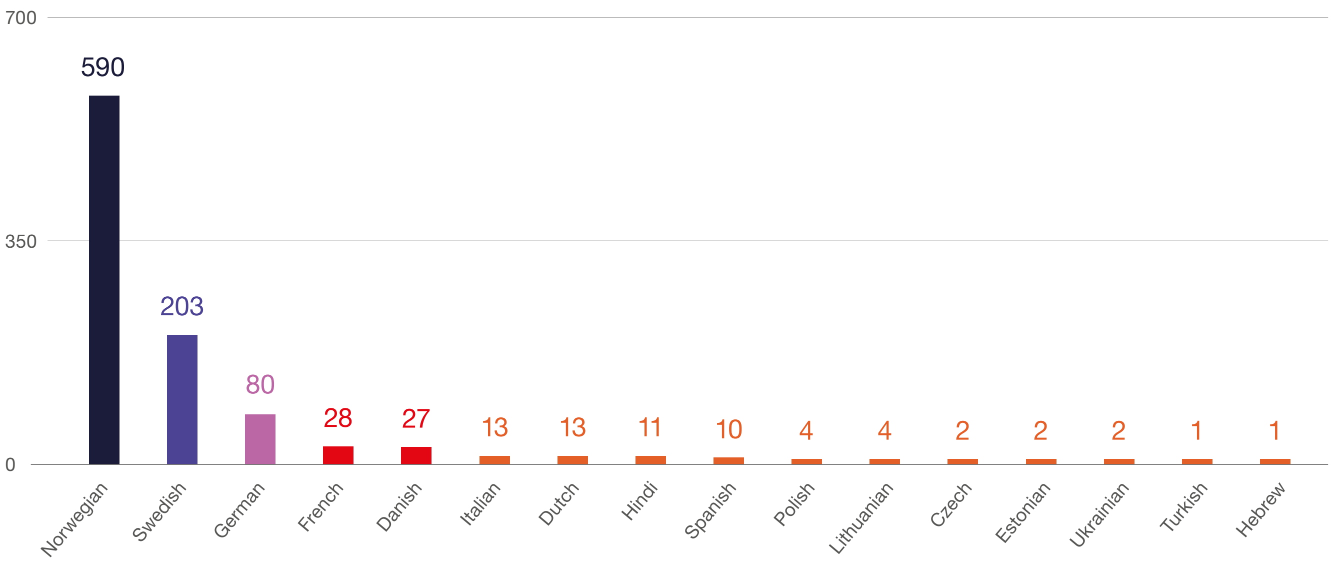
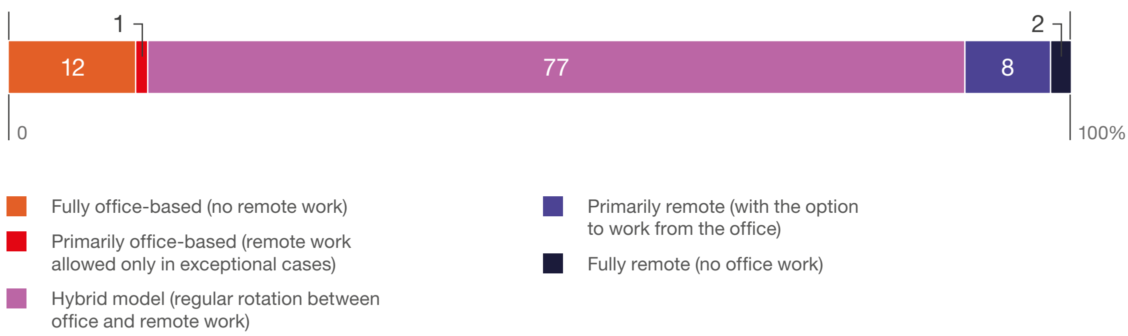


FIGURE 1.28 **Popularity of WFH model among industry organizations in 2025** (%)

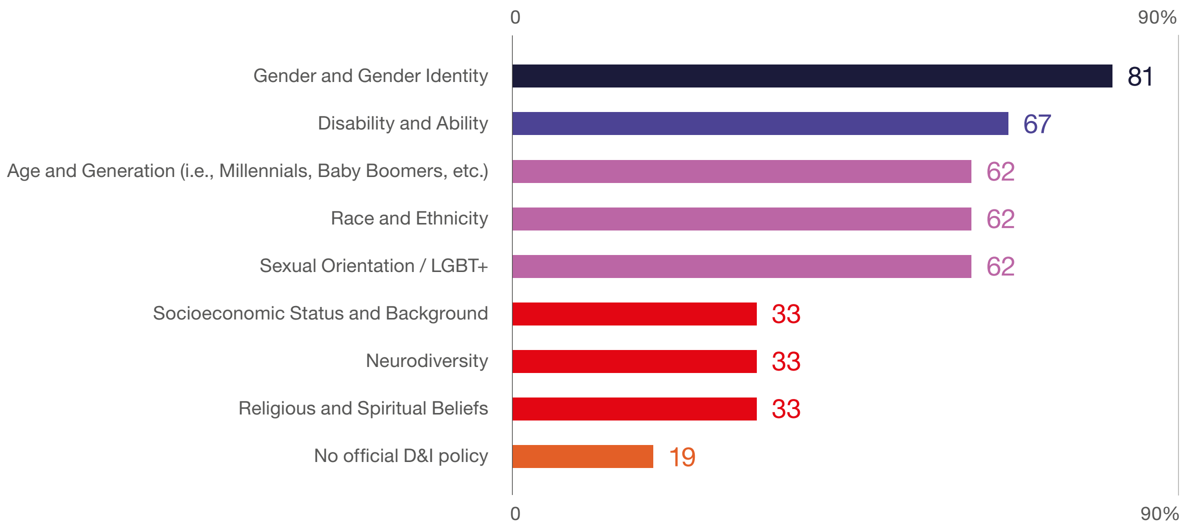


The distribution of working models among GBS organizations participating in this year's survey indicates that hybrid work arrangements continue to be prevailing standard across the industry. As shown in *Figure 1.28*, 77% of respondents operate under hybrid model that combines regular rotation between office-based and remote work, reflecting a continued emphasis on flexibility, employee wellbeing, and productivity.

Compared to the previous year, a noticeable shift can be observed in the share of fully office-based organizations. This year, 12% of respondents report operating entirely from the office, up from 4% in the previous survey. This increase suggests that some organizations are recalibrating their working models in response to evolving operational needs, collaboration requirements, or the nature of increasingly complex and transformation-focused activities.

Overall, the observed distribution of working models reflects a maturing GBS sector in Latvia, where organizations increasingly tailor work arrangements to support collaboration, knowledge sharing, and complex service delivery, while maintaining flexibility as a core element of their employee value proposition.

FIGURE 1.29 **The main focus areas of diversity & inclusion policies / programs implemented by the industry in 2025** (%)



The focus areas of diversity and inclusion initiatives implemented by GBS organizations in Latvia reflect a broad and structured approach to building inclusive work environments. As shown in *Figure 1.29*, the most commonly addressed areas relate to gender and gender identity (81%), followed by disability and ability (67%). These high shares indicate that D&I considerations are increasingly embedded into core people policies rather than treated as isolated initiatives.

Beyond these leading areas, a significant proportion of organizations report active focus on sexual orientation, race and ethnicity, and age and generational diversity, each cited by 62% of respondents. This aligns closely with the evolving workforce profile of the Latvian GBS industry, which encompasses multiple generations, growing international representation, and increasingly diverse professional backgrounds.

As centers increasingly support global operations and complex services, structured D&I practices play an important role in fostering collaboration, attracting diverse talent, and sustaining long-term organizational effectiveness.

When it comes to non-wage benefits offered to employees, the survey results indicate that GBS organizations in Latvia continue to provide a broad and well-balanced range of benefits that go beyond financial compensation. These benefits are regularly reviewed and adapted to meet evolving employee expectations, while supporting work-life balance, wellbeing, and long-term engagement.

As shown in *Figure 1.30*, certain benefits are offered by all industry or nearly all, highlighting a strong focus on employee wellbeing, engagement, organizational culture, support for healthy lifestyles and sustainable commuting. Importantly, a significant share of benefits focuses on professional development and long-term retention. Seventy percent of respondents subsidize further education and professional certifications, while language courses, long service-awards and employment anniversary gifts remain widely offered. These measures reinforce earlier findings that GBS organizations in Latvia invest heavily in developing internal capabilities rather than relying solely on external hiring.

Taken together, the breadth of non-wage benefits highlights a holistic approach to employee value proposition within the Latvian GBS industry. By combining well-being initiatives, flexibility, and continuous learning opportunities, companies position themselves as long-term employers and support the development of a skilled, resilient, and motivated workforce aligned with the industry's growing role in delivering complex, high-value services.

FIGURE 1.30 **Non-payroll benefits & allowances offered to employees in 2025** (%)

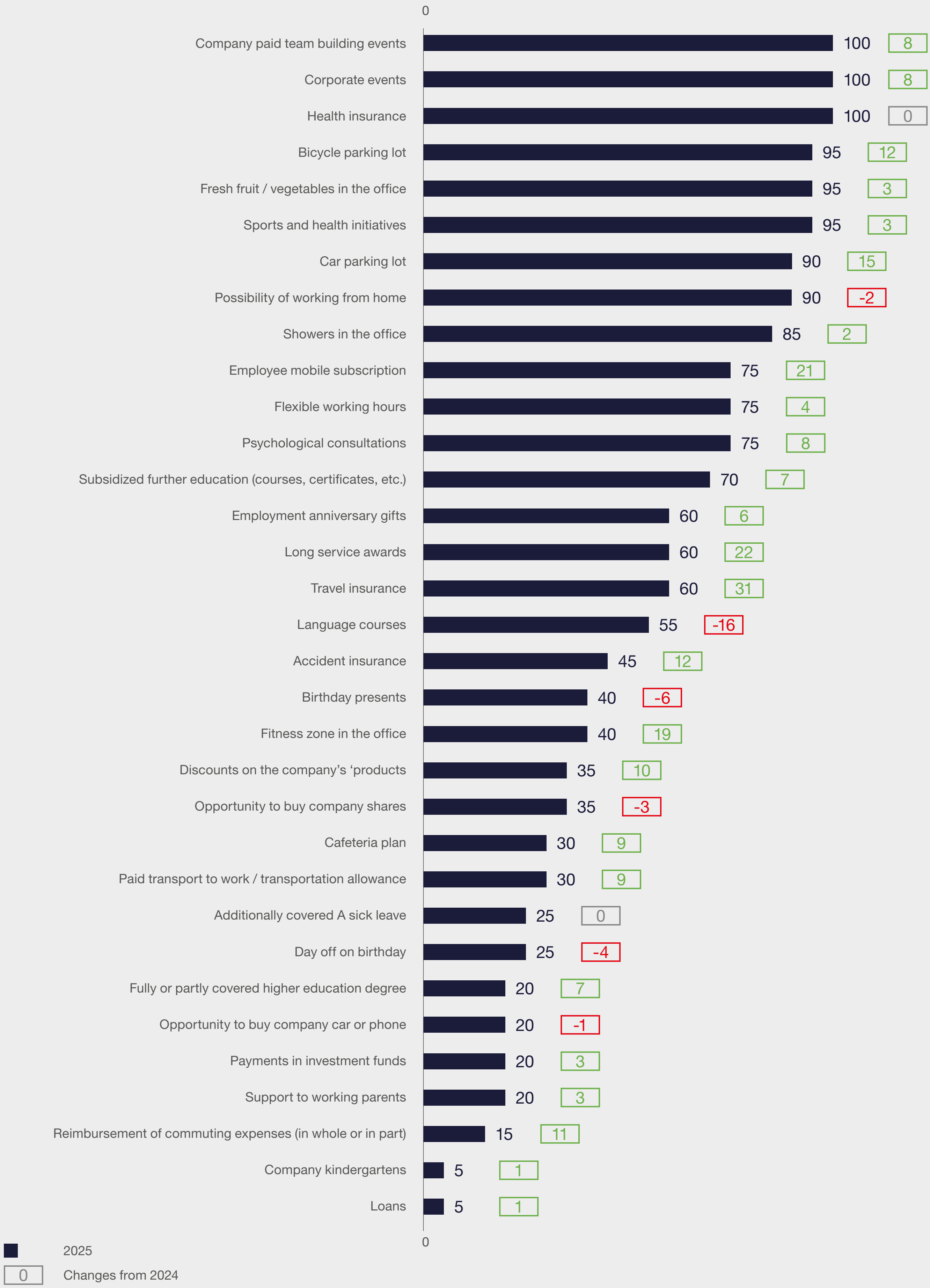
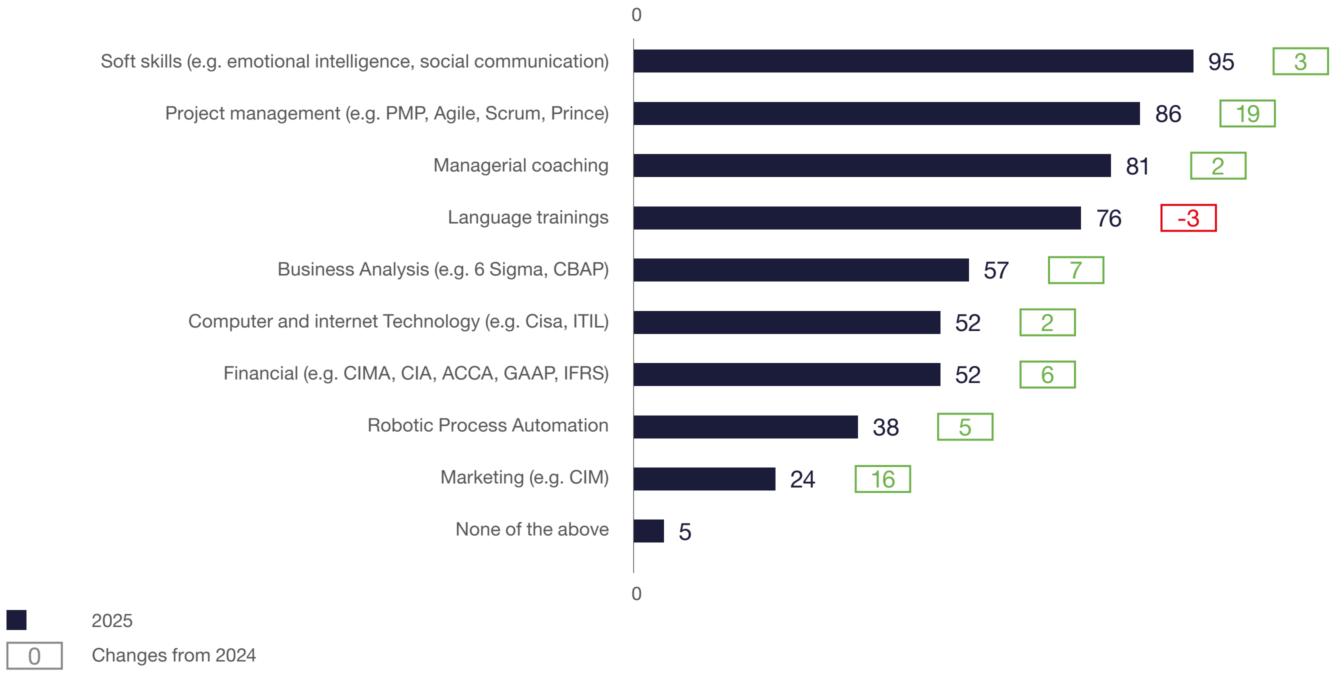


FIGURE 1.31 **Types of professional training provided by respondents to employees in 2025 in comparison to 2024** (%)



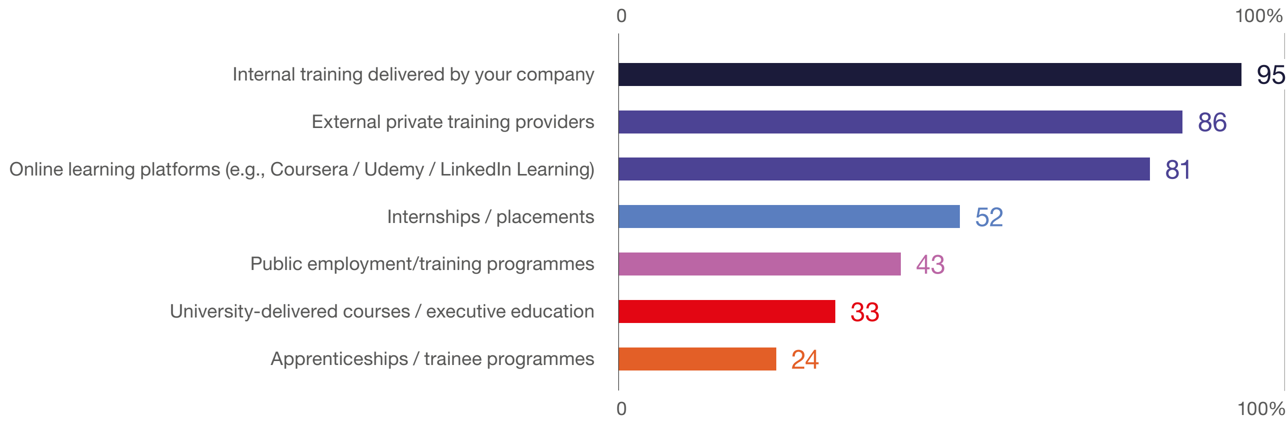
An overview of professional training provided by GBS organizations in Latvia highlights a sustained and deliberate focus on employee development, even as the specific emphasis of training programs evolves from year to year. As illustrated in *Figure 1.31*, soft-skills training remains the most commonly provided type of training in 2025, offered by 95% of respondents, reflecting the continued importance of communication, collaboration, and emotional intelligence in globally integrated and service-oriented environments.

Project management training represents the second most prevalent area, reported by 86% of respondents, marking a notable increase compared to 67% in previous year. This rise is consistent with earlier findings related to the growing role of Latvia-based centers in coordinating, executing, and supporting global business transformation initiatives, where structured project delivery capabilities are essential.

Managerial coaching remains among top training priorities, continuing the trend observed in previous years. Its sustained prominence reflects the increasing need for skilled leadership at all levels as organizations expand their service scope, manage more complex processes, and support diverse and international teams.

Taken together, the diversity and depth of training activities underscore the GBS industry's role in continuously building competences within the Latvian workforce. Rather than responding to short-term skill gaps, organizations appear to pursue long-term capability development strategies, equipping employees with transferable skills and experience that support center progression within the industry and contribute to the broader talent ecosystem beyond it.

FIGURE 1.32 | **Training methods used to upskill employees in Riga / Latvia in 2025** (%)



* state / EU co-funded or organised programmes

The methods used by GBS organizations in Latvia to upskill their employees further illustrate a structured and multi-layered approach to professional development. As shown in *Figure 1.32*, internal training programs delivered by the organizations themselves are the most widely used, reported by 95% of respondents. This highlights the strong reliance on in-house expertise and internal knowledge transfer, particularly important in environments supporting complex, organization-specific processes and global operations.

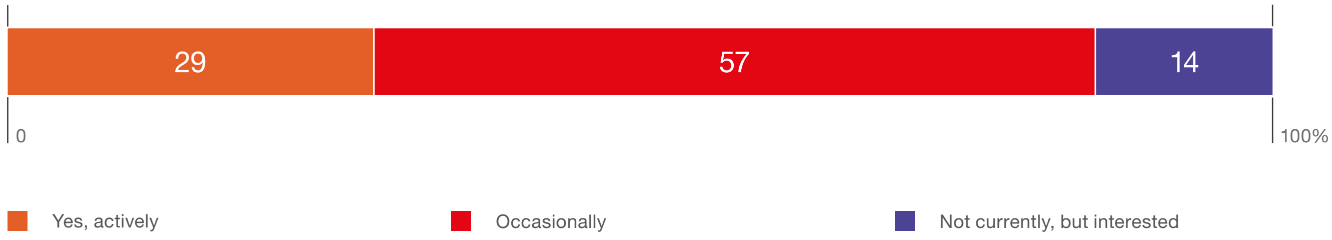
External private training providers are also widely utilized, with 86% of respondents reporting their use, complemented by extensive adoption of online learning platforms (81%). This combination allows companies to balance tailored, organization-specific learning with access to standardized, internationally recognized training content and certifications.

Beyond formal training courses, more experiential learning methods play a significant role. Over half of respondents (52%) utilize internships or placements, while 43% participate in public employment or training programs co-funded or organized at national or EU level. These approaches support both early-career talent development and broader workforce reskilling, contributing to the long-term sustainability of the talent pipeline.

A smaller but meaningful share or organizations engage with universities through executive education or university-delivered courses (33%), as well as apprenticeships and trainee programs (24%). While not universally applied, these methods indicate ongoing collaboration between the GBS industry and the education system, particularly for advanced leadership and specialized skill development.

Overall, the variety of training methods employed demonstrates the GBS organizations in Latvia adopt a comprehensive and flexible learning models. By combining internal capability building, external expertise, digital learning and experiential development, companies create continuous learning environments that support employee growth, organizational resilience, and the increasing demand for knowledge-intensive services.

FIGURE 1.33 | **Do you cooperate with universities in Riga?** (%)



Cooperation between GBS organizations and universities in Riga shows a solid foundation with clear potential for deeper and more structured engagement. As shown in *Figure 1.33*, the majority of respondents report some level of collaboration with academic institutions.

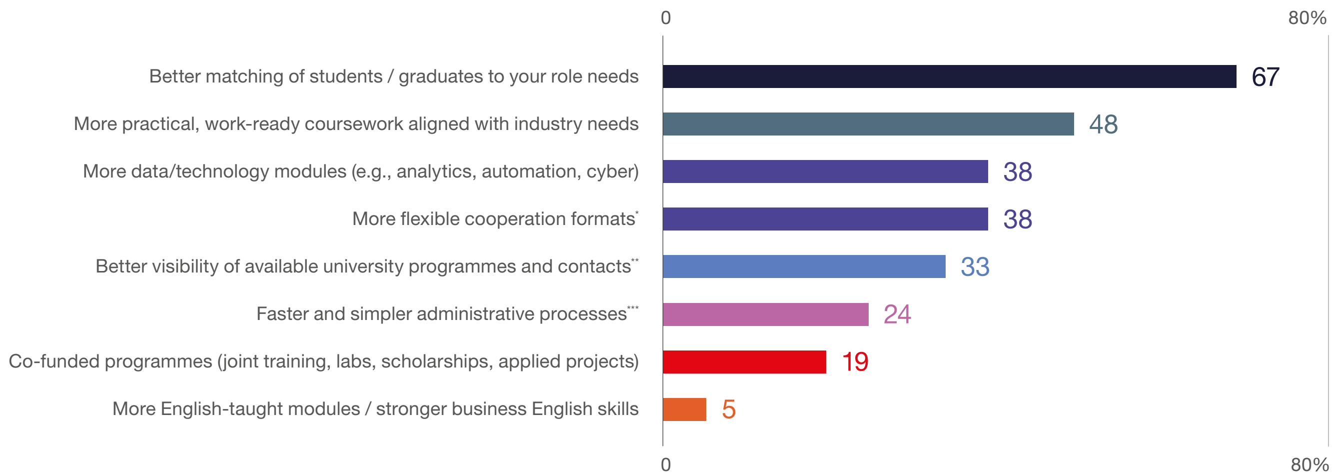
Almost one-third of respondents indicate that they actively cooperate with universities, through internships, student projects, guest lectures, etc., this level of active engagement supports talent pipeline development and helps align academic programs with the evolving skill requirements of the GBS industry.

Further 57% of respondents report occasional cooperation with universities, suggesting that while collaboration may not always be formalized, organizations maintain links with higher-education institutions and engage on specific initiatives or projects. Rest 14% of respondents indicate that although they do not currently cooperate with universities, they have interest in doing so.

Results indicate that cooperation between GBS industry and academia is already well established but remains an area for further development.

Respondents were also asked to identify which factors could most effectively support closer cooperation between GBS organizations and universities in Riga. The results highlight a strong focus on alignment between academic output and real-world organizational needs, rather than structural or regulatory barriers.

FIGURE 1.34 | **Key enablers for closer cooperation with the universities in Riga** (%)



* short projects, guest lectures, case studies
** "one-stop shop"
*** agreements, internships, access

As shown in *Figure 1.34*, the most frequently cited enabler is better matching students' and graduates' skills to specific role requirements, identified by 67% of respondents. This shows the importance of ensuring that graduates are equipped with competencies that directly correspond to the evolving needs of knowledge-intensive and technology-driven roles within the GBS industry.

Nearly half of respondents (48%) also emphasize the need for more practical, work-ready coursework aligned with industry requirements. Flexibility in collaboration formats is another important consideration. More than one-third respondents (38%) express interest in short-term, modular engagement models such as guest lectures or project-based cooperation. A similar share highlights the value of expanding data and technology focused modules reflecting the sector's growing emphasis on digital and analytical capabilities.

Improved visibility and coordination of available university programmes and contacts is identified by 33% or respondents. Administrative simplicity also plays a role, with 24% of respondents noting that faster and less complex processes would facilitate deeper engagement.

Overall respondents indicate that closer university cooperation would be best enabled through stronger skills alignment, more practical coursework and flexible engagement models, suggesting that future progress lies in refinement rather than structural overhaul.

FIGURE 1.35 **Average gross salary (Euro) levels in most popular business support functions in 2025**

	IT	Finance	Operational
Junior level	1922	1637	1537
Middle level	3144	2396	2357
Expert, Manager level	4525	3546	3901

In 2024, the average gross salary in the GBS sector amounted to EUR 2560. Based on data collected in this year's survey, the average salary increased to EUR 2728 before taxes in 2025, representing a year-on-year growth of 6.6%. This increase reflects continued and stable wage development within sector.

For comparison, the national average gross salary in Latvia reached EUR 1815[1] in 2025, reflecting a 7.7% increase to the previous year. Despite broadly comparable growth rates, the GBS sector continues to maintain significantly higher wage level than the national average, underscoring its position as a high-value and knowledge-intensive segment of the Latvian economy.

A breakdown by function and roles shows clear differentiation across service areas and seniority levels. The highest average salaries remain within IT-related roles, where expert-level and managerial positions command average salaries of approximately EUR 4525 before taxes. Entry-level IT roles start at around EUR 1922, reflecting both the technical skill requirements and strong demand within this function.

Salaries within Finance and Operational roles follow similar structure, though at comparatively lower ranges. Junior positions in these functions average EUR 1637 and EUR 1537 respectively, while expert-level roles range between EUR 3546 and EUR 3901 before taxes. These differences reflect variations in market demand, skill specialization, and functional responsibility.

Overall, the observed salary levels and consistent growth trends further reinforce the positioning of the GBS industry in Latvia as a provider of well-paid, high-skilled employment, aligned with the increasing complexity and global scope of services delivered by sector.

[1] https://stat.gov.lv/lv/statistikas-temas/darbs/alga/preses-relizes/26599-darba-samaksas-parmainas-2025-gada-4-ceturksni-un

Technology

Figure 1.36 shows most popular programming languages used in the respondents' organizations in 2025.

FIGURE 1.36 | **Top programming languages used by industry in 2025** (%)

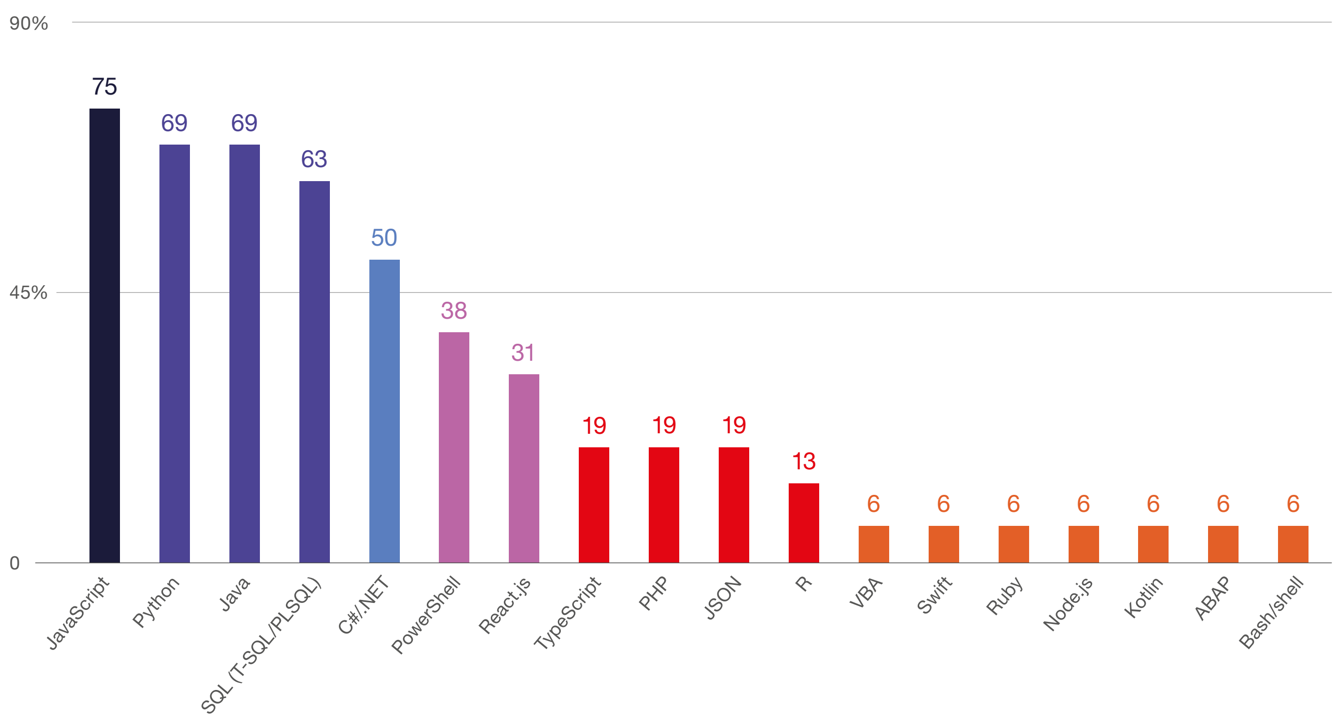
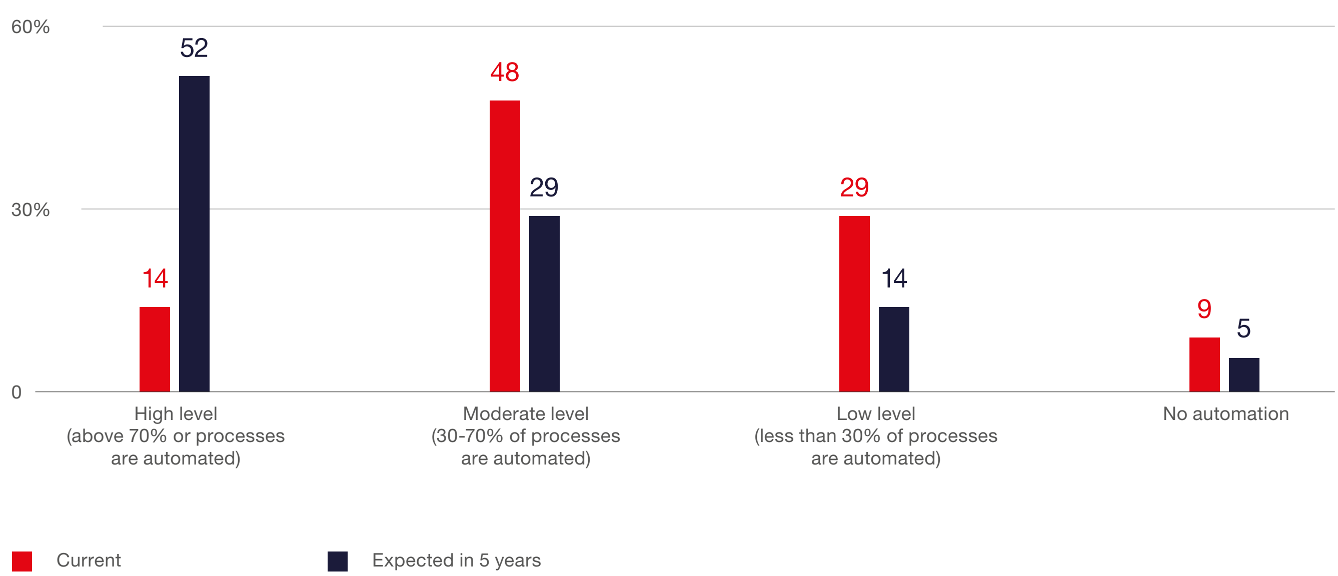


FIGURE 1.37 | **Current level of automation of processes vs expectations in five years** (%)



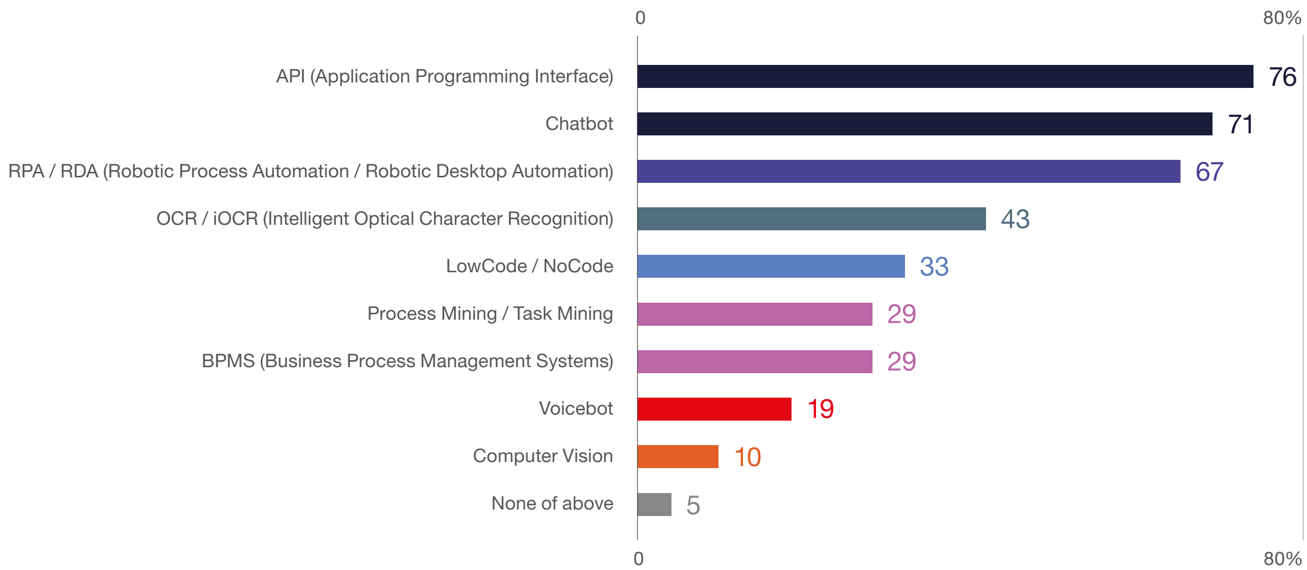
An analysis of process automation levels within respondent organizations indicates that the GBS industry in Latvia is already operating at a relatively advanced stage of automation, while expecting further significant progress in the coming years. As illustrated in *Figure 1.37*, more than 60% of surveyed organizations currently report moderate to high levels of automation, with 48% indicating moderate automation and 14% already operating at a high automation level.

Expectations for the next five years point to a clear acceleration of this trend. Over half of respondents (52%) anticipate reaching high level of automation, where more than 70% of processes are automated, while a further 29% expect to operate at a moderate automation level. Correspondingly, the share of organizations expecting to remain at low levels of automation or with no automation declines to below 20%, compared to the current situation.

This forward-looking shift suggests that automation is increasingly viewed as a strategic enabler rather than a tactical efficiency tool. As GBS centers in Latvia continue to expand their service scope, support global operations, and deliver more complex and knowledge-intensive activities, higher levels of automation are expected to play a key role in improving scalability, consistency, and process resilience.

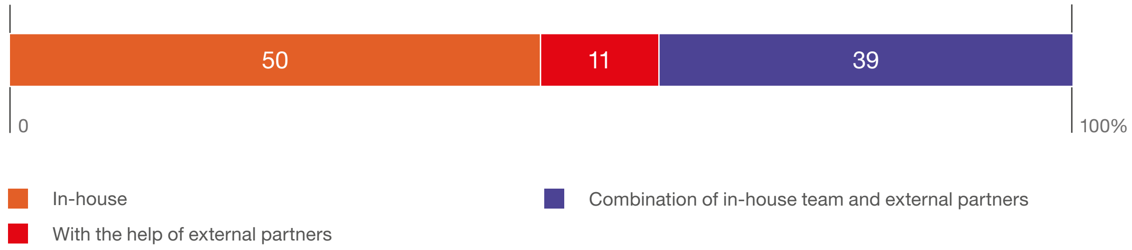
Overall, the combination of already established automation foundations and strong future ambitions reflects a technologically mature and forward-oriented GBS ecosystem in Latvia. Rather than replacing human input, automation appears positioned to complement skilled talent, enabling employees to focus on higher-value analytical, transformational, and decision-driven work.

FIGURE 1.38 | **Intelligent process automation (IPA) technologies utilized by industry in 2025** (%)



The adoption of Intelligent Process Automation (IPA) technologies among GBS organizations in Latvia reflects a pragmatic and progressively maturing approach to automation. As shown in *Figure 1.38*, Application Programming Interfaces (API) remain the most widely utilized IPA technology in 2025, adopted by 76% of respondents. This is consistent with findings from previous years and highlights a strong focus on system integration, seamless data exchange and end-to-end process connectivity. Chatbots and Robotic Process Automation (RPA/RDA) continue to rank among the most commonly used technologies, with adoption rates of 71% and 67% respectively. Intelligent document processing tools such as OCR/IOCR are used by 43% of respondents, while low-code/no-code platforms are adopted by 33%. Overall, the mix of IPA technologies in use suggests that GBS organizations in Latvia prioritize scalable, reliable, and practical automation solutions, while gradually expanding toward more advanced tools. This balanced adoption pattern aligns with earlier findings related to growing automation levels and increased process complexity.

FIGURE 1.39 | **Robotic process automation (RPA) capabilities developed in industry organizations** (%)



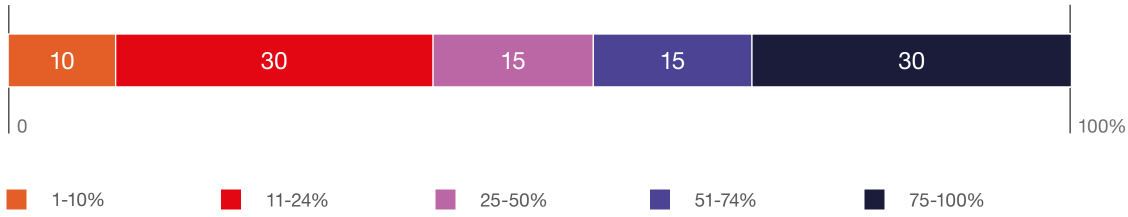
As shown in *Figure 1.39*, half of surveyed organizations develop Robotic Process Automation (RPA) solutions entirely in-house, indicating strong internal capabilities and ownership of automation initiatives. At the same time, a significant share of respondents adopts a hybrid delivery model. 39% of organizations report on developing RPA capabilities through a combination of in-house teams and external partners. This approach allows companies to retain strategic control and process knowledge internally while leveraging external expertise for acceleration, scalability, or access to specialized skills when required. Only a relatively small proportion of respondents (11%) rely exclusively on external partners for RPA development.

FIGURE 1.40 | **Perception of AI development within organizations** (%)

Latest survey results indicate a broadly positive and opportunity-driven outlook towards artificial intelligence within Latvia-based GBS centers. As shown in *Figure 1.40*, 95% of respondents view the development of AI as either an opportunity (57%) or a significant opportunity (38%) for their organizations, highlighting strong confidence in AI's potential to support efficiency, quality, and service evolution. This overwhelmingly positive perception suggests that AI is increasingly viewed not as a disruptive or experimental technology, but as a strategic enabler aligned with the industry's existing focus on automation, process optimization, and knowledge-intensive service delivery.

Positive attitudes toward AI are increasingly translated into concrete workforce-level actions. As illustrated in *Figure 1.41*, many organizations have already taken steps to upskill their employees to effectively utilize AI tools within their roles.

FIGURE 1.41 **Proportion of workforce who has undergone training to utilize AI tools, including LLMs, in their roles** (%)

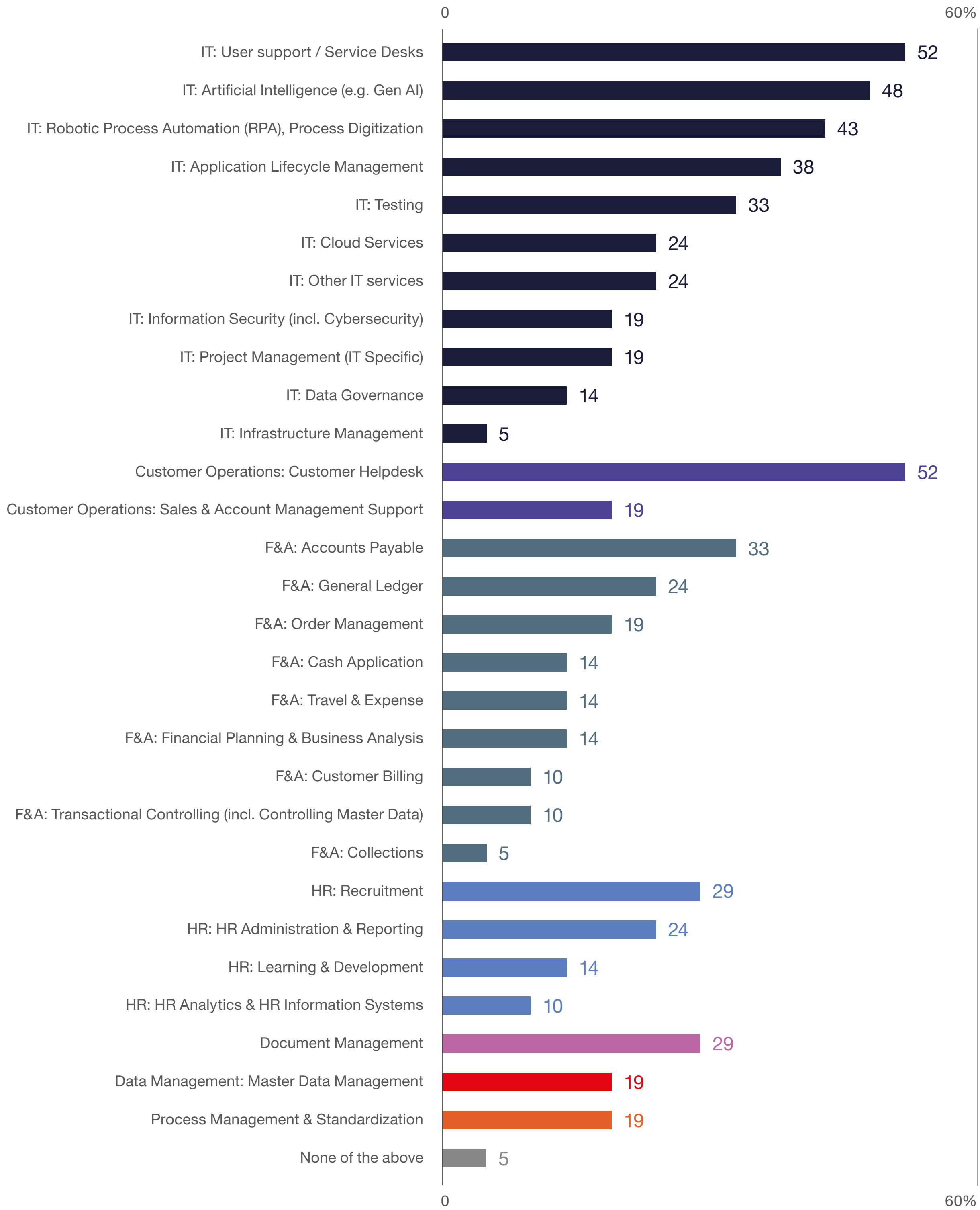


In 30% of respondent organizations, between 75% and 100% of the workforce have already undergone AI-related training, indicating advanced readiness and broad internal adoption. A further 15% report that 51%-74% of employees have received training, while another 15% have trained 25-50% of their workforce.

At the same time, 40% of organizations report that less than one quarter of employees have undergone AI-focused training. This variation suggests differing stages of AI adoption maturity across the industry, with some organizations prioritizing early, large-scale upskilling, while others are progressing in more targeted or phased approaches.

Overall, the training data indicates that Latvian GBS organizations are actively preparing their workforce for increased AI integration. Rather than relying solely on technology deployment, companies appear to recognize the importance of employee capability building to ensure responsible and effective use of AI solutions.

FIGURE 1.42 **Processes where AI is currently utilized** (%)



The practical application across business processes further illustrates how AI is being integrated into day-to-day operations within Latvian GBS organizations. As shown in *Figure 1.42*, AI adoption is currently most advanced within IT and customer-facing functions, where immediate efficiency gains and service improvements are most tangible.

Within IT services, AI is most utilized in user support and service desk operations, reported by 52% of respondents. This is closely followed by the use of AI in dedicated artificial intelligence and generative AI functions (48%), as well as in robotic process automation and process digitization initiatives (43%). AI adoption is also notable in application lifecycle management (38%) and IT testing (33%), highlighting its role in supporting software quality, reliability, and speed of delivery.

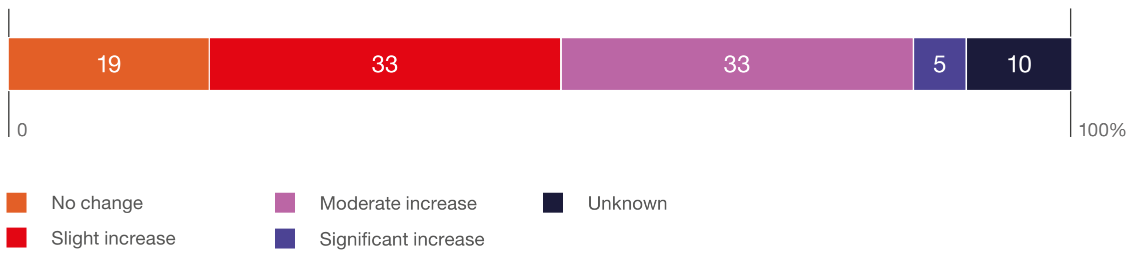
AI usage extends beyond IT-centric functions into customer operations, where 52% of respondents report deploying AI within customer helpdesk activities. This indicates a strong focus on enhancing responsiveness, service consistency, and customer experience through intelligent automation and conversational solutions.

In Finance and Accounting, AI adoption remains more targeted and selective. The highest levels of use are observed in accounts payable (33%) and general ledger activities (24%), with additional applications across order management, cash application, travel and expense processing, and financial analysis.

Human resources and data management functions also demonstrate AI integration particularly in recruitment (29%), HR administration and reporting (24%), document management (29%), and master data management (19%). These applications support improved data quality, faster decision-making, and more efficient handling of intensive information tasks.

Overall, Latvian GBS industry appears to prioritize AI deployment in areas where it complements existing automation efforts, supporting high-volume or knowledge-intensive activities, and enhances service quality rather than replacing human judgement. This approach aligns well with earlier findings indicating that AI adoption is unfolding as an integrated component or broader digital and process transformation strategies.

FIGURE 1.43 | **Influence of AI Adoption on Productivity and Cost Efficiency** (%)



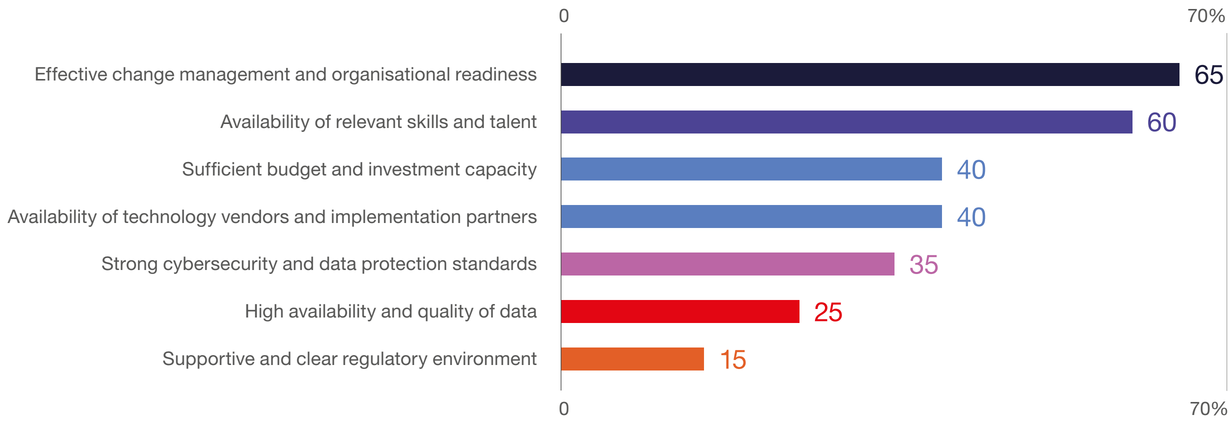
Respondents report that the adoption of AI has already begun to deliver measurable benefits for productivity and cost efficiency. As illustrated in *Figure 1.43*, two-thirds of respondents observe an improvement in productivity and cost efficiency following AI implementation.

Specifically, 33% of respondents indicate a slight increase, while a further 33% report a moderate increase in productivity and cost efficiency, a smaller share of organizations (5%) already experience a significant increase.

At the same time, 19% of respondents report no noticeable change to date, and 10% indicate that the impact is still unknown. This likely reflects differences in adoption maturity, scope of AI use cases, and the time required for benefits to materialize, particularly where AI initiatives are still in pilot or early deployment phases.

Overall, the findings suggest that AI adoption within Latvian GBS industry is beginning to translate into operational gains, primarily through incremental efficiency improvements rather than immediate step-changes. As AI use cases expand and workforce familiarity increases, these early productivity and cost benefits are expected to strengthen over time, supporting sustainable process improvement rather than short-term cost reduction alone.

FIGURE 1.44 | **Key Enablers for Scaling AI and Automation** (%)



Respondents were also asked to identify the key enablers required to successfully scale AI and automation initiatives within their organizations. The results highlight that the ability to expand AI usage is driven primarily by organizational and human factors, rather than by technology availability alone.

As illustrated in *Figure 1.44*, effective change management and organizational readiness were identified as the most important enabler by 65% of respondents. This underscores the importance of leadership alignment, employee engagement and the ability to adapt processes and ways of working when introducing AI-driven solutions at scale.

Closely following this, 60% of respondents highlight the availability of relevant skills and talent as a critical enabler. This finding aligns strongly with earlier survey results showing high levels of investment in training, professional development, and internal capability building. Together these results indicate that organizations recognize workforce readiness as a prerequisite for successful AI adoption.

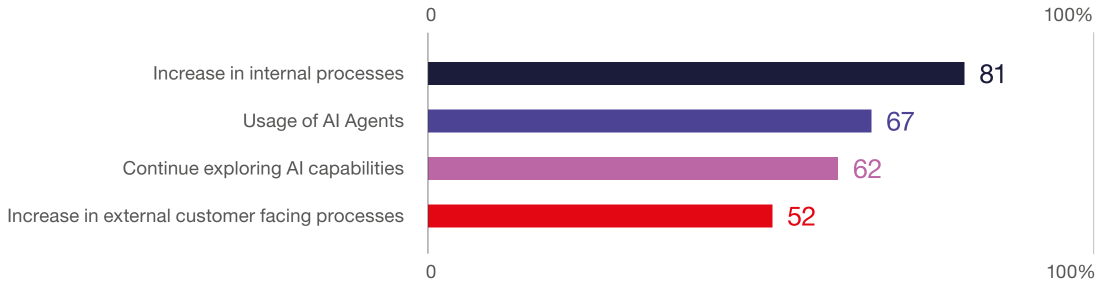
Technology-related and structural factors, including access to technology vendors and implementation partners (40%) and sufficient budget and investment capacity (40%), are also seen as important, but secondary enablers. This suggests that while technology and funding are necessary, they are not considered sufficient on their own to drive sustainable AI scaling.

Strong cybersecurity and data protection standards are identified by 35% of respondents, while high availability and quality of data are cited by 25%. The relatively lower emphasis on regulatory environment (15%) may indicate that regulatory clarity is generally perceived as manageable within the current operating context.

Overall, the distribution of responses suggests that Latvian GBS industry views AI scaling as a multidisciplinary transformation effort. Success depends not only on tools and budgets, but on people, skills and organizational maturity, reinforcing the broader narrative of the sector's evolution towards complex, knowledge-intensive, and technology-enabled operations.

Respondents' plans for expanding AI utilization over the next 12 month further shows that AI adoption within Latvia's GBS industry is moving beyond initial pilots toward broader and more structured deployment. As illustrated in *Figure 1.45*, the majority of organizations indicate clear intentions to deepen and widen their use of AI across multiple areas.

FIGURE 1.45 | **Plans for Expanding AI Utilization in the Next 12 Months** (%)



The most common planned direction is an increase in the use of AI within internal processes, reported by 81% of respondents. This suggests a continued focus on improving efficiency, scalability, and quality in back-office and support functions, building on the early productivity gains already observed.

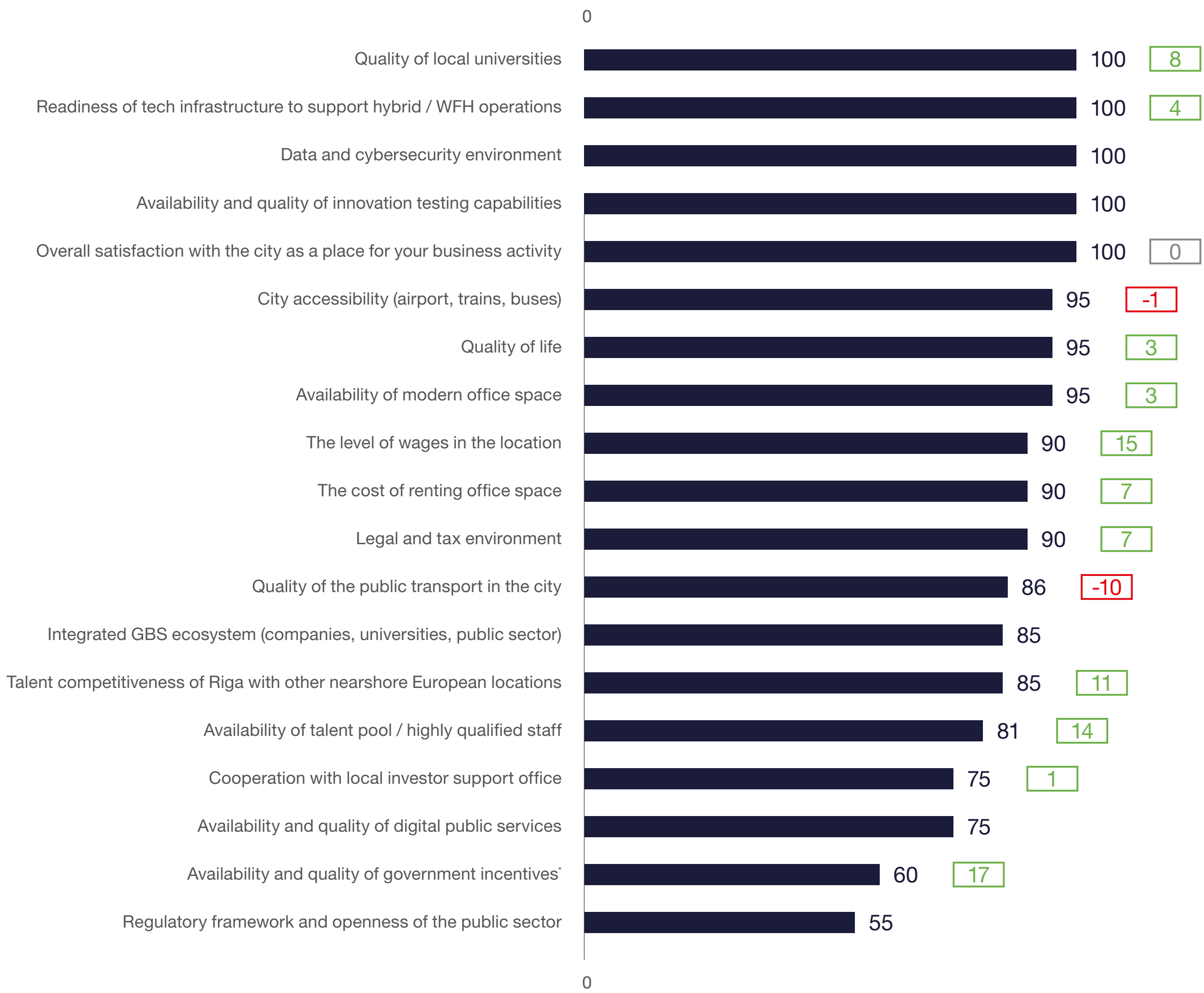
In addition, 67% of respondents plan to expand the use of AI through AI agents, indicating growing interest in more autonomous and interactive AI-driven solutions. This points toward increasing maturity in how organizations conceptualize AI – not only as a supporting tool, but as an integrated component of service delivery and process execution.

At the same time, 62% of organizations indicate that they plan to continue exploring AI capabilities, reflecting an ongoing commitment to learning, experimentation, and incremental innovation. This balanced approach suggests that companies are looking to expand AI adoption responsibly, while allowing space for testing new use cases and technologies. More than half respondents (52%) also plan to increase the use of AI in external, customer-facing processes.

Overall, the planned expansion of AI utilization indicates strong confidence in its value, while also reflecting a structured and phased adoption strategy. Latvian GBS industry appears focused on scaling AI where it delivers the greatest impact, supported by growing internal capabilities, workforce readiness and organizational maturity identified throughout this report.

Location

FIGURE 1.46 | **Industry's overall satisfaction related to business environment in Riga in 2025 comparison to 2024** (%)



* accelerated procedures, support programs

■ 2025
0 Changes from 2024

Respondents continue to express very high levels of satisfaction with Riga as a location for their operations, confirming the city's established position as a reliable and attractive business environment. As illustrated in *Figure 1.46*, overall satisfaction with Riga as a place for business activity remains unanimously positive, with 100% of respondents indicating satisfaction.

Core infrastructure and technology related factors receive particularly strong ratings. In 2025, all respondents report satisfaction with the readiness of the technological infrastructure to support hybrid and work-from-home operations, the data and cybersecurity environment, and the availability and quality of innovation testing capabilities. These consistently high ratings reflect Riga's ability to support digitally enabled, globally integrated service delivery models.

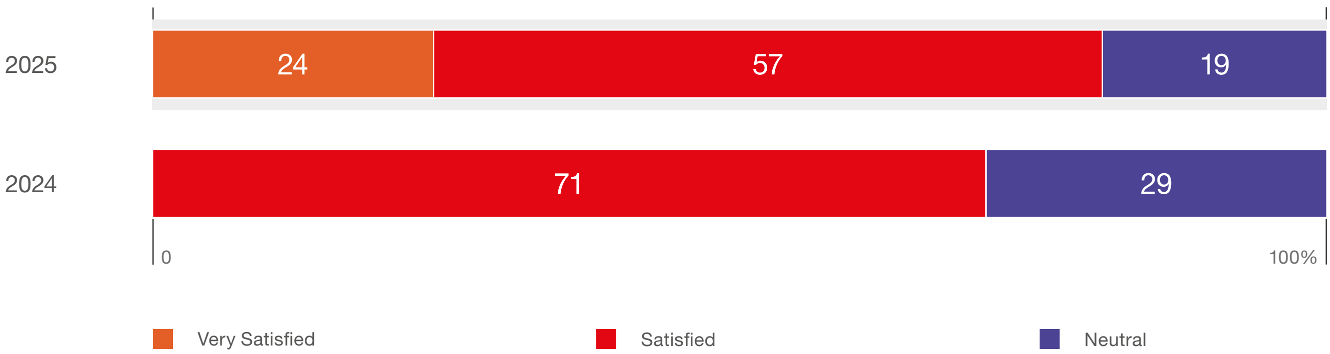
Talent and ecosystem related elements also continue to be assessed positively. Satisfaction with the quality of local universities, the availability of modern office space, quality of life, city accessibility, and the integrated GBS ecosystem remains very high, generally exceeding 85% in 2025.

Cost and regulation related factors demonstrate a more differentiated picture. Satisfaction with the level of wages, office rental costs and the legal and tax environment remains high, though marginally lower than infrastructure related aspects.

Public-sector interaction and support mechanisms show the greatest variability in responses. While cooperation with local investor support offices and the availability of digital public services receive solid ratings, satisfaction related to government incentives and regulatory openness remains relatively lower to other categories. These areas may therefore represent opportunities for further enhancement as the GBS sector continues to grow and evolve.

Overall, the results indicate that Riga offers a stable, well-rounded, and mature business environment for GBS operations. High satisfaction levels across infrastructure, talent, and quality-of-life dimensions continue to underpin the city's attractiveness, supporting both long-term, presence and future expansion by international organizations.

FIGURE 1.47 | **Overall Satisfaction with Doing Business in Riga** (%)

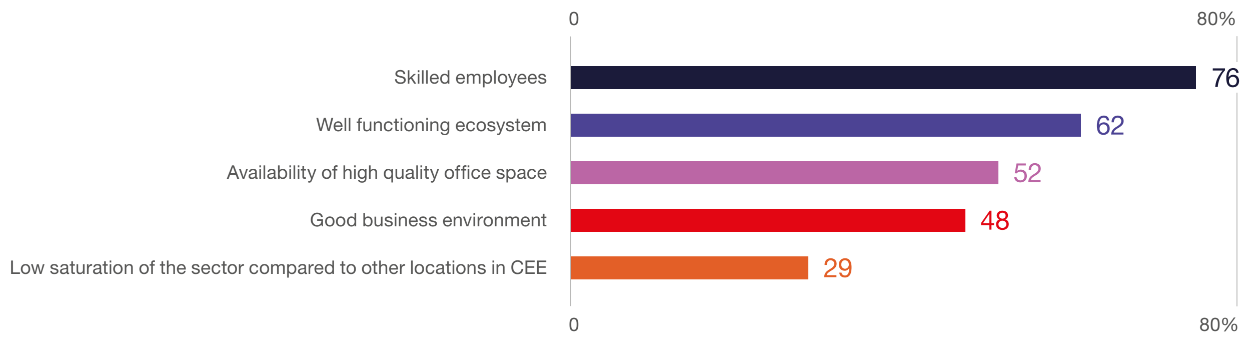


The overall assessment of Riga as a business location remains strongly positive among survey respondents. As illustrated in *Figure 1.47*, in both 2024 and 2025, none of the respondents express dissatisfaction with doing business in Riga.

In this year's survey, 24% of respondents report being very satisfied with doing business in the city, while a further 57% indicate they are satisfied. The remaining 19% express neutral view. Compared to the previous year, the increase in respondents selecting very satisfied suggests a strengthening of positive perception among a portion of the industry, while neutral responses remain within a reasonable range for a mature and competitive business environment.

Taken together, these results confirm that Riga continues to be perceived as a stable, reliable and attractive location for GBS operations. The absence of negative assessments underscores a high level of confidence in the city as a long-term base for business activities.

FIGURE 1.48 | **Location Strengths Overview** (%)



When asked about the key strengths of Riga as a location for GBS operations, respondents most frequently highlight talent and ecosystem related advantages. As shown in *Figure 1.48*, the availability of skilled employees clearly stands out as Riga's primary strength cited by 76% of respondents. This strongly reinforces earlier results related to education levels, skill development, and the knowledge-intensive nature of services delivered from Latvia.

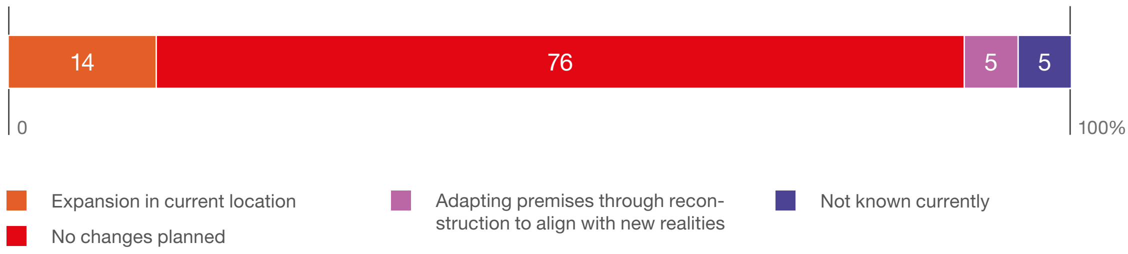
A well-functioning GBS ecosystem is identified as the second most important strength, selected by 62% of respondents. This reflects the presence of a supportive environment involving companies, universities, service providers, and public-sector stakeholders, which together enable collaboration, talent development, and sustained industry growth.

Infrastructure-related factors also feature prominently among Riga's location advantages. More than half of respondents (52%) point to the availability of high-quality office space, while 48% identify a generally good business environment as a key strength. These results align well with the consistently high satisfaction levels observed across infrastructure, technology readiness, and quality of life indicators.

Nearly one-third of respondents also note the relatively low saturation of the sector compared to other Central and Eastern European locations as a competitive advantage. While not most frequently cited factor, this perception suggests that Riga continues to offer room for growth and expansion without the intense competition pressures.

Overall, the strength profile highlights Riga as a talent-driven, well-balanced GBS location. Rather than relying on a single advantage, the city's attractiveness appears to rest on a combination of skilled workforce availability, a functioning ecosystem, supportive infrastructure, and growth potential, positioning Riga as a sustainable and competitive destination for both existing operations and future investments.

FIGURE 1.49 **Industry's plans for currently leased / owned office premises for 2026** (%)



When it comes to the city's office real estate market, the GBS industry remains one of the key driving forces, as organizations in the sector are among the largest tenants of Class A office space. Following a period of active relocation in recent years, the majority of respondents (76%) indicate that they currently have no plans to relocate. At the same time, a share of companies continue to adapt their footprint to evolving needs. Fourteen percent of respondents report plans to expand their current premises, while a further 5% plan to adapt or reconfigure their existing office space.

ESG Strategy

Survey results indicate that ESG (Environmental, Social and Governance) considerations are embedded within the majority of GBS organizations operating in Riga. As shown in *Figure 1.50*, 87% of respondents report that global or regional ESG strategy has been implemented within their organization, reflecting strong alignment with parent-company and international sustainability frameworks.

A smaller share of respondents (4%) have implemented a locally developed ESG strategy, while a further 9% report partial implementation. This distribution suggests that ESG efforts in the Latvian GBS sector are predominantly integrated into broader corporate sustainability agendas, rather than being developed in isolation at the local level. Overall, the results point to a high level of ESG awareness and structural preparedness across the industry.

FIGURE 1.50 **Existing ESG strategy in companies in 2025** (%)

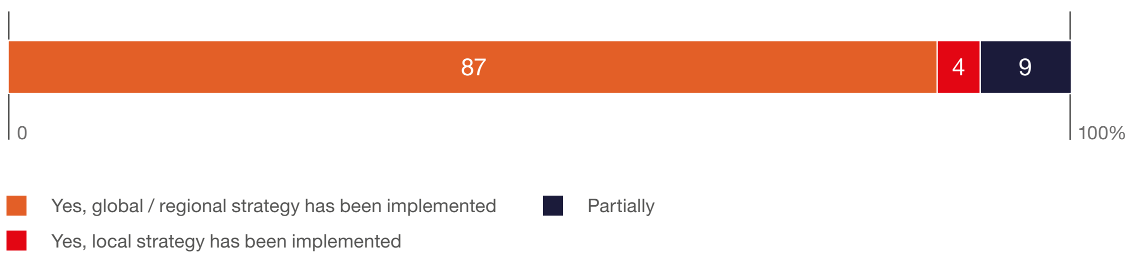
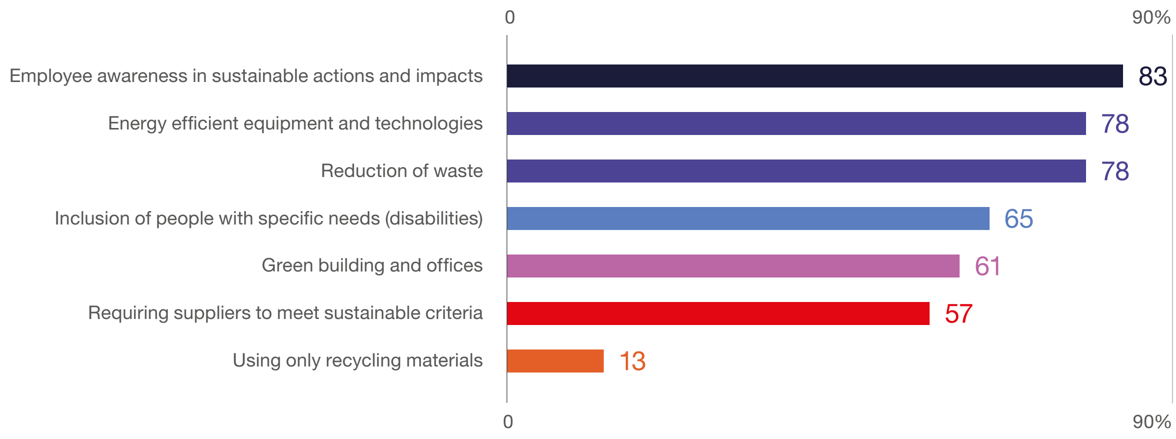


FIGURE 1.51 **Undertaken actions within ESG Strategy** (%)



Beyond strategy definition, respondents also report a wide range of concrete actions undertaken as part of their ESG commitments. As illustrated in *Figure 1.51*, the most common ESG related activity is increasing employee awareness of sustainable actions and their impact, cited by 83% of respondents. This highlights a strong focus on embedding sustainability principles into everyday behaviors and organizational culture.

Environmental actions feature prominently among implemented initiatives as 78% of respondents report measures aimed at waste reduction and the use of energy-efficient equipment and technologies. In addition, 61% of organizations operate from green buildings or offices, indicating that sustainability considerations are increasingly reflected in real estate and workplace decisions.

Social inclusion is also a key pillar of ESG activity within the sector. Sixty-five percent of respondents report initiatives aimed at the inclusion of people with specific needs or disabilities, reinforcing the industry's broader commitment to diversity, inclusion and equal opportunity highlighted before in this report.

Governance and supply-chain related actions are gaining attraction as well. More than half of respondents (57%) require suppliers to meet defined sustainability criteria, demonstrating growing attention to ESG factors beyond direct operations.

Overall, the range of actions undertaken indicates that ESG strategies within GBS industry in Latvia are increasingly translated into practical and measurable initiatives. Rather than focusing on symbolic commitments, organizations appear to prioritize actions that are closely linked to employee engagement, operational efficiency, inclusive workplaces, and environmental responsibility, supporting industry's long-term sustainability and alignment with global ESG expectations.

2

GBS SECTOR COMPENSATION SURVEY

Figure Baltic Advisory is the leading labour market research and consulting company in the Baltics. Since 2007, we have been conducting compensation surveys and consulting clients on related matters across all three Baltic countries. Previously, Figure operated under the name Fontes.

In 2025, we celebrated the 30th edition of the Compensation Survey in Latvia. More than 500 organisations participated, enabling us to analyse compensation data covering over 105,000 employees across the labour market. In addition, a dedicated GBS Sector Compensation Survey was conducted. A large and diverse survey sample provides detailed and reliable insights into compensation practices and salary levels across a wide range of roles and functions.

Our people provide local expertise and practical support to help organisations effectively apply survey results, develop competitive salary structures, and make informed remuneration decisions. We also offer guidance and analytical support to help organisations comply with the requirements of the EU Pay Transparency Directive.

The following pages present selected findings from the Figure General Compensation Survey and the Figure GBS Sector Compensation Survey 2025. Participation in the 2026 survey cycle is open until mid-July. The results of the 2026 General Compensation Survey will be available on 26 August.

If you would like to participate or have any questions, please contact:

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The Figure General Compensation Survey 2025 includes data from 505 organisations, with compensation data of 105,472 employees analysed. In GBS Sector Compensation Survey 2025, data from 26 organisations are included, covering 8,703 employee positions.

FIGURE

Chapter content preparation: **Figure Baltic Advisory**

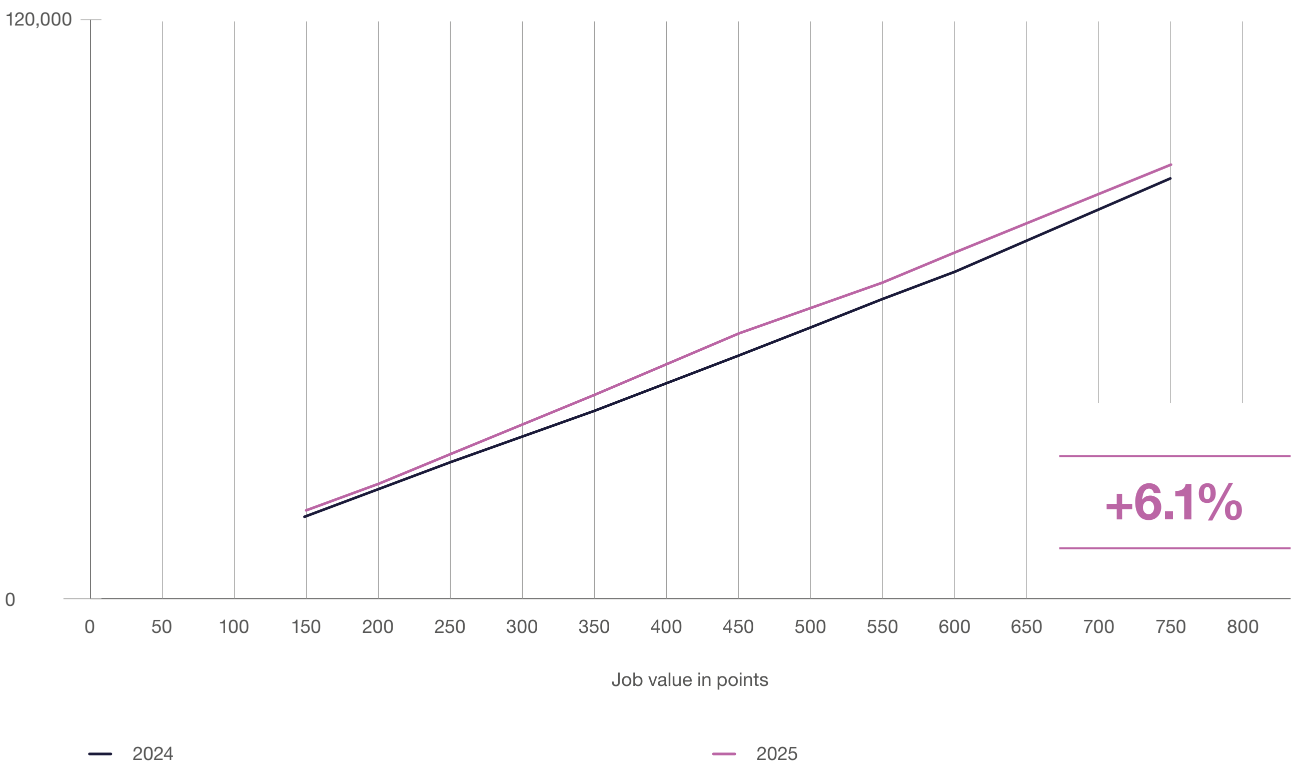
Please refer to these employee groups, categorised by relative point value, in the following graphs:

Employee Group	Point intervals
Junior specialists	79-159
Specialists	160-243
Senior specialists	244-370
Managers, Experts	371-565
Function managers	566-750

Overall GBS Sector Compensation Level Change

Overall, total compensation level in the GBS sector increased at a slightly faster pace than in the broader labour market, growing by an average of 6.1% compared with 5.2%. This growth was primarily driven by salary increases in the Junior Specialist and Specialist employee groups, where compensation levels rose on average by 8.9% and 6.0%, respectively.

FIGURE 2.1 | **Annual Total Cash** (EUR)



Salary Changes

Average salary changes for employees whose employment status, job position, duties, and responsibilities have remained unchanged over the past 12 months.

As anticipated, salary increases during the 2025 salary review cycle moderated compared with the previous years, averaging 7.0% in the GBS sector. Although this figure is slightly higher than the overall market average, it remains a substantial increase and reflects the continued pressure on employers to maintain competitive compensation levels. Overall, 76% of employees received a salary increase during the review cycle. In addition, variable pay grew more rapidly in the GBS sector, driven by stronger business results and higher bonus payouts.

	General Market	GBS Sector
Monthly Base Salary	6.2%	7.0%
Annual Total Cash	7.5%	9.4%

Forecasted Salary Changes

Salary review budgets for 2026 indicate a further moderation in salary increases. Nevertheless, employers are expected to allocate available budgets more selectively, focusing on employee groups where demand for specific competencies remains strong and where salary adjustments are necessary to maintain internal equity and support compliance with the requirements of the EU Pay Transparency Directive. As in previous years, actual salary increases may exceed current projections, depending on labour market developments, business performance, and the pace at which organisations realise productivity gains through process automation and the adoption of AI.

	General Market		GBS Sector	
	Monthly Base Salary	Annual Total Cash	Monthly Base Salary	Annual Total Cash
Till May 2026	4.6%	4.7%	4.5%	4.0%
2026	4.5%	4.6%	4.4%	4.1%
2027	4.5%	4.6%	4.2%	4.1%

Compensation Level Comparison of the GBS Sector with the General Market

Overall, base salary levels in the GBS sector are slightly higher than those in the general labour market, primarily driven by the presence of IT-related roles within the sector. However, when comparing annual total cash, the difference becomes less pronounced, suggesting that variable pay constitutes a larger share of total compensation in other sectors of the economy.

FIGURE 2.2 | **Monthly Base Salary**

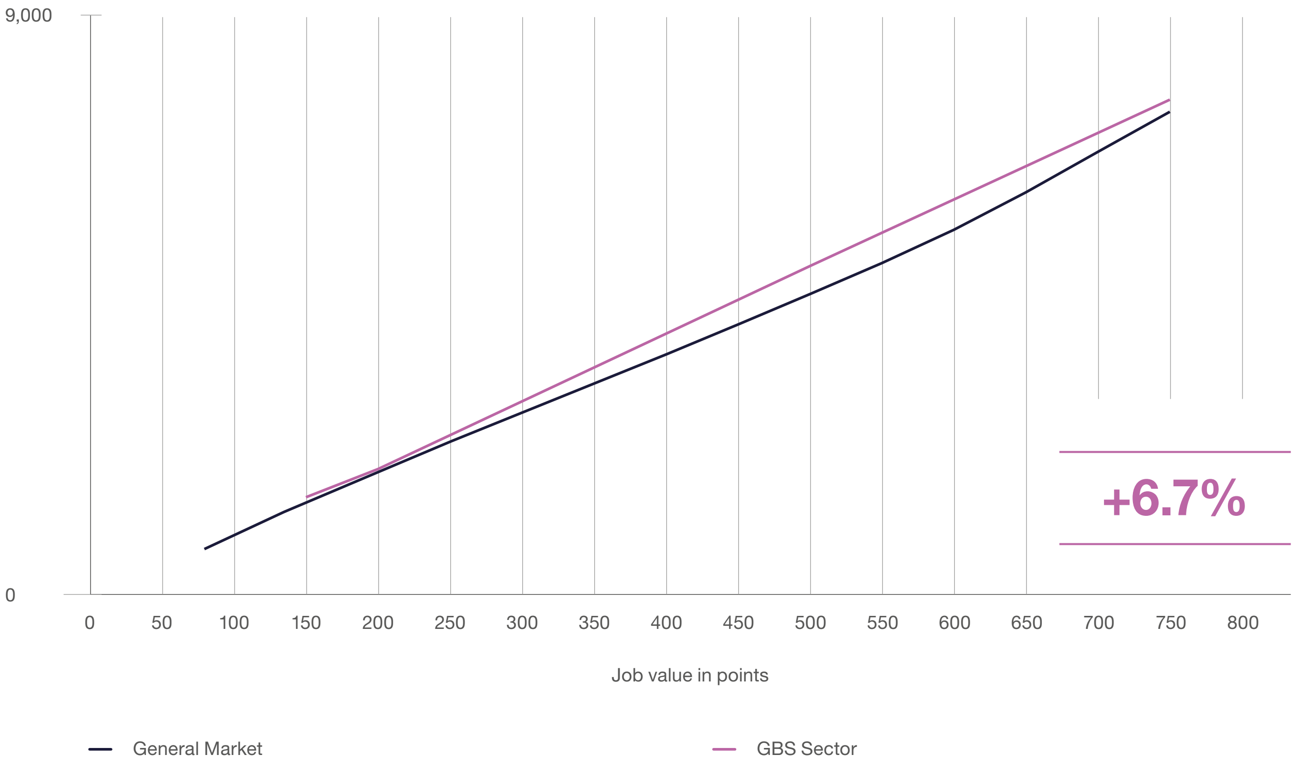
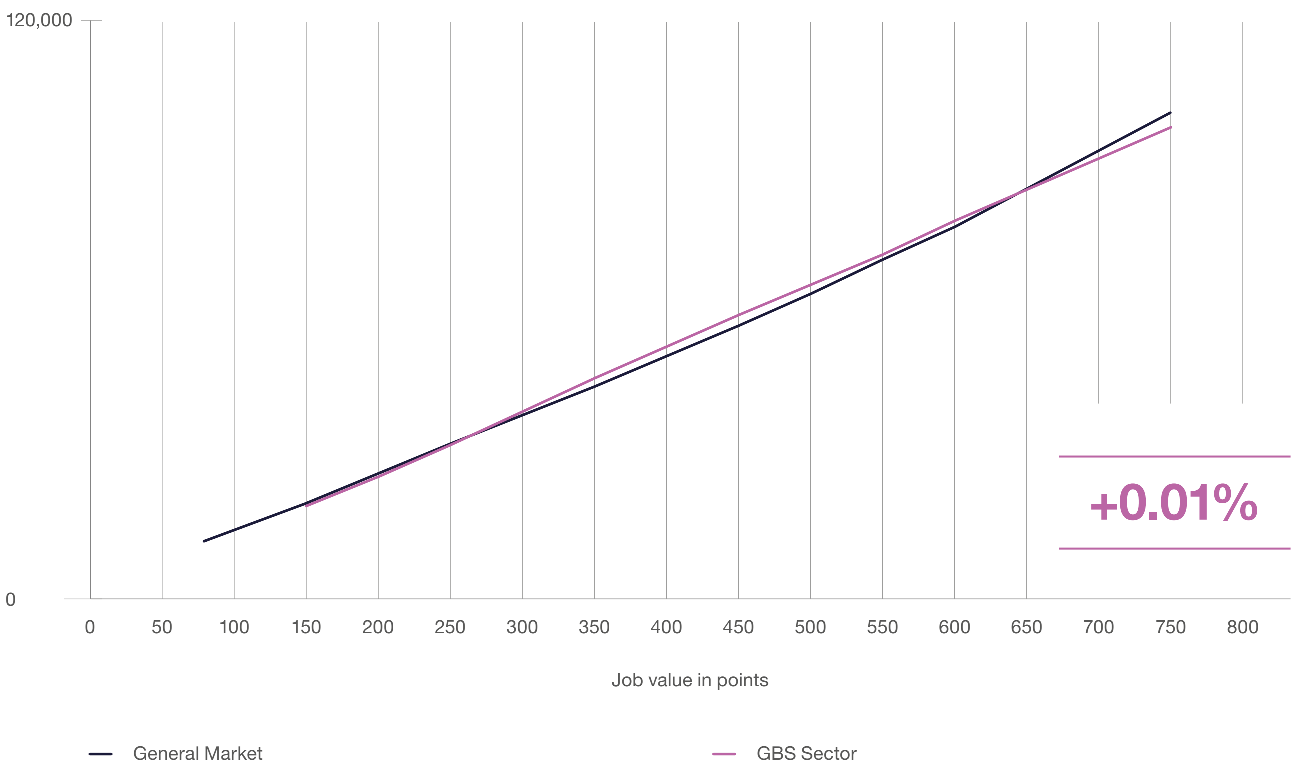


FIGURE 2.3 | **Annual Total Cash**

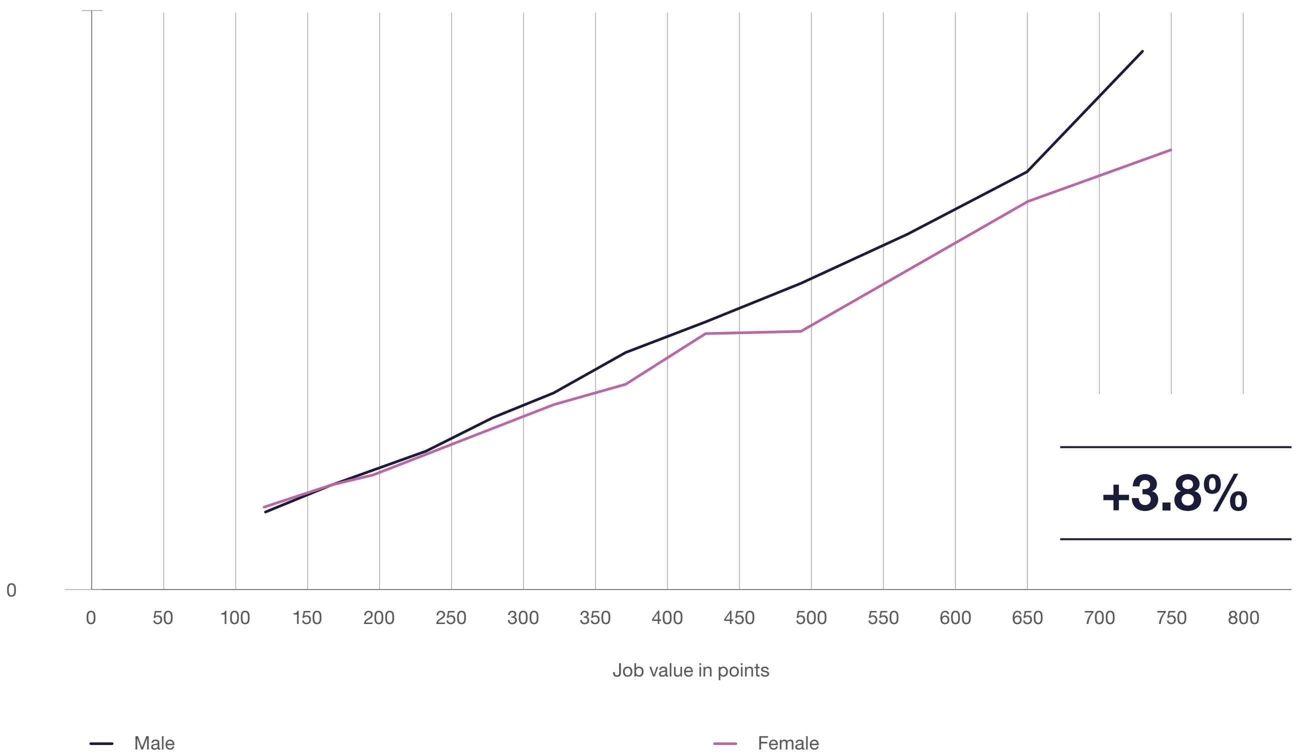


GBS Sector Gender Pay gap

As EU countries implement the EU Pay Transparency Directive in an effort to reduce the gender pay gap, pay equity analyses are now becoming part of regular workforce metrics. Across the GBS sector in Latvia, men currently earn on average 3.8% higher annual total cash than women in similar (equal) value jobs. This gap has narrowed compared with previous years.

The difference is primarily driven by salary variations across different job families and functions, which are influenced by the availability of specific competencies in the labour market and the resulting competition for talent. In the coming years, pay equity is expected to become one of the key considerations in salary review processes. The Directive is also likely to influence promotion and career development decisions within organisations.

FIGURE 2.4 | **Similar (equal) value jobs, Annual Total Cash**



Please note: the gender pay gap should be assessed individually within each organisation to determine whether action is needed and to enable targeted measures. Sector-level figures provide valuable context but do not indicate whether unjustified pay differences exist within a particular organisation.

3

BALTICS AND LATVIA OFFICE MARKET

Office Market Baltics

Total existing office stock (GLA sqm)

		Trend
Total, end of 2025	2,900,000	↗
Finished in 2025	156,000	↗

Existing office stock by class (GLA sqm)

		Trend
Class A	970,000	↗
Class B	1,900,000	→

Office area in development by class (GLA sqm)

		Trend
Class A	91,000	↘
Class B	139,000	↘

Chapter content preparation: **Colliers Baltics**

FIGURE 3.1 | **Office market Baltics**

Tallinn

Total speculative office stock (GLA sqm)	**954,200**
Office space in construction (GLA sqm)	**98,000**
Office take-up, 2025 (GLA sqm)	**85,200**
Prime office yield (%)	**6.75**
Office vacancy rate (%)	**11.60**

Riga

Total speculative office stock (GLA sqm)	**724,100**
Office space in construction (GLA sqm)	**33,700**
Office take-up, 2025 (GLA sqm)	**37,000**
Prime office yield (%)	**6.75**
Office vacancy rate (%)	**16.10**

Vilnius

Total speculative office stock (GLA sqm)	**1,219,600**
Office space in construction (GLA sqm)	**97,800**
Office take-up, 2025 (GLA sqm)	**81,000**
Prime office yield (%)	**6.50**
Office vacancy rate (%)	**10.60**

FIGURE 3.2 | **Speculative office stock and pipeline** (thousand sqm)

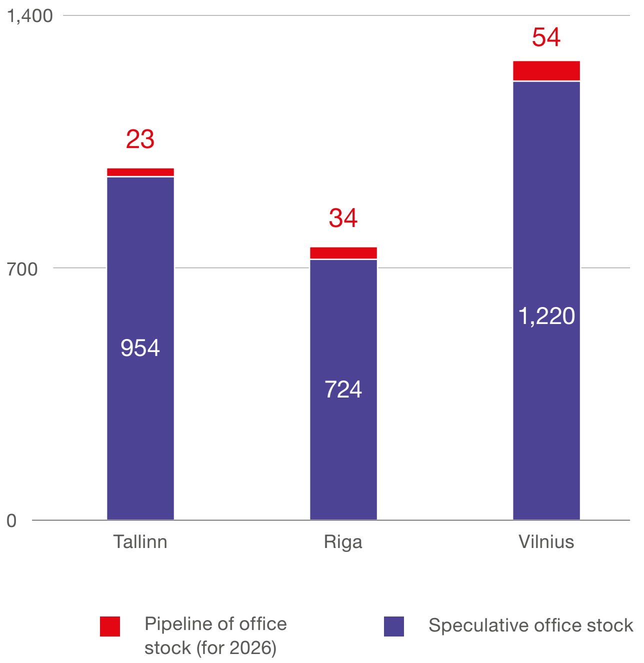


FIGURE 3.4 | **Office take-up** (thousand sqm)

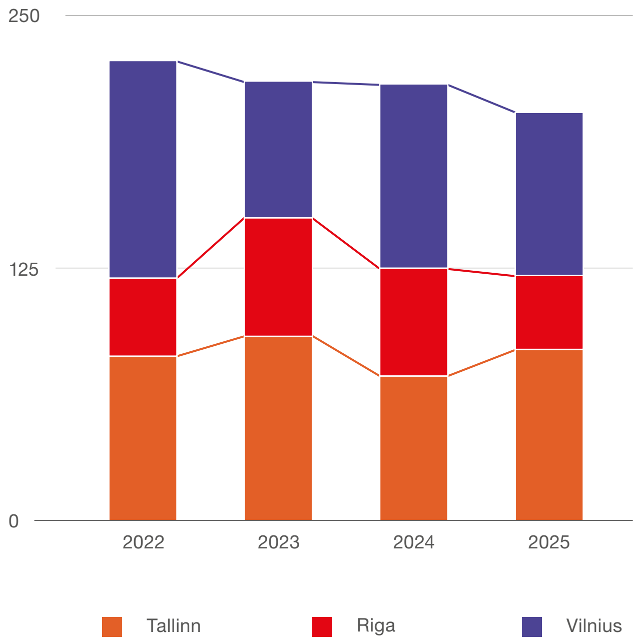


FIGURE 3.3 | **Division by age** (%)

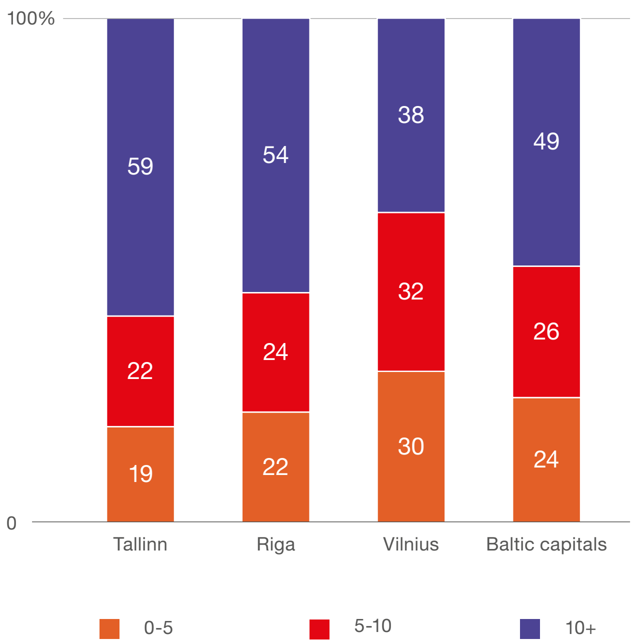
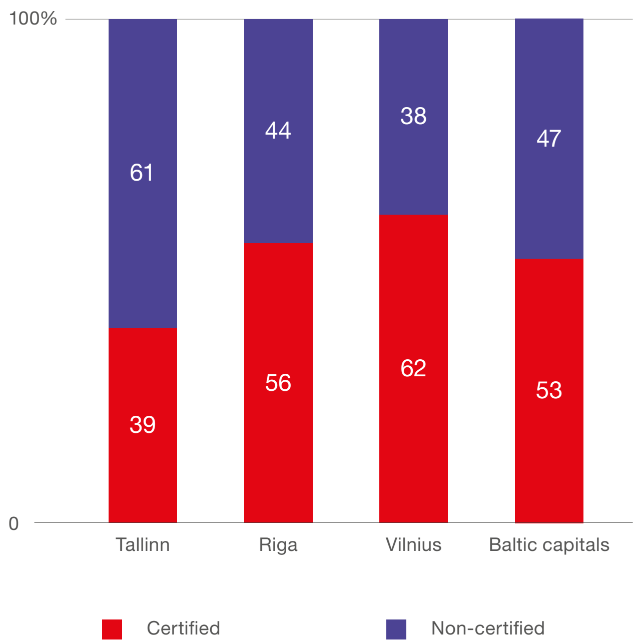


FIGURE 3.5 | **Certification status** (%)



Office Market **Latvia**

Total existing office stock (GLA sqm)

Total, end of 2025	Trend	Finished in 2025	Trend
905,000	↗	**28,000**	↘

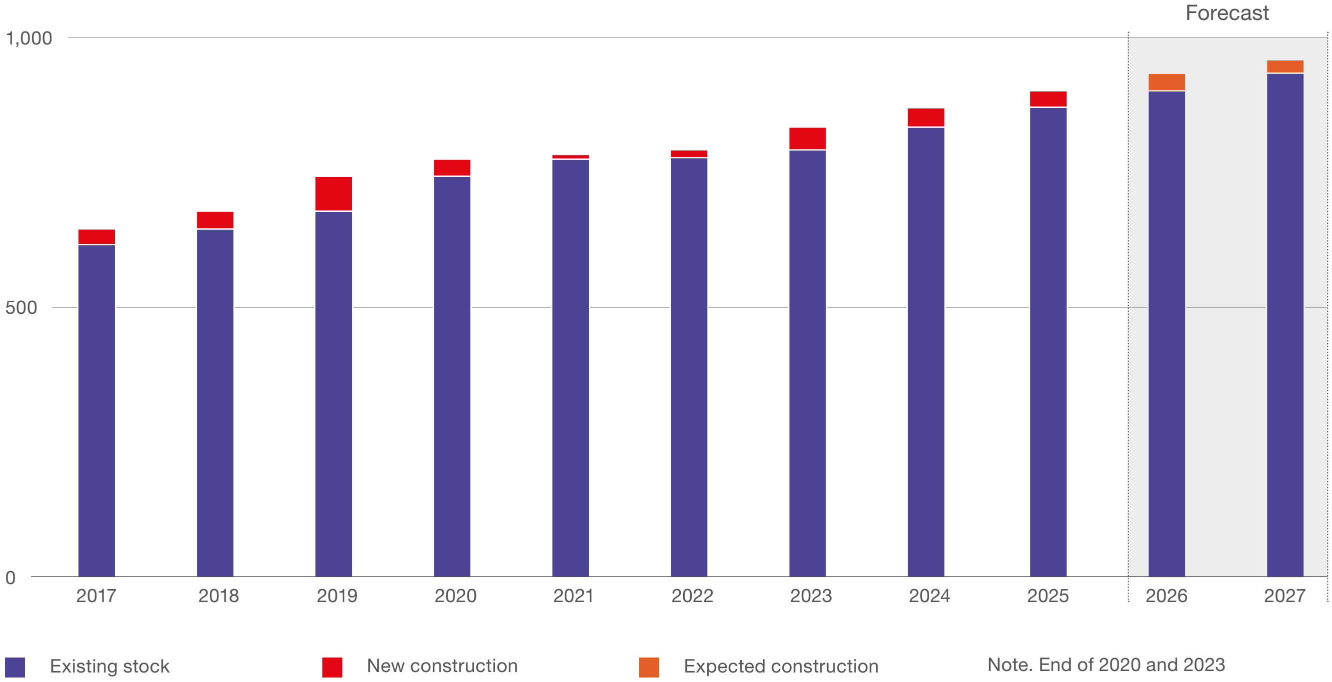
Existing office stock by class (GLA sqm)

Class A	Trend	Class B	Trend
234,000	↗	**671,000**	→

Office area in development by class (GLA sqm)

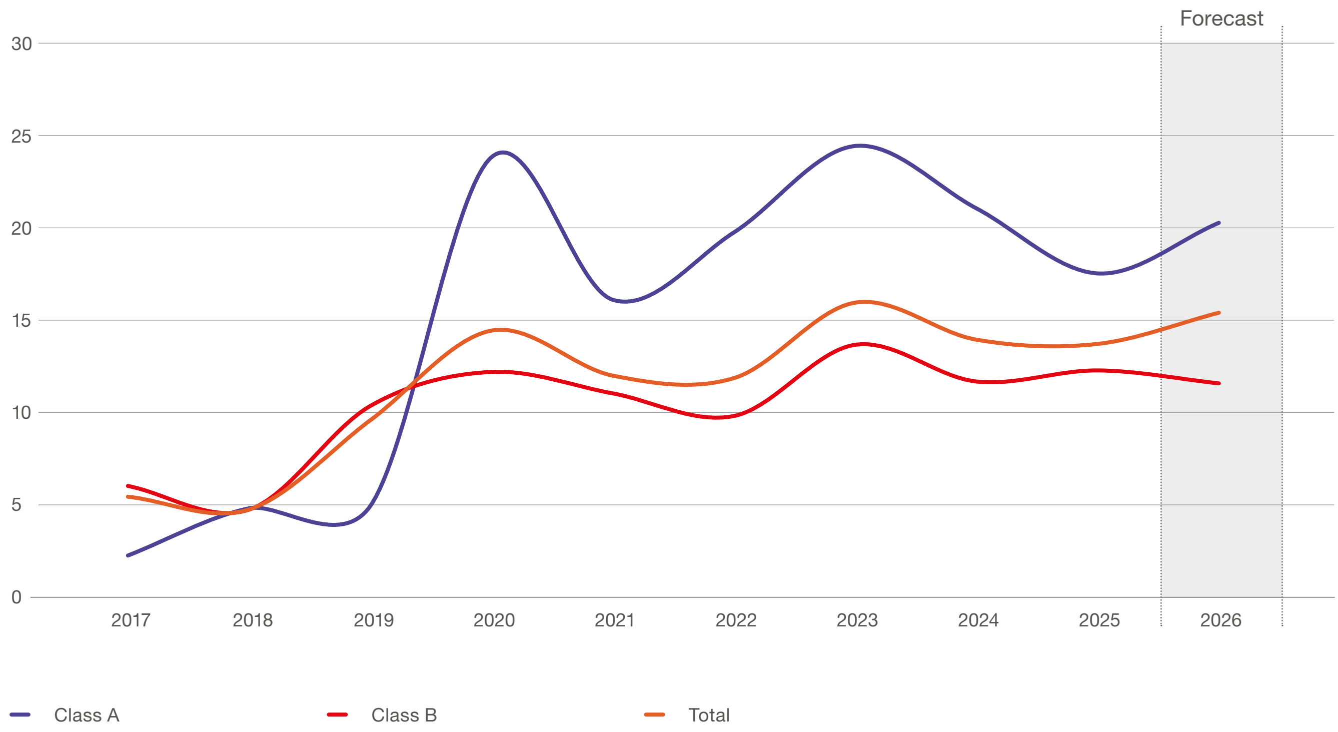
Class A	Trend	Class B	Trend
34,000	↗	**24,000**	→

FIGURE 3.6 | **Dynamics of Office Space in Riga** (thousand sqm)



Note. End of 2020 and 2023 notable part of Riga office stock was reclassified.

FIGURE 3.7 **Dynamics of Vacancy rates in Riga** (%)



Note. All data for Riga includes both speculative and built-to-suit office stock.

Several office developments remain in advanced planning or construction-ready, subject to securing anchor tenants. Major schemes such as Preses Nams by Lords and Verde III by Capitalica continued construction in 2025.

With most recently completed Class A projects nearing full occupancy, prime availability has tightened. Tenant activity is therefore shifting toward older stock, contributing to lower achieved rents and subdued overall activity, as many occupiers extended leases for shorter terms (2–3 years) while awaiting new supply. Sentiment improved in the second half of 2025, with more companies reassessing medium-term space needs.

Office take-up remained below the anticipated 40,000–45,000 sqm, reflecting reduced average space per tenant, limited new market entrants and weaker demand from non-traditional users such as medical, educational and coworking operators. With new supply expected and macroeconomic conditions gradually improving, leasing activity is projected to strengthen in 2026.

At the same time, Class B and C buildings face rising vacancy and weak backfilling prospects. Landlords are increasingly subdividing space or considering residential conversion. Investor appetite for such assets remains limited due to misalignment with prevailing investment criteria.

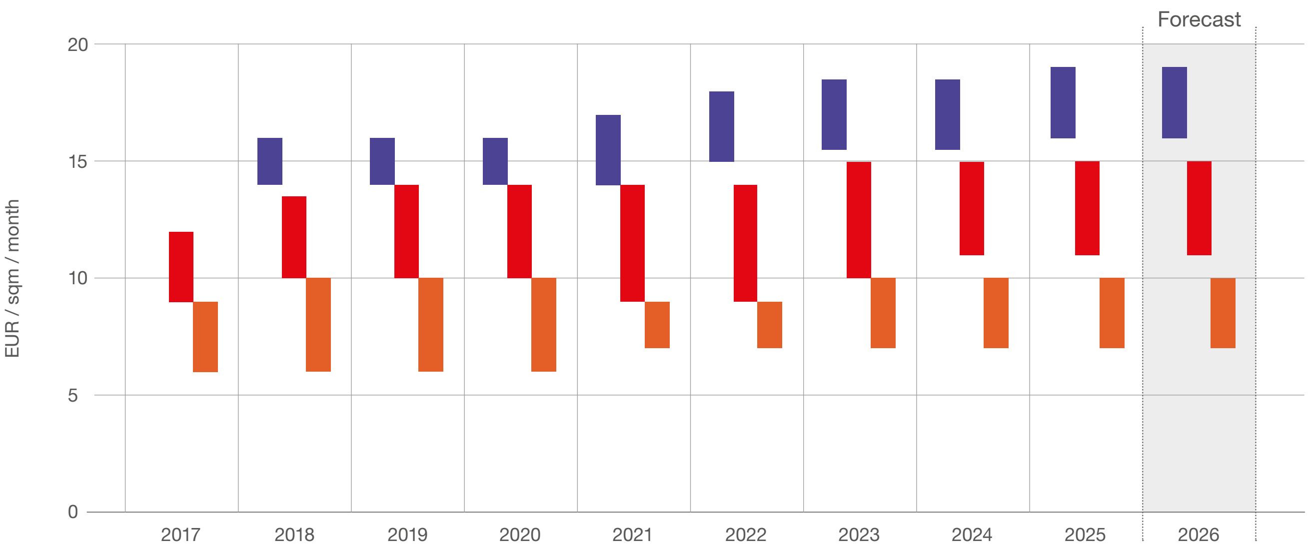
The repurposing trend in Riga is now materializing: several offices have been converted to medical use, one Soviet-era building was redeveloped into co-living in 2025, and further residential conversions are under consideration, including projects announced in early 2026.

FIGURE 3.8 | **Top office projects**

	Finished in 2025	
	Area, sqm	**Developer**
Satekles Biznesa Centrs	**12,000**	**Linstow**
Magdelēnas Kvartāls	**9,700**	**Vastint**
Barona 30A	**2,300**	**River Properties**

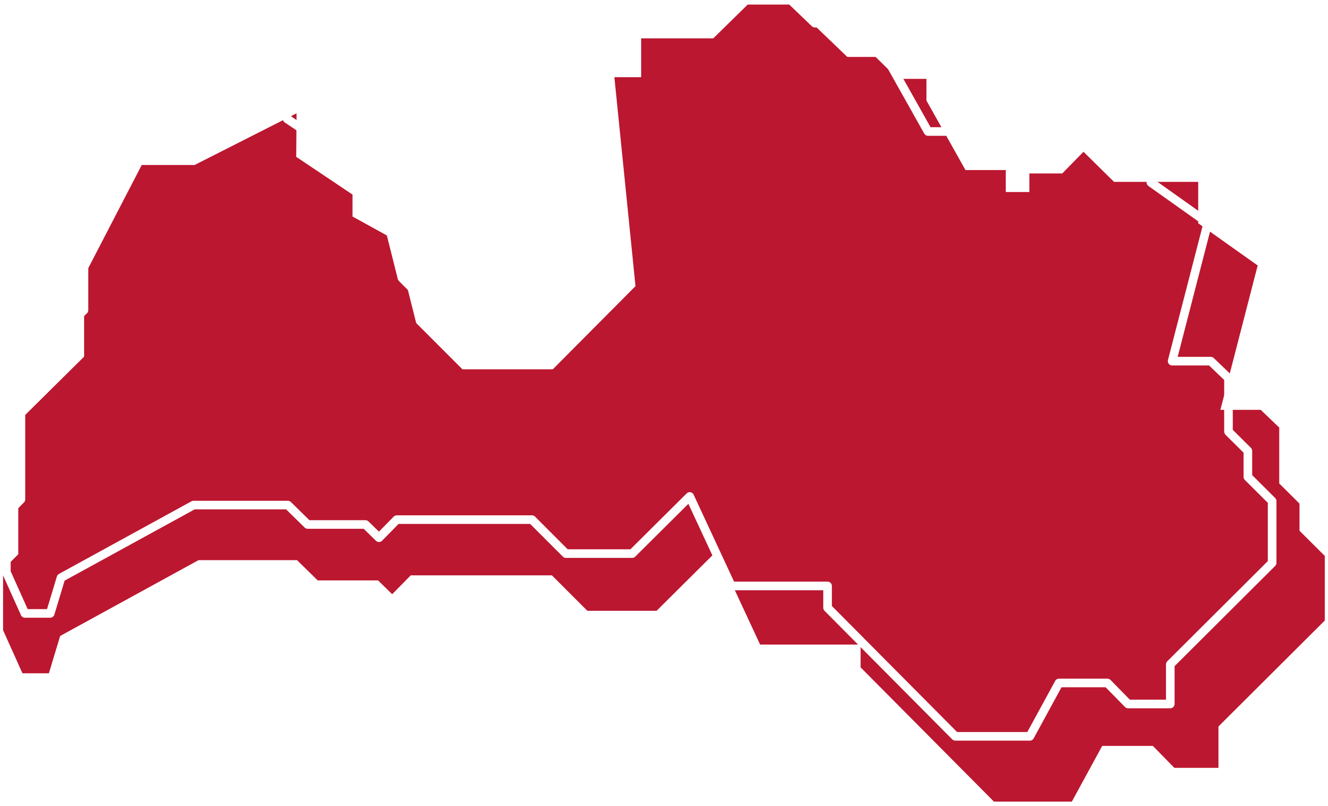
	Under construction	
	Area, sqm	**Developer**
Preses Nama Kvartāls	**25,900**	**Lords LB**
Barons Kvartāls	**13,000**	**Barons Kvartāls**
Verde III	**8,200**	**Capitalica**

FIGURE 3.9 | **Dynamics of office rent rates in Riga** (EUR / sqm / month)



Class A | Class B1 | Class B2

Note. All data for Riga includes both speculative and built-to-suit office stock.



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