



# BUSINESS SERVICES SECTOR **IN LATVIA 2023**



IN COOPERATION WITH THE INVESTMENT  
AND DEVELOPMENT AGENCY OF LATVIA



Investment and  
Development  
Agency of Latvia



Report prepared by the Association of Business Service Leaders in Latvia (ABS L Latvia) in cooperation with the Investment and Development Agency of Latvia, Deloitte Latvia, Colliers and GALIO Group.



---

## Interested in cooperating with ABS L?

Please contact: Jānis Atslens, Executive Director, ABS L Latvia  
[janis.atslens@absl.lv](mailto:janis.atslens@absl.lv)

Authors of the Report:

Chapter 1 – ABS L Latvia

Chapter 2 – Deloitte

Chapter 3 – Colliers

Graphic design:

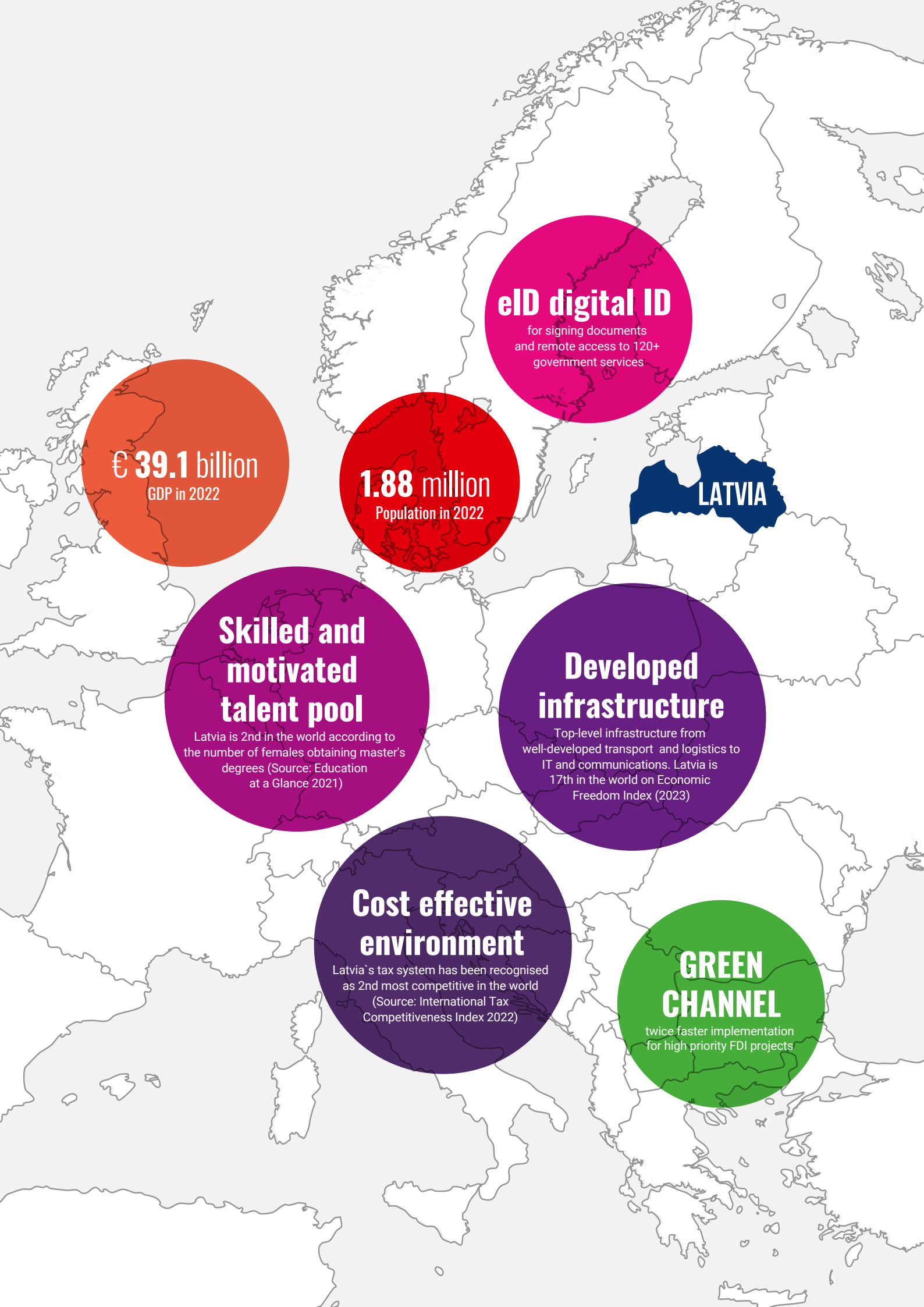
enivo.eu **enivo**

© ABS L 2023

All copyrights are the property of ABS L. Unless otherwise stated by the relevant provisions of law, any use, reproduction, duplication, modification, adaption or retransmission of this work, in whole or in part, in any manner, without the prior written consent of the copyright holder, is a violation of copyright law

## CONTENTS

FOREWORD	5
ABSL LATVIA RIDING THE TIDE – ON THE FOREFRONT OF CONTINUED SERVICE EXCELLENCE	6
COMMENT OF DIRECTOR GENERAL OF INVESTMENT AND DEVELOPMENT AGENCY OF LATVIA	9
COMMENT OF MAYOR OF RIGA CITY	10
<b>1 OVERVIEW OF THE BUSINESS SERVICES SECTOR IN LATVIA</b>	<b>11</b>
SECTOR GROWTH	12
CHANGES IN HEADCOUNT	12
SERVICES PROVIDED AND OPERATING MODELS	12
EMPLOYMENT IN THE SECTOR	23
<b>2 GBS GLOBAL TRENDS BY DELOITTE</b>	<b>34</b>
<b>3 MARKET OVERVIEW BY COLLIERS</b>	<b>38</b>
HYBRID WORK	39
IMPACT OF HYBRID WORK ON THE USE OF OFFICES	40
FUNCTIONALITY OF THE OFFICE	41
THE VALUE OF THE OFFICE	42
THE QUALITY OF THE WORKPLACE ENVIRONMENT	43
THE OFFICE SPACE THAT SERVES AS A MAGNET FOR EMPLOYEES	44
WHAT'S WITH SQUARE METERS?	44
POST-PANDEMIC OFFICE SUMMARY	45
BUSINESS CENTER GUSTAVS	46



**LATVIA**

**€ 39.1 billion**  
GDP in 2022

**1.88 million**  
Population in 2022

**eID digital ID**  
for signing documents  
and remote access to 120+  
government services

**Skilled and  
motivated  
talent pool**  
Latvia is 2nd in the world according to  
the number of females obtaining master's  
degrees (Source: Education  
at a Glance 2021)

**Developed  
infrastructure**  
Top-level infrastructure from  
well-developed transport and logistics to  
IT and communications. Latvia is  
17th in the world on Economic  
Freedom Index (2023)

**Cost effective  
environment**  
Latvia's tax system has been recognised  
as 2nd most competitive in the world  
(Source: International Tax  
Competitiveness Index 2022)

**GREEN  
CHANNEL**  
twice faster implementation  
for high priority FDI projects

## FOREWORD



**Alesja Kircenko**  
Chairperson of the Board, ABSL Latvia

Dear reader,

I am excited to introduce to you the 4<sup>th</sup> Annual Global Business Services Industry report in Latvia for the year 2022. This year marks yet another milestone in our journey of cooperation between the global business services (GBS) sector, public and governmental institutions.

The past three years have been a testament to the industry's resilience and determination while navigating the extreme conditions caused by COVID-19 and the unprecedented war in Ukraine. Despite all adversities, the GBS industry has shown remarkable strength, growing by 10% in 2021 and 7% in 2022.

In 2022, economic development in Baltics and Latvia in particular was disrupted by extremely high inflation which peaked at 22.2% in September. However, uncertainty and the related challenges for financial planning which companies faced in the beginning of 2022 stabilized in the second half of the year and investors' interest has recovered to a moderate level.

During 2022, companies continuously focused on nurturing and retaining talents as well as developing and fostering sustainable and inclusive work culture.

Availability of talent is a challenge across Europe; however we see encouraging signs in Latvia as 47% of participants of the GSB industry survey by ABSL have expressed their satisfaction and have marked the competition for talents on an acceptable level. In addition to companies' own employer branding and talent development initiatives, ABSL Latvia continued to offer support by developing a close dialogue with the academic environment on industry needs and offering ERAF programs to bridge the gap of availability of skills for evolving roles and emerging technologies.

GBS companies' overall satisfaction with the business environment in Riga/Latvia is very high. The most beneficial factors are quality of life, connectivity of the city and public transportation system. Latvia and Riga still have one of the lowest saturation levels of GBS centers in the region, which is fuelling plans of current investors to expand their scope of activities in 2023 and strengthens the potential to welcome new international investors in our industry.

In this report, you will find more insights and comprehensive analysis of industry performance and trends. May the report inspire you to take advantage of the opportunities that lie ahead and lead the GBS industry to sustainable success!

Warm regards,  
Alesja Kircenko  
Chairperson of the Board, ABSL Latvia

## ABSL LATVIA RIDING THE TIDE – ON THE FOREFRONT OF CONTINUED SERVICE EXCELLENCE

The Association of Business Service Leaders in Latvia (ABSL Latvia) is leading organization representing largest shared services centres, global business service centres (SSC/GBS), business process outsourcing (BPO), information technology outsourcing (ITO) centres in Latvia. Since 2019 ABSL Latvia acts as a platform for enhanced dialogue, networking, and collaboration within the business services community, government, public sector, and other relevant stakeholders operating in Latvia and in the global field.

During the 2022 ABSL Latvia focused on three strategic pillars- raising awareness of the industry, talent attraction and knowledge sharing by bringing together sixteen members and providing an environment that facilitates networking in a safe and open way, possibility to exchange best practices and know-hows. 11 webinars, several thematic discussions and physical events, have been organized, which allowed members to network and reach out to each other in more cooperative and interactive way. We are especially grateful for the contribution of two of our strategic partners Deloitte and Colliers.

ABSL Latvia engaged in various public activities. Several opinion articles and press releases were published on [dianasbusiness.lv](http://dianasbusiness.lv), [delfi.lv](http://delfi.lv), etc. For the first time ABSL Latvia appeared in several university career days with united stand to promote industry within the students – future employees of member companies. Visibility of GBS industry was boosted by participation of our speakers in public events and discussion panels, such as World Latvian

Economics and Innovations Forum, Diversity and Inclusion forum, ABSL International events and other occasions.

Throughout the academic year of 2022/23, the association continued to partner and build strong ties with higher education institutions in the field of talent development. Our guest lecture portfolio program has become a successful and well appreciated collaboration tool with the academia, and we held 50 guest lectures on topics related to our industry at the University of Latvia, Riga Technical University, BA School of Business and Finance, RISEBA, Riga Business School, Riga Stradins University, Transport and Telecommunication Institute.

During this year ABSL Latvia have continued to create close cooperation with key government stakeholders to enhance communication and serve as industry's voice to political decision makers. We have engaged in open discussion with Latvian Investment and Development Agency, Riga Investment and Tourism Agency and other relevant stakeholders, on issues important for our members to create best possible business environment and legislation for the GBS industry in region.

For four years in a row ABSL Latvia delivers Annual GBS industry report to provide an overview and development trends of the GBS industry in Latvia. The source of data comes from the ABSL Annual Survey using an online survey tool. The survey includes questions addressing different areas, for instance changes in headcount, skills needed to perform the work, business services provided by

industry, future development plans, etc. This year we had 18 GBS members participating in

the survey. The respondents represent almost half of industry in terms of employee number.

## ABSL LATVIA MEMBERS AND STRATEGIC PARTNERS:

**CABOT** 

 cognizant

*allnex*

ATEA

<epam>

 DNB

 msc

 if...

 tietoevry

 CIRCLE K

 CONTAINERSHIPS

accenture

intrum

 SEB

**Deloitte.**

 Colliers



## BUSINESS SERVICES INDUSTRY IN A NUTSHELL AT THE 2023

**54**

Number of business services centres based in Latvia

**18,200**

Jobs

**7%**

Average growth in people employed by the sector in 2022 (10% in 2021)

**IT, FINANCE, & CUSTOMER SERVICES**

Most popular business support functions in 2022

**47%**

Headquartered in Scandinavian countries

**65%**

Planning to expand operations in Latvian in 2023

**65%**

Providing their services globally; the remaining part serves specific regions or countries

**340**

Average number of employees per company in 2022

**10%**

of Employees are expats working in industry

**ENGLISH, NORWEGIAN, SWEDISH & GERMAN**

Top languages used to provide services



## SECTOR CONTRIBUTION TO ECONOMIC GROWTH OF LATVIA

**1300**  
EUR

Average gross salary in Latvia

**2025**  
EUR

Average gross salary in business services industry

**1440**  
EUR

Average entry-level salary in business services industry



## HIGHLY SKILLED & MULTILINGUAL TALENTS

**52**

Higher education institutions

**75,000**

Students

**15,000**

Graduates each year

**84%**

Employees of business services centers holding Bachelor's, Master's, or Doctor's Degrees; the remaining 16% represent students in their final year of studies

**89%**

Talent employed by BPO, SSC/ GBS, IT, and R&D business services centers under the age of 35



## COMMENT OF DIRECTOR GENERAL OF INVESTMENT AND DEVELOPMENT AGENCY OF LATVIA



### **Kaspars Rozkalns**

Director General, Investment and Development Agency of Latvia

The Investment and Development Agency of Latvia highly appreciates the cooperation with ABSL. Working together, we have ensured that investment projects in the sector of the global business services (GBS) qualify as “Green Corridor” projects, which shortens their implementation time by half.

Investment and Development Agency of Latvia provides learning experience and support through implementing such training programs as Agile, MiniMBA Innovation Management and Mini MBA Digital Transformation, aiming to promote productivity, export capacity of Latvian merchants and increasing work efficiency. In 2022 support was given to 41 company to train 73 employees.

Despite some challenges for the GBS sector regarding attracting skilled labour, digital transformation, and raising operational costs, the business services exports have grown, reaching around €3.7 billion in 2022. In 2022, Latvia’s total services exports reached €7 billion.

Also, we are working closely with Riga Investment and Tourism Agency to ensure the best conditions for new GBS companies to enter the market and for existing ones to expand. With the support of Investment and Development Agency 13 investment projects in ICT and GBS industry were launched in 2022. To mention a few, Rud Pedersen - the leading and fastest-growing Nordic public affairs and communications group in Europe who chose Latvia as the location for their expansion plans in Baltics. Another more recent example is the global biotechnology firm Roche who announced the launch of a new branch of its Roche Services & Solutions center in Riga with more than 200 employees to be hired in Riga.

At the same time, we encourage companies and potential investors to consider other major Latvian cities outside Riga as places to develop their businesses. On the part of the state, we are ready to provide the necessary support in high-level staff training and other areas to improve companies’ international competitiveness in the sector.

## COMMENT OF MAYOR OF RIGA CITY



**Martins Stakis**  
Mayor of Riga city 🇱🇻

In 2023, Riga's GBS (Global Business Services) sector confidently strengthens its position. It continues a stable rise - 18,000 qualified employees work in 54 centres in Riga, covering 2.4% of the country's GDP.

At the same time, Riga still has one of the lowest saturation rates in the region, which is a desirable factor for developing the GBS sector and must be used as a selling point.

One of the most significant achievements in the Riga GBS sector this year is the Swiss biotechnology company "Roche", one of the world's most influential players in the industry, attracted by the Riga Investment and Tourism Agency (RITA). This company is expected to create at least 200 new jobs in the future.

RITA is currently the most active and visible governmental organisation representing Riga and building its image globally in industry events in Europe and the world – promoting Riga in ABSL forums, exhibitions, conferences, and visits.

Riga's investment environment is appreciated; we are also included in the charts of future cities - in Cannes, France, entering among the top ten cities in the categories "Mid-sized European cities of the future" and "Best city for human capital and lifestyle". This is the historically highest evaluation of Riga, which also positively affects the interest of investors to expand business activities in Riga.

As one of the priority tasks for Riga in the near future, work on talent acquisition has been set, which covers various areas in the urban environment, labour market and education. Riga is taking steps to strengthen its position as a compelling destination for the workforce from abroad, including infrastructure projects (Riga Airport development projects, urban transformation, construction of Rail Baltica), support programs (Work in Riga, work with the diaspora, relocation, re-immigration), work with higher educational institutions.

We welcome everyone to explore the broad scope of options and expand your business in Riga!



# **1** OVERVIEW OF THE BUSINESS SERVICES SECTOR IN LATVIA

## SECTOR GROWTH

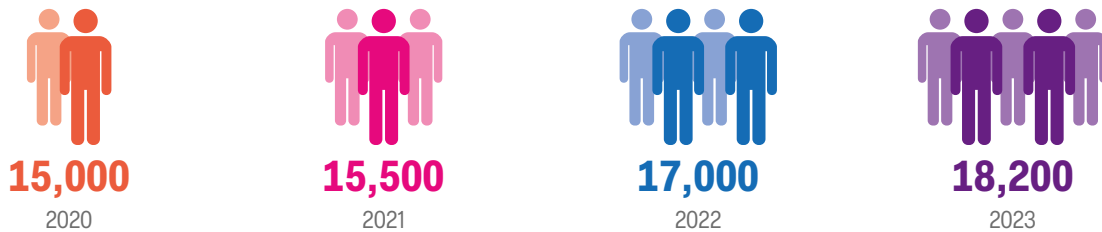
**18200** Employees in GBS industry in Latvia Q2 2023

**1820** the number of jobs created since Q2 2022

**7%** Average growth in people employed by the sector.

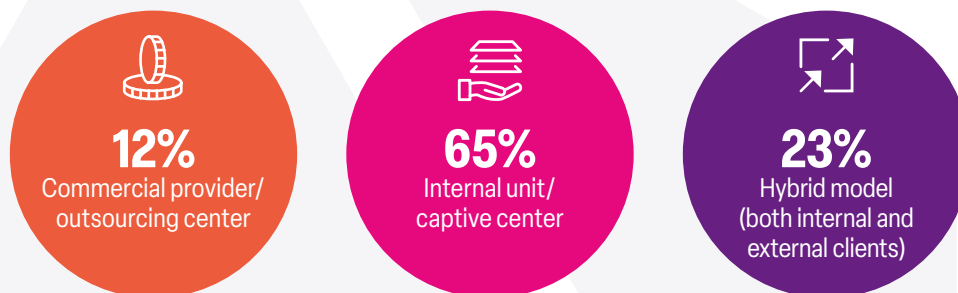
## CHANGES IN HEADCOUNT

**FIGURE 1.1**  
CHANGES IN HEADCOUNT, 2022



## SERVICES PROVIDED AND OPERATING MODELS

**FIGURE 1.2**  
OPERATING MODELS IN THE LATVIAN BUSINESS SERVICES SECTOR, 2022

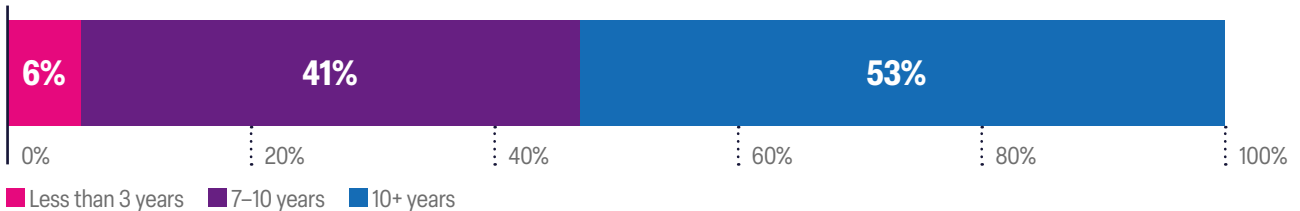


65% of the centres participating in the survey operate as internal units and captive service centres. 23% of responding organisations are operating a hybrid model combining captive units

and outsourcing services under one legal entity. Compared to the last year proportion of internal units/captive centres have slightly decreased on the expense of hybrid model increase.

**FIGURE 1.3**

LENGTH OF TIME THAT BUSINESS SERVICES CENTRES HAVE HAD THEIR OPERATIONS IN LATVIA

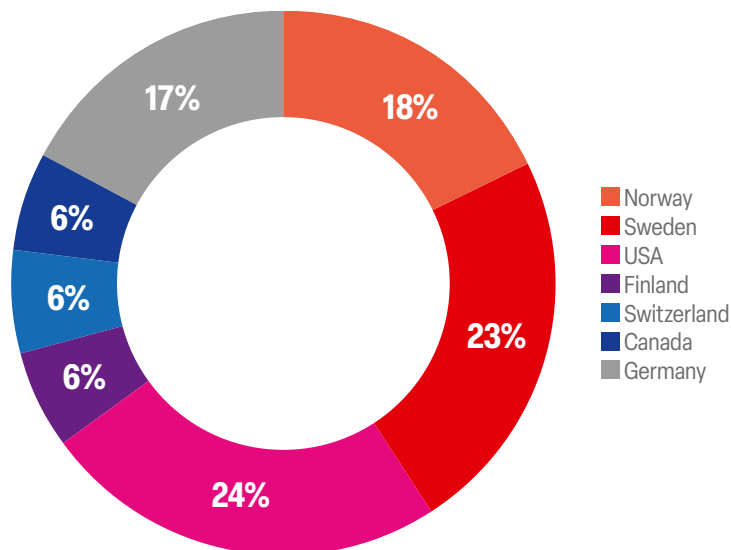


By conducting an industry review over a four-year period, we can conclude that the SSC/ GBS, BPO, and IT organisations that have chosen Latvia as a place of operation are aiming for a long-term strategy. This fact is confirmed by the constant curve for the maturity of companies operating in Latvia. Most of the survey participants have been conducting their

operations in Latvia for at least 10 years. These companies have a strong presence in Latvia, and they prove that Latvia is an attractive business location for GBS companies. Over the past two years, we have seen a slow but promising role of new players in the Latvian GBS industry, such as Eurofins Genomics, Enfuce Latvia, EPAM, etc.

**FIGURE 1.4**

COUNTRIES OF ORIGIN OF BUSINESS SERVICES CENTRES BASED IN LATVIA, 2022



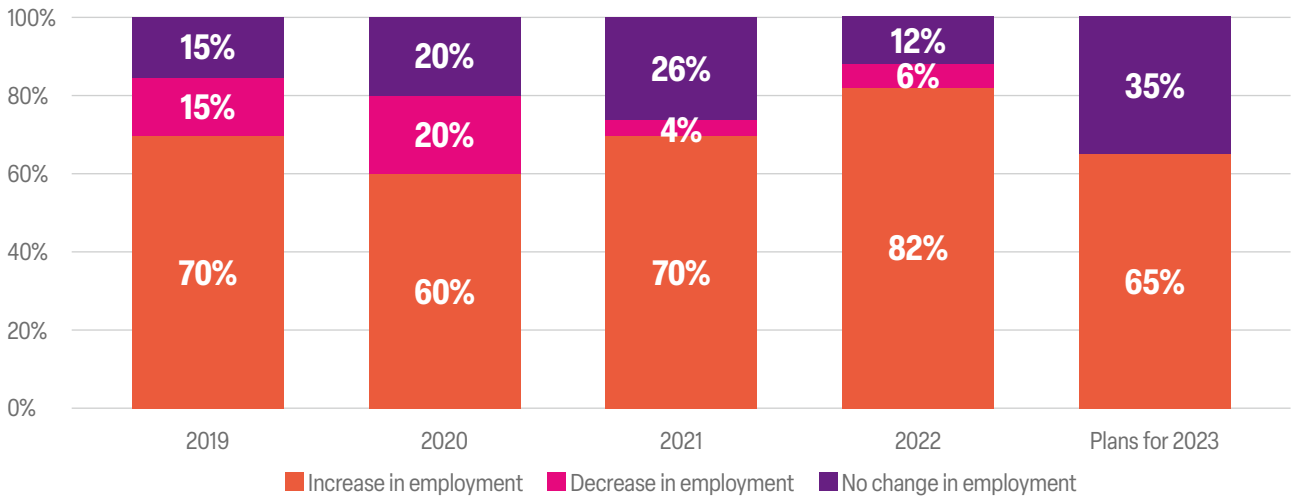
Consistent to previous surveys, almost half of the GBS originate from Nordics. This factor can be explained by cultural similarity: Latvia has a similar culture and business practices to the Nordic countries, which makes it easier for Nordic companies to do business here. Stable political and economic environment

also plays an important role: Latvia is a member of the EU and NATO, and OECD. Latvia has a well-developed ICT sector and is known for its expertise in IT and software development. This makes it an ideal location for companies in the tech industry. Also skilled labour force is a well mentioned trait. Latvia has a highly skilled

and educated workforce with a good command of foreign languages, which is important for doing business internationally. Although

Nordics remain dominant, Central Europe and North America have also established a notable presence in Latvian GBS industry landscape.

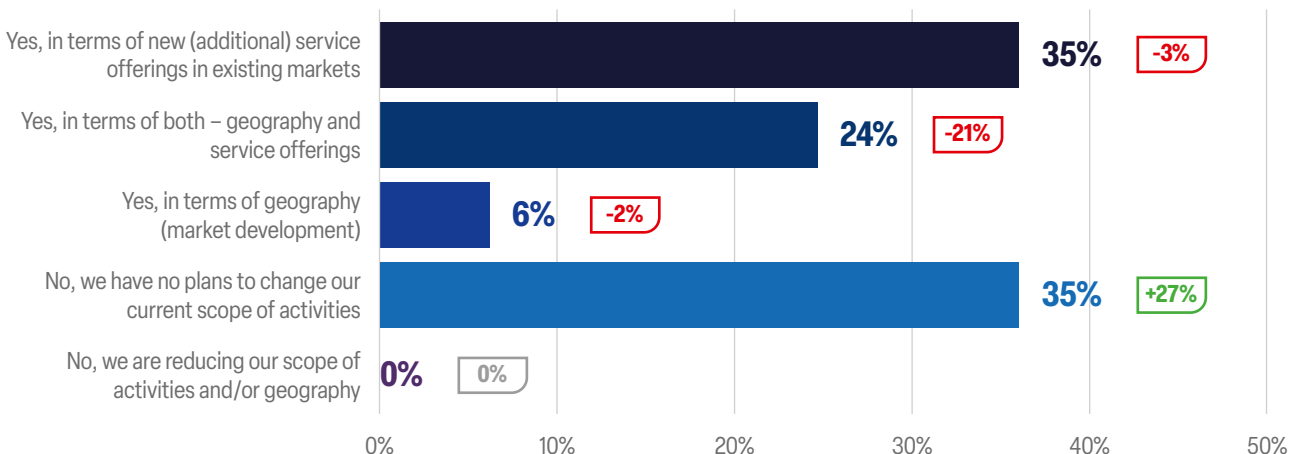
**FIGURE 1.5**  
HEADCOUNT TRENDS IN 2019-2023



We can see positive trend that employment ratios have increased significantly during 2022 with 82% of companies increasing their headcount.

The majority of surveyed companies (65%) declared that they would increase number of employees in 2023 thus feeling positive with operations in Latvia and wanting to expand them.

**FIGURE 1.6**  
RESPONDENTS PLANS TO EXPAND THE SCOPE OF ACTIVITIES OVER THE NEXT 12 MONTHS



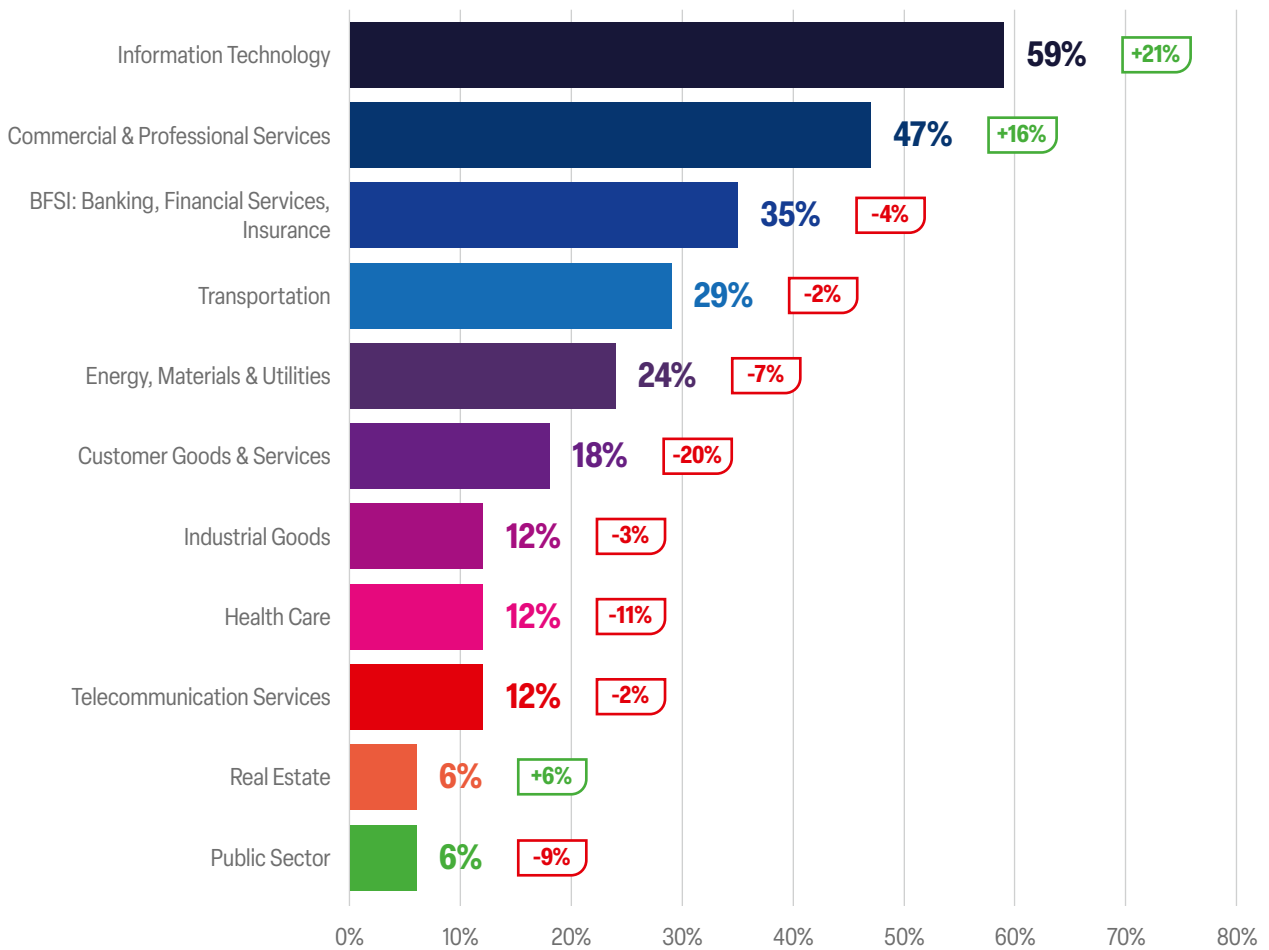
The percentages shown separately indicate the changes compared to data collected in 2021

65% of organisations under review are planning to expand their operations in 2023, either by taking on new services, serving new geographic regions, or both. The indicators are like what we can observe in companies' plans to increase the number of employees, whether the status quo has been maintained, because this graph also shows the preservation of the current situation in 35% of the surveyed companies.

Without any big surprises, the data of the 2023 survey also show that Riga is the undisputed leader of industrial activities. 94% of the surveyed companies do not plan to open new operations in other Latvian cities, but rather continue to strengthen and develop their centers in Riga.

**FIGURE 1.7**

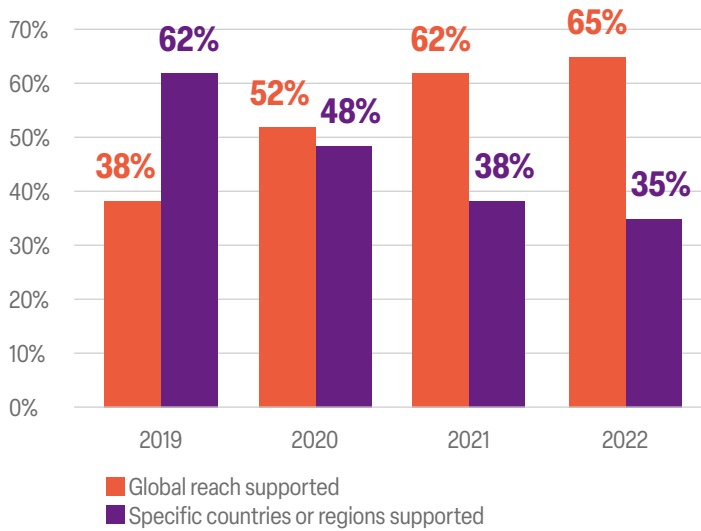
**BUSINESS SECTORS OTHER THAN BPO, SSC/GBS, AND IT CENTERS SERVICED FROM LATVIA (INTERNAL/EXTERNAL CLIENTS) IN 2022**



**-1%** **+1%** The percentages shown separately indicate the changes compared to data collected in 2021

**FIGURE 1.8**

GEOGRAPHICAL PROFILE OF THE ACTIVITY OF BUSINESS SERVICES CENTRES BASED IN LATVIA



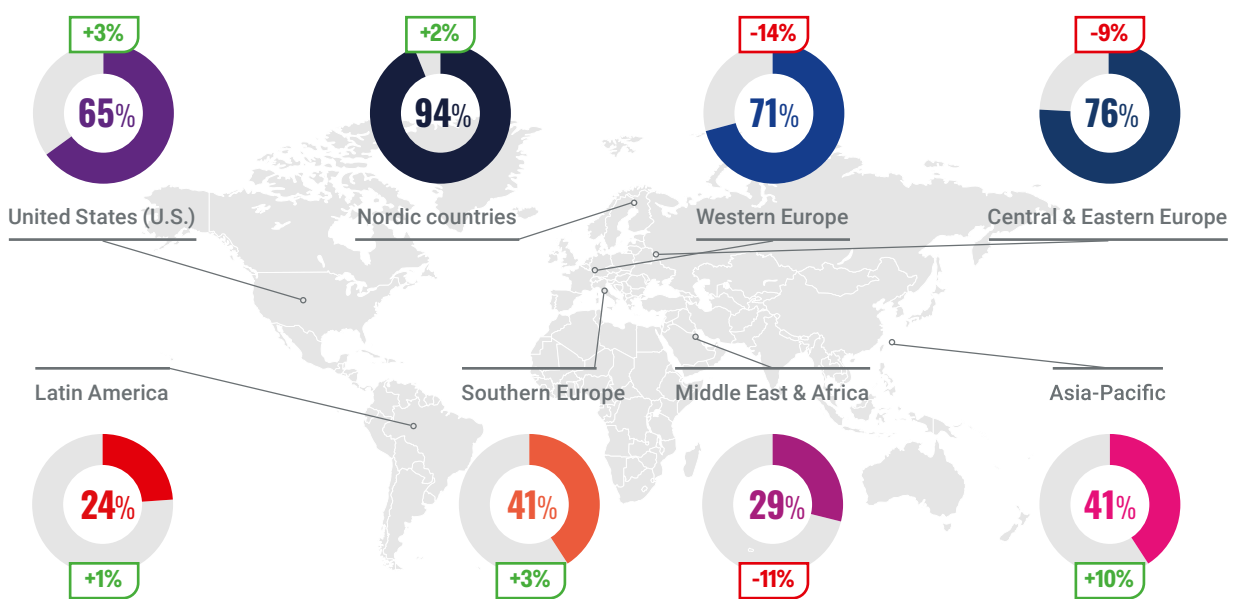
servicing only single country or region, then in 2022 it has changed completely other way around with 65 % of companies providing services with a global reach.

This trend illustrates a positive change in maturity of Latvian GBS industry, as initially decisions to locate certain services in a GBS in Latvia were mostly cost driven – basically relocating the services as-is from more expensive locations to Latvia, now more and more often the decisions are based on availability of talent and high value-added competence in GBS organisations located in Latvia.

For the last four years we can observe a remarkable reversal in geographical scope of activities for GBS industry located in Latvia. In 2019 total of 62% were

**FIGURE 1.9**

GEOGRAPHICAL RANGE OF BUSINESS SERVICES PROVIDED FROM LATVIA



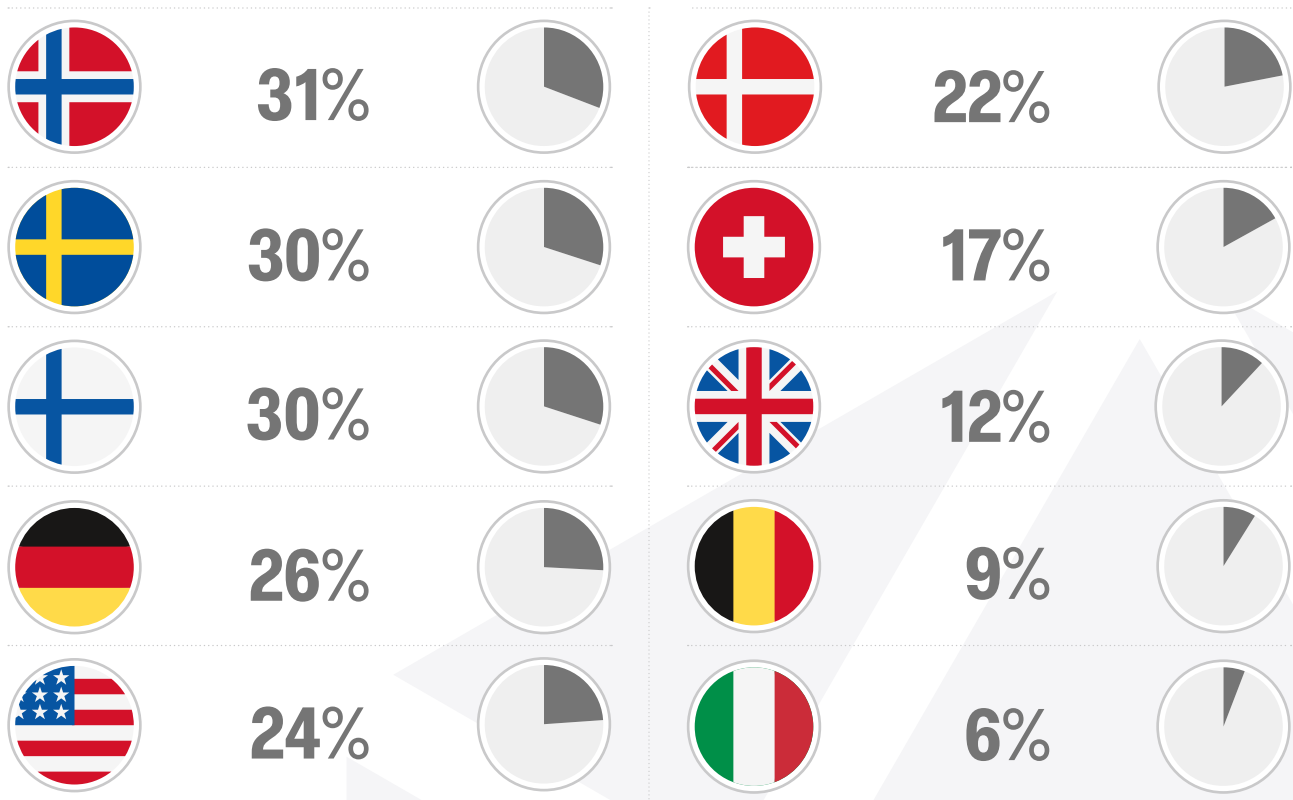
**-1%** **+1%** The percentages shown separately indicate the changes compared to data collected in 2021



These observations continue to show positive indicators every year, pointing to the geographical expansion of services provided from GBS companies in Latvia, and expanding services in new markets. We can observe small

changes in the volume of services to Western European countries, where it has shrunk, however, there have been positive indicators of increasing services provided to Asia.

**FIGURE 1.10**  
THE MOST POPULAR COUNTRIES SERVICED BY THE BUSINESS SERVICES INDUSTRY FROM LATVIA IN 2023

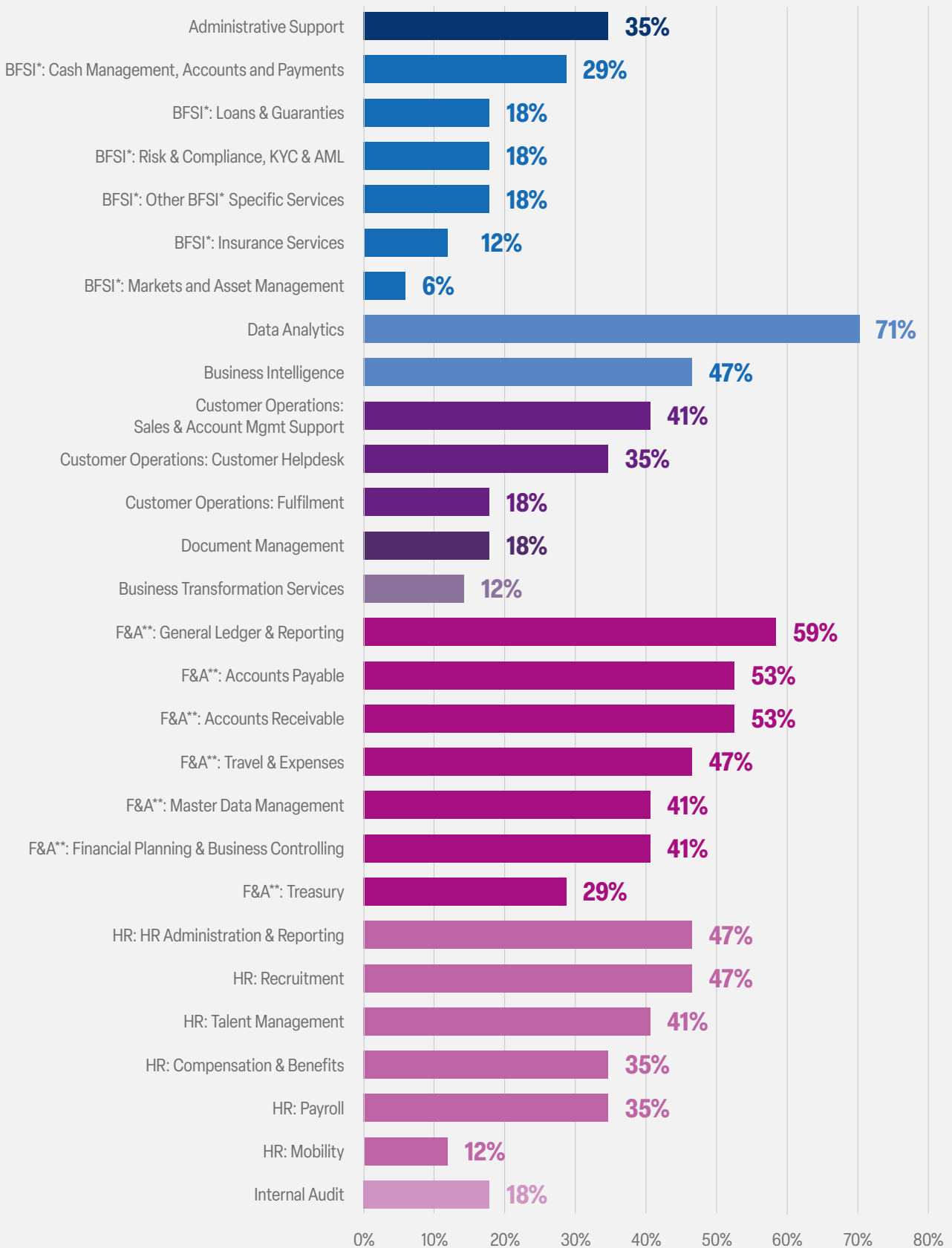


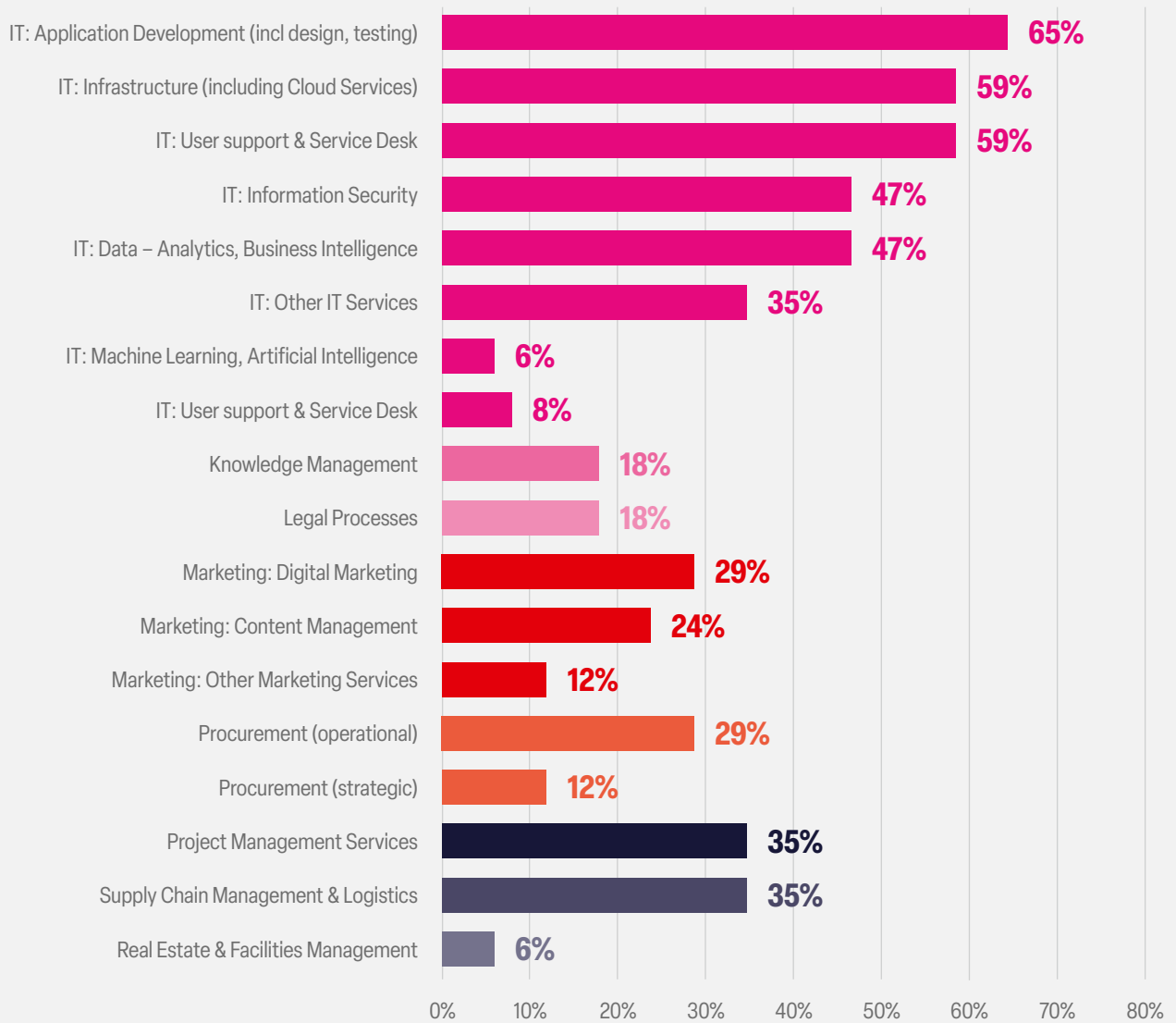
There is no dominant country to which services are provided from GBS centres located in Latvia. Top leaders are the Nordic countries,

Central Europe, the USA and the UK. Countries in Southern Europe and other regions are not so popular destinations for service exports.

**FIGURE 1.11**

PROFESSIONAL BUSINESS SERVICES PROVIDED BY INDUSTRY COMPANIES IN 2022

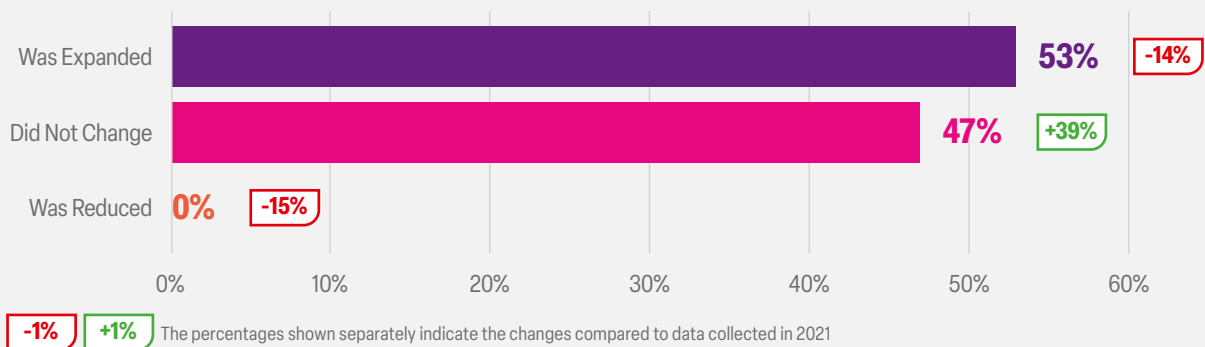




\*BFSI – Banking, Financial Services, Insurance; \*\*F&A – Finance and Accounting

**FIGURE 1.12**

THE CHANGES IN SCOPE OF SERVICES PROVIDED BY RESPONDENTS IN 2022



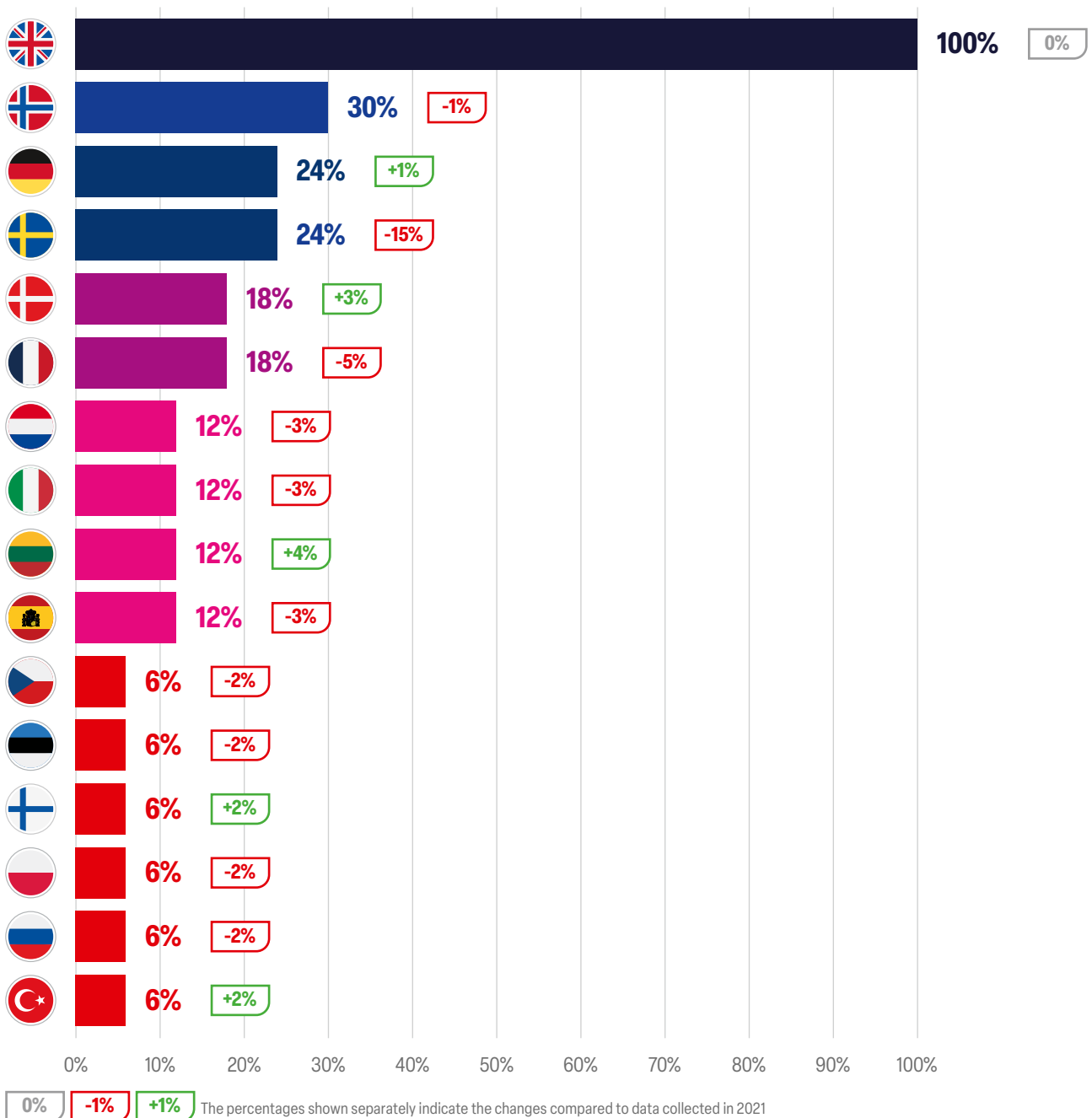
In previous years, even in 2020 affected by COVID-19, we could observe a faster

expansion of service volumes in contrast to the data of 2022. The possible decrease in the

percentage speed of faster expansion can be explained by the unexpected Russian attack on Ukraine at the beginning of 2022, which caused a serious pause in business strategies and expansion plans throughout Europe and Globally. The positive aspect can certainly be

seen in the fact that in 2022 none of the Latvian GBS companies have reduced the volumes of their services in contrast to the background of all previous years, which indicates stability in the internal ecosystem of the industry in Latvia.

**FIGURE 1.13**  
FOREIGN LANGUAGES USED BY THE INDUSTRY TO SERVE CUSTOMERS



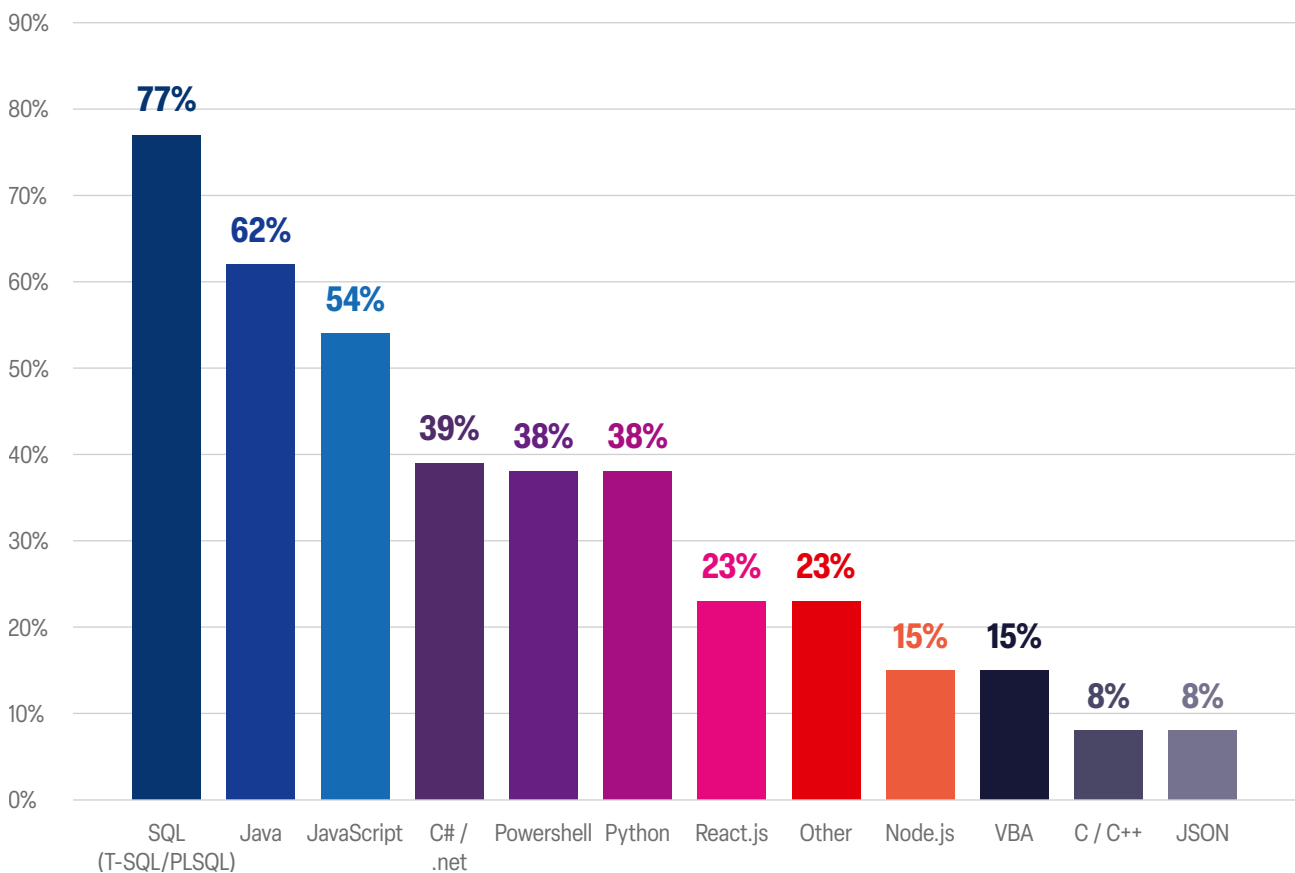
As Latvia has become increasingly integrated into the global economy, English has emerged as the dominant language of international business communication

Nordic languages, German and French remain among the leaders of the other foreign languages. This is related to the ownership of the parent capital of the companies, as well as the geographic scope of the services.

Considering English language proficiency as a must for global service centre employees,

ABSL Latvia is actively working on expanding the training opportunities for employees of industry companies and forming public opinion on the need to learn foreign languages to increase the number of employees who know both one of the languages of the Nordic countries and one of the major languages of Central Europe. ABSL Latvia continues to offer significant support by providing access to the European Regional Development Funding program, which covers up to 70% of various trainings costs, including language courses.

**FIGURE 1.14**  
PROGRAMMING LANGUAGES USED BY IT-RELATED GBS, 2022

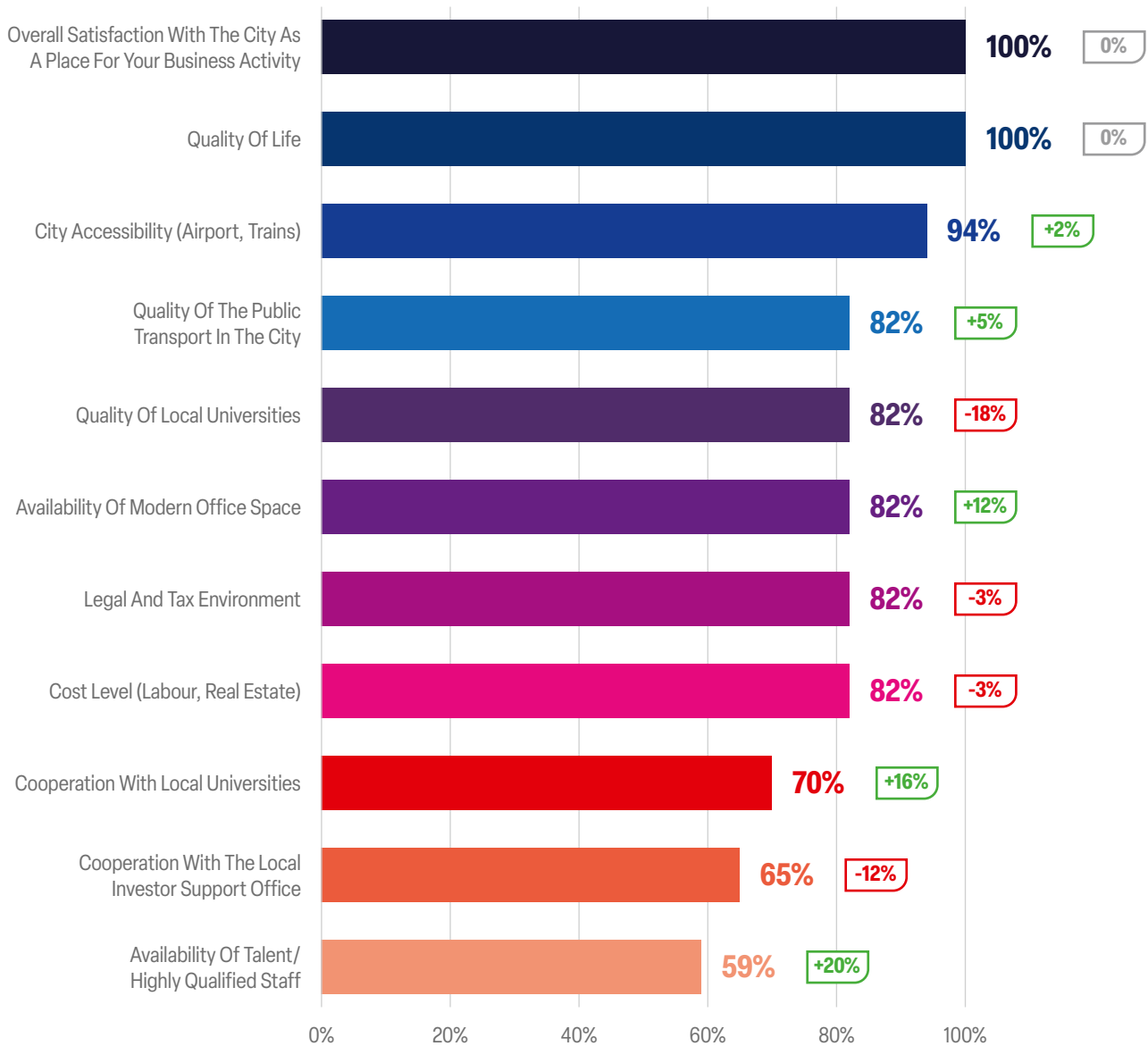


SQL, Java, JavaScript, C# / .net, PowerShell, and Python remain the most popular programming languages for four years in row. On top of traditional programming languages, an

increase in a niche languages such as ABAP, CLOUD, .net, UiPath, React.js TypeScript, Angular, SCSS can be observed.

**FIGURE 1.15**

## OVERALL SATISFACTION RELATED TO BUSINESS ENVIRONMENT IN RIGA/LATVIA



0% -1% +1% The percentages shown separately indicate the changes compared to data collected in 2021

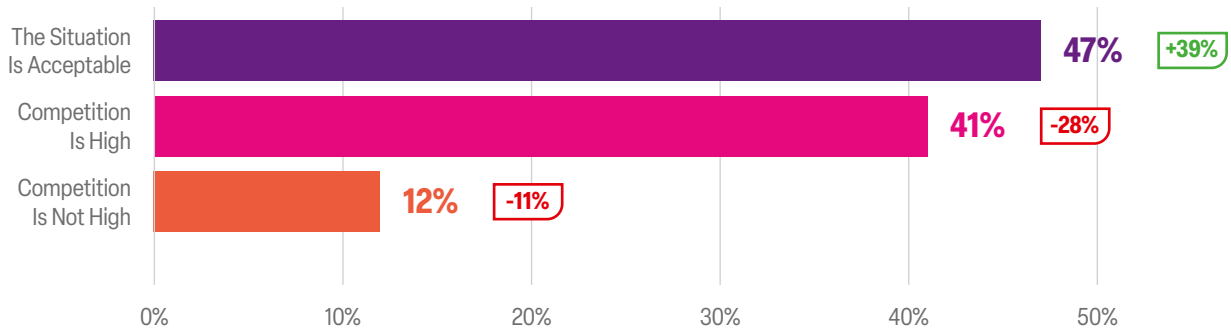
Overall business environment in Riga /Latvia is continuously reaching highest satisfaction ratings for four years in the row. Factors with highest scores are quality of life, city accessibility & transportation, quality of local universities and availability of modern office spaces. Recent real estate development projects have caught up with the speed of neighbouring capitals which has resulted in major increase

in satisfaction with this aspect. Nevertheless, there is significant decrease in satisfaction with quality of local universities, which is an alarming signal considering its long-term nature. However, the companies are contributing to cooperation with local universities by providing guest lectures, internships, and content preparation for study curriculum.

## EMPLOYMENT IN THE SECTOR

**FIGURE 1.16**

THE INTENSITY OF COMPETITION ON THE LOCAL LABOUR MARKET



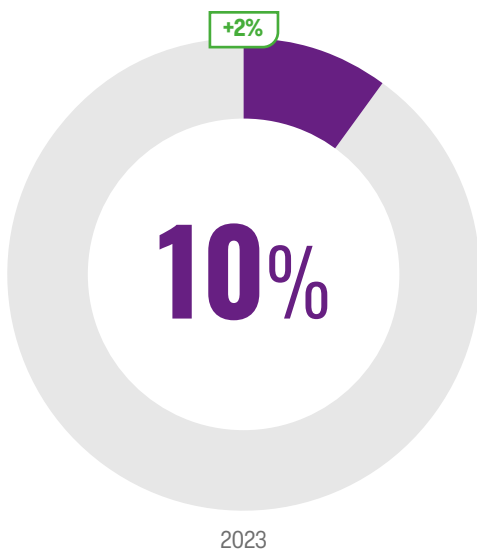
**-1%** **+1%** The percentages shown separately indicate the changes compared to data collected in 2021

Even though 82% of GBS sector organisations have been expanding their business and actively hiring in 2022 the assessment of competition is less critical in comparison with last year. Companies’ efforts of growing the talent

internally and finding unique value propositions in employer branding is continuing to bring the results. Moreover, GBS sector organisation effort to attract foreign talent is contributing to closing of the gap.

**FIGURE 1.17**

FOREIGNER EMPLOYEES IN GBS ORGANISATIONS:

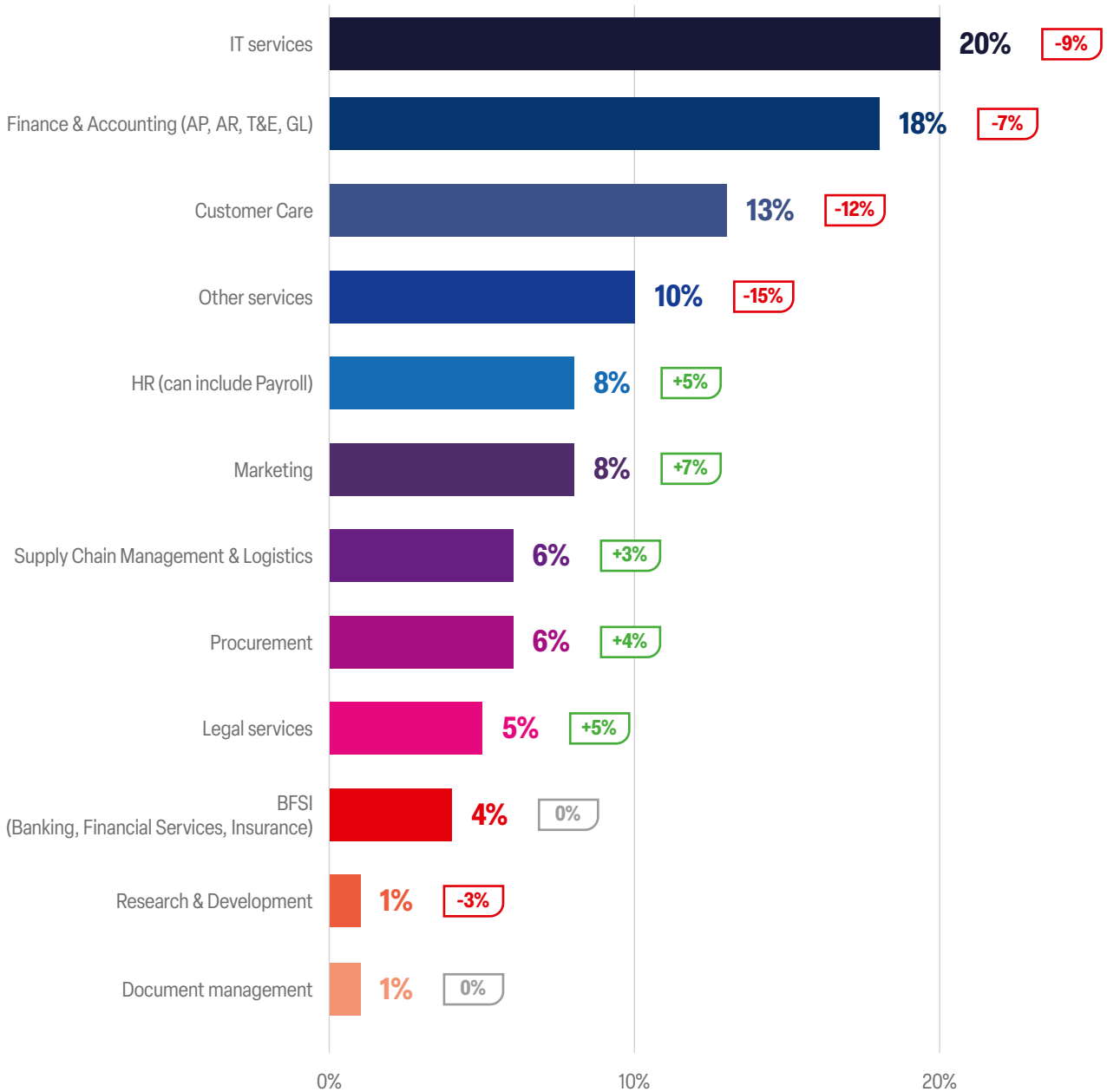


2023

**+1%** The percentages shown separately indicate the changes compared to data collected in 2022

Global talent attraction gives GBS companies wider searching ground. 89% of industry players indicated that it is important to attract foreign employees to reach their business goals. Foreign employees bring access to specialized skills and expertise that organisations might be needing for future development, they also bring diversification of perspectives. Although the outlook is overall positive, the ABSL Latvia continues to engage with the government stakeholders to improve immigration processes.

**FIGURE 1.18**  
EMPLOYMENT STRUCTURE BY BUSINESS FUNCTIONS



0% -1% +1% The percentages shown separately indicate the changes compared to data collected in 2021

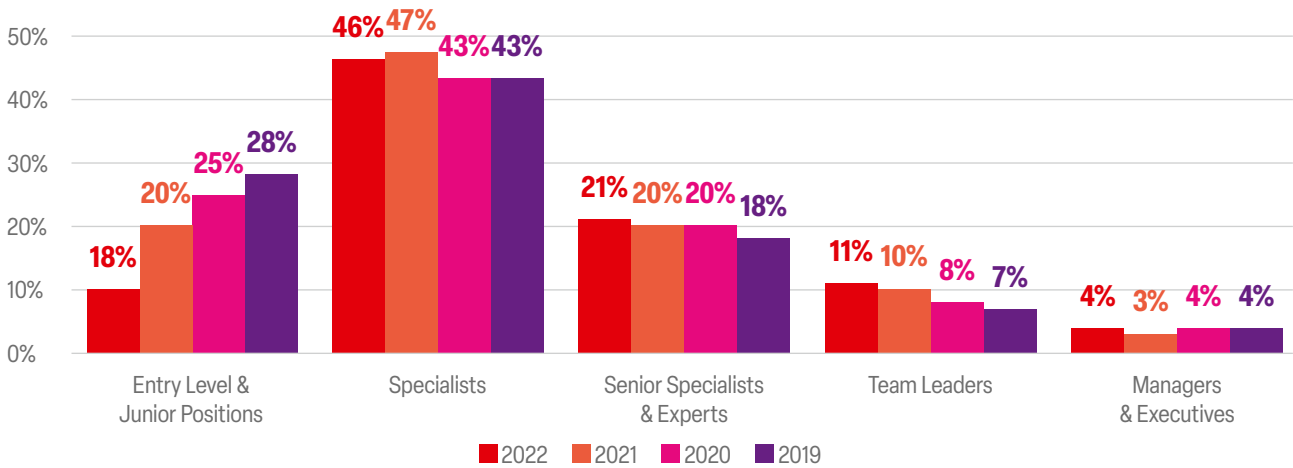
The top three business functions remain the same as previous years – IT, finance and accounting, and customer services.

We can see a steady growth by expanding competence centres in Latvia, the GBS

companies are building cross-functional, multi-disciplinary and multinational teams, increasing their functions in HR services, marketing activities, supply chain management, procurement, and other core activities.



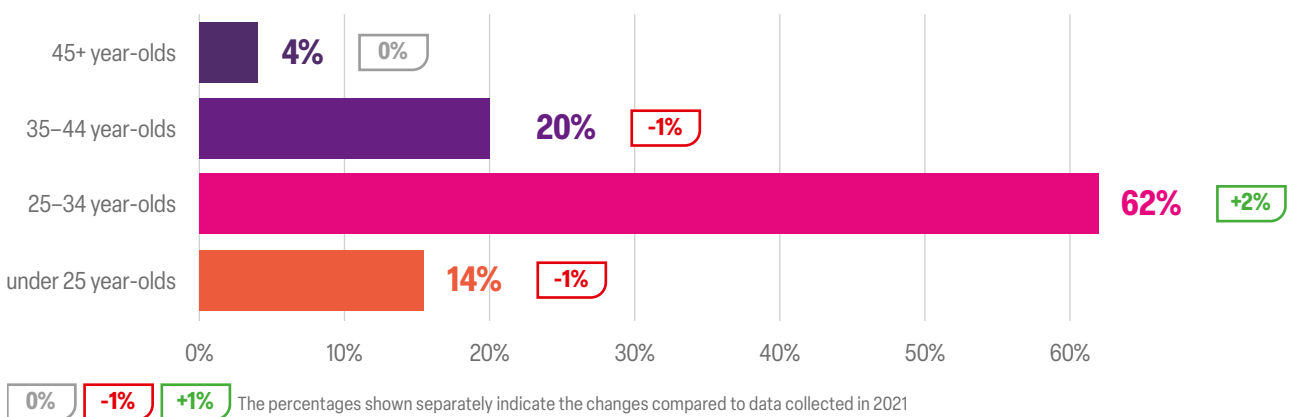
**FIGURE 1.19**  
EMPLOYMENT STRUCTURE BY SENIORITY



Relatively high proportion of students and post-graduates remains as a steady trend in GBS sector - approx. 20% of overall employment. Nevertheless, steady decrease in the proportion of juniors can be observed over the

years. Increase in proportion of specialist positions indicates that more complex, higher value-added tasks and responsibilities are being entrusted to Latvia-based GBS.

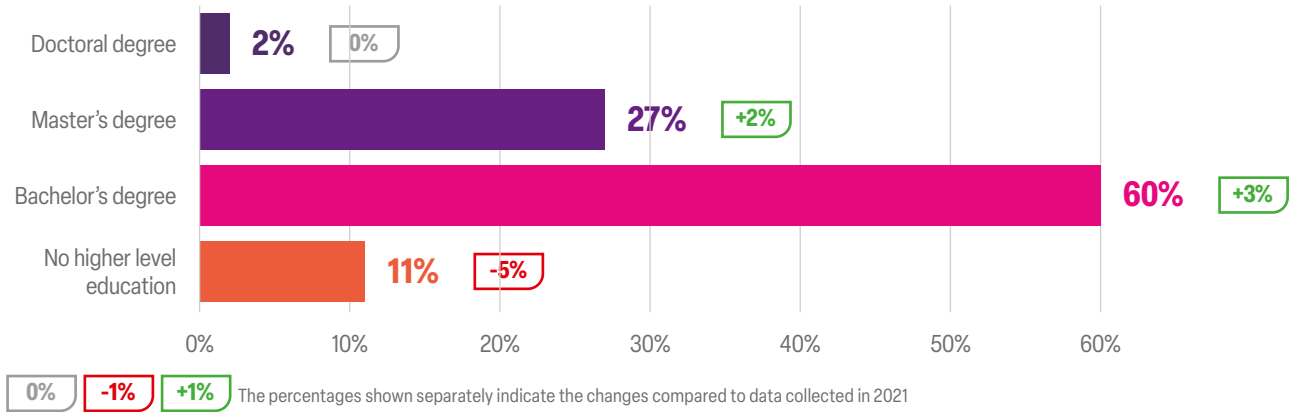
**FIGURE 1.20**  
EMPLOYMENT STRUCTURE BY AGE



Employment structure by age remains similar to last year. Looking at the four-year compilation of data, one can observe slow but steady

decrease of percentage of junior classes. This trend reflects the maturing of the sector and growth of competence available on the market.

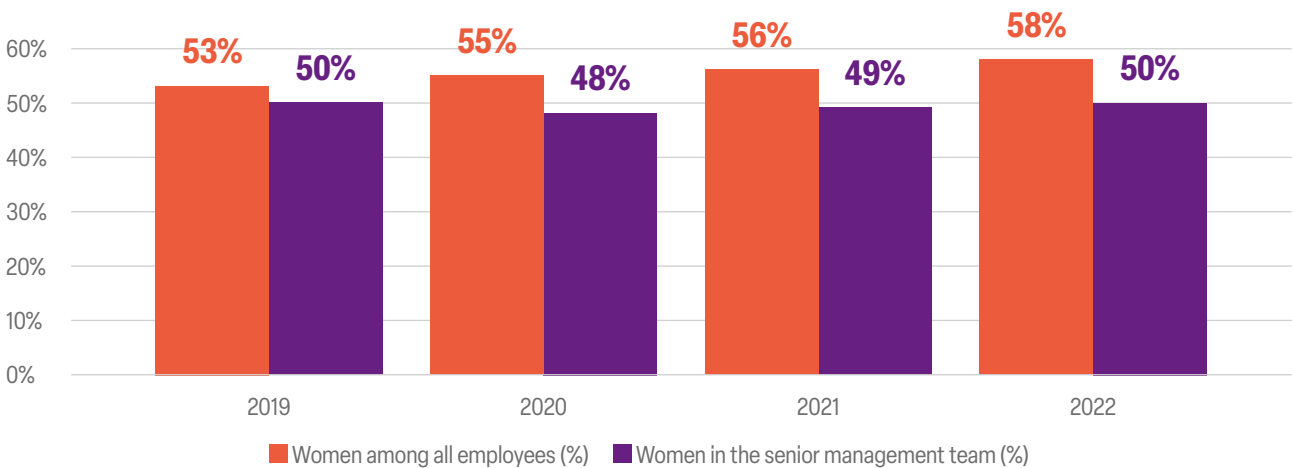
**FIGURE 1.21**  
EMPLOYMENT STRUCTURE BY HIGHEST LEVEL OF EDUCATION



Employment structure by highest level of education results remain positive. Overall, there is very high proportion of highest education graduates

in GBS sector. The availability of universities and quality of education are the most crucial determinations of the development of the sector.

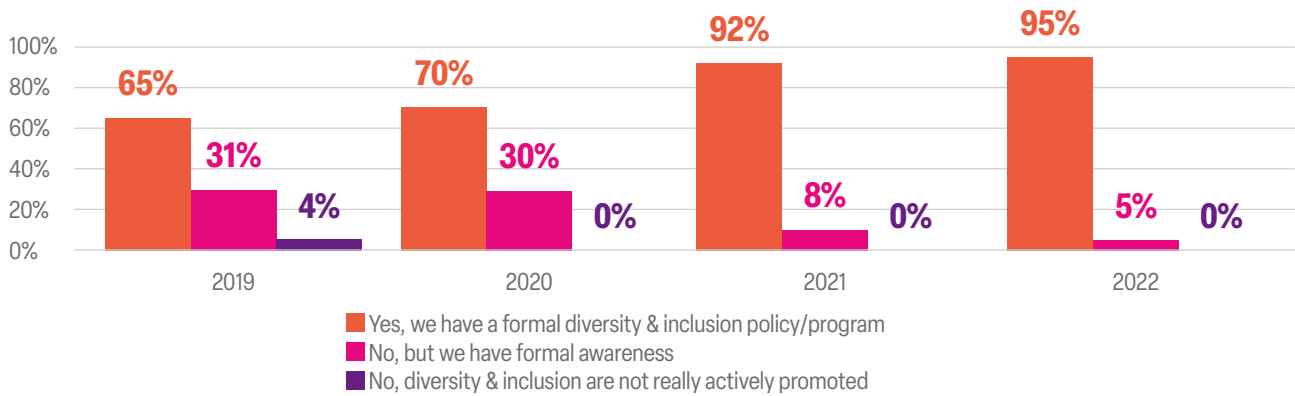
**FIGURE 1.22**  
EMPLOYMENT STRUCTURE BY GENDER



Latvia has made progress towards gender equality in the workplace in recent years by implementing laws and policies aimed at promoting gender equality in the workplace, such as the Law on Equal Treatment, which prohibits discrimination based on gender in employment and ensures equal pay for equal work. The country also has a National Gender Equality Plan, which includes measures to promote

equal opportunities for men and women in the workplace. This positive trend is even more noticeable in Latvian GBS industry that we can observe already for fourth year in the row. More than half of employees are female, and half of senior management roles are held by women.. These levels are significantly higher than in other areas of Latvian economy and have been stable over the last four years.

**FIGURE 1.23**  
THE IMPORTANCE OF DIVERSITY & INCLUSION POLICIES ACROSS THE GBS INDUSTRY IN LATVIA

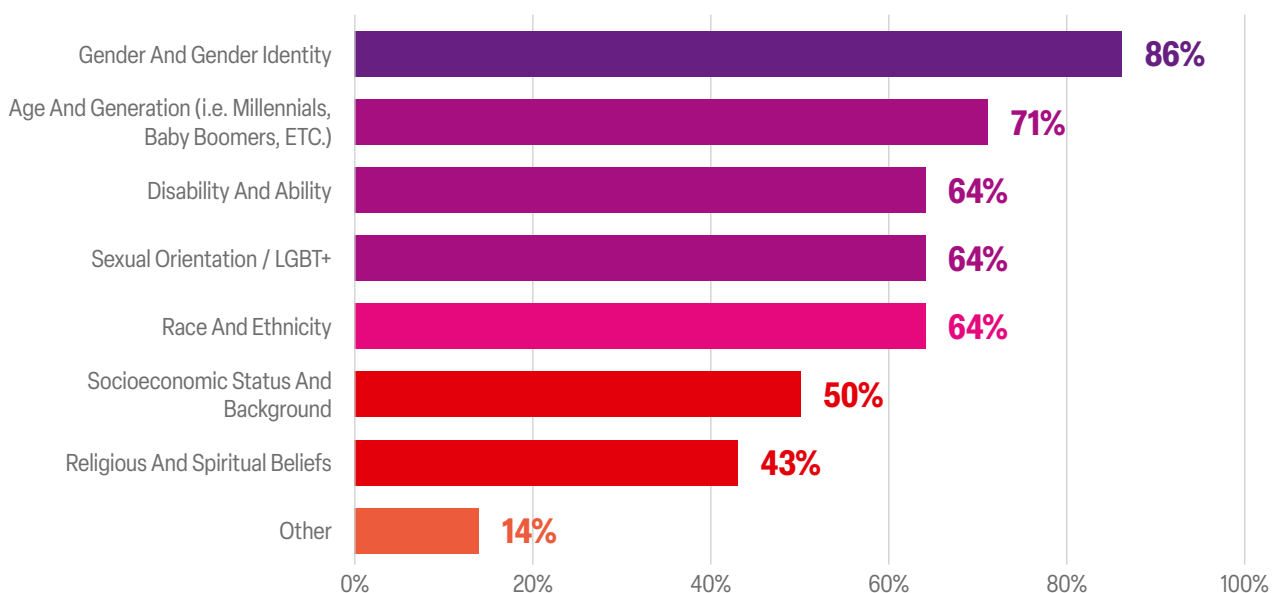


A diverse and inclusive workplace provides a multitude of benefits to both the employees and the organization. It promotes innovation and creativity. Diverse teams bring a variety of perspectives, ideas, and experiences to the table, which can lead to more innovative solutions and creative ideas. Such policies improve employee morale and productivity, enhances customer relationships, helps attract and

retain top talent, since organizations that prioritize diversity and inclusion are more attractive to job seekers and are more likely to retain their employees.

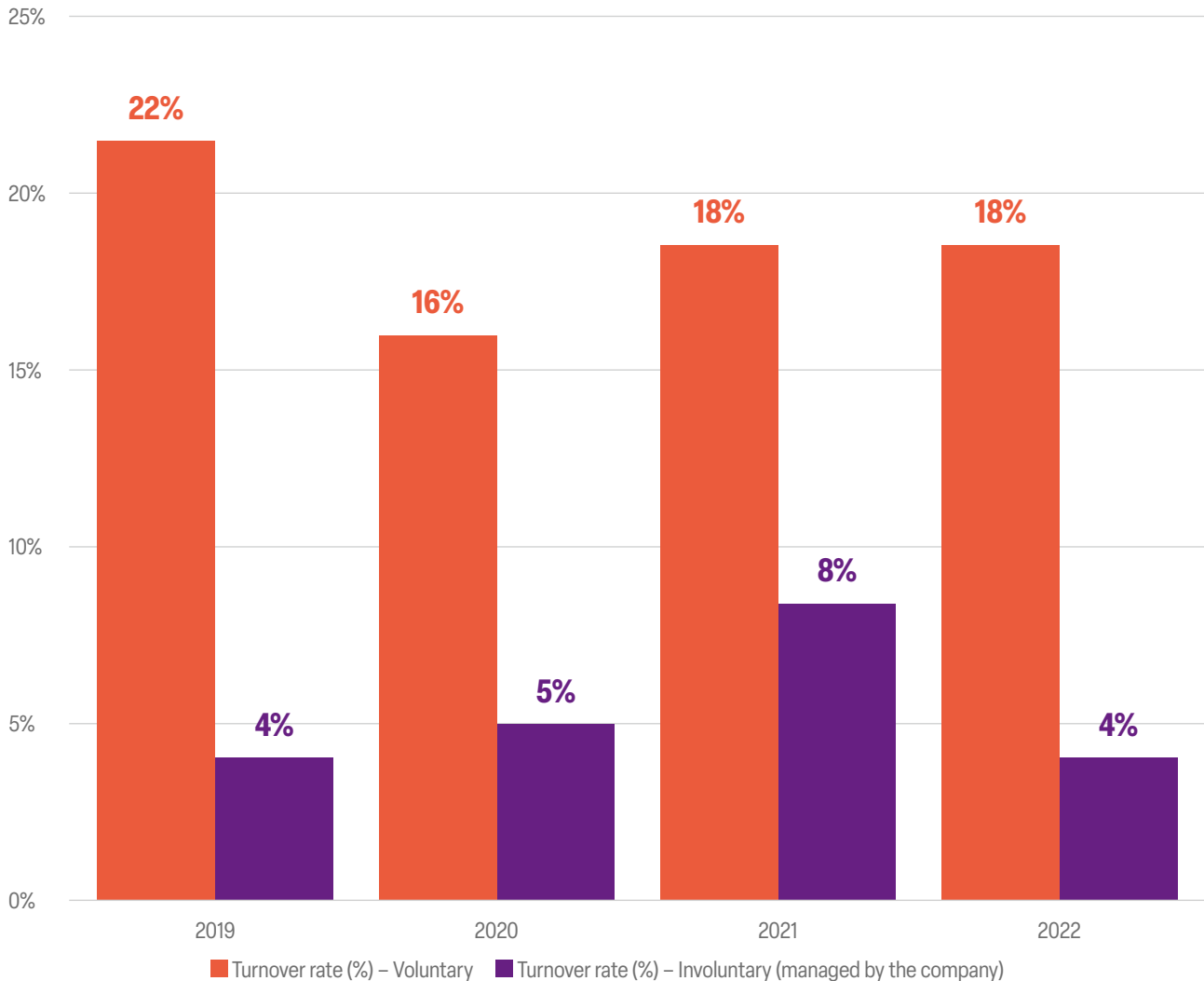
95% of the GBS industry have formalized diversity & inclusion policies in their business strategies being in the forefront of other industries.

**FIGURE 1.24**  
THE MAIN FOCUS AREAS OF DIVERSITY & INCLUSION POLICIES/ PROGRAMS IMPLEMENTED BY RESPONDENTS IN 2022



**FIGURE 1.25**

## EMPLOYEE TURNOVER RATES IN THE BUSINESS SERVICES INDUSTRY



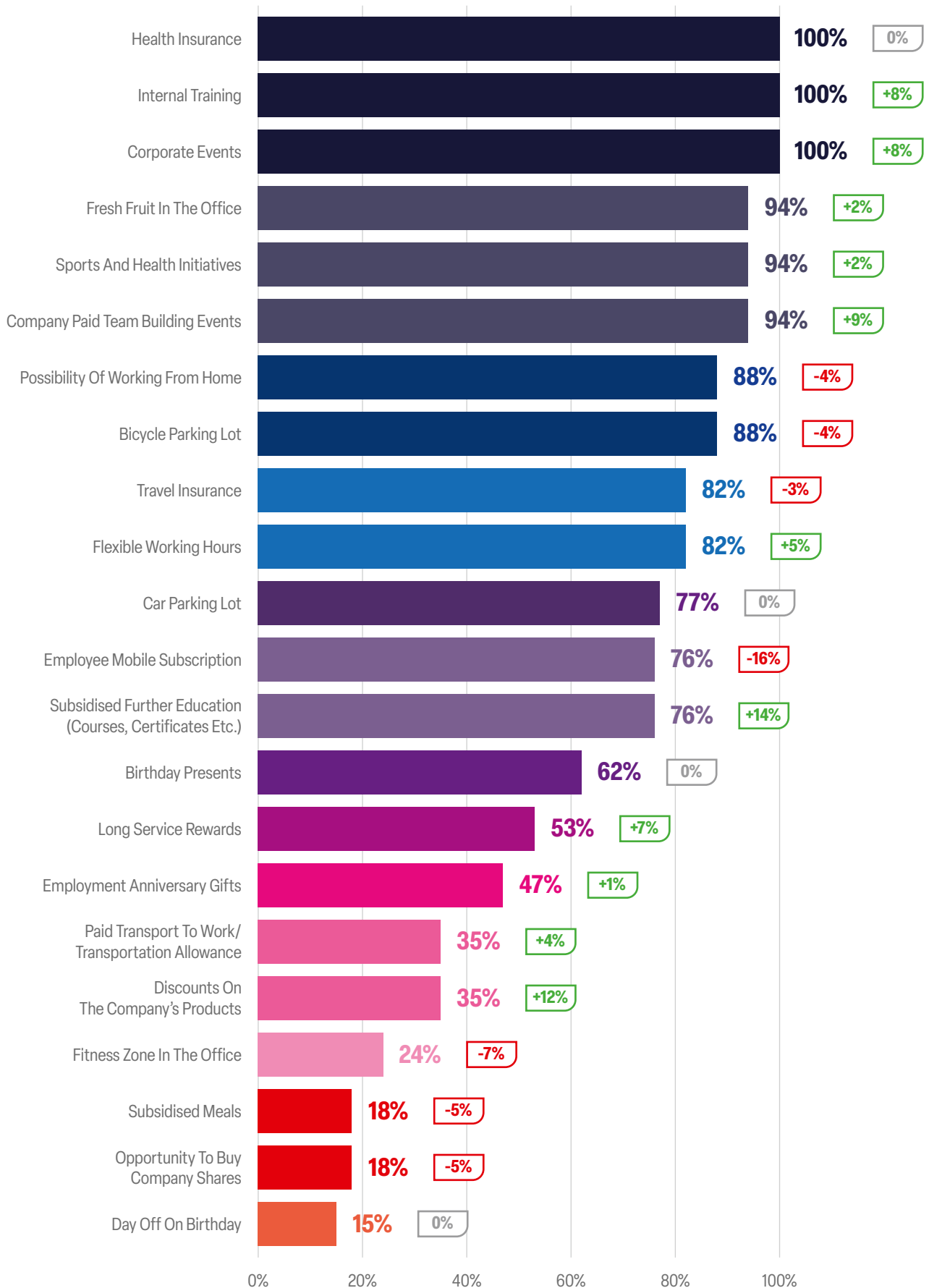
The sector's voluntary turnover rate remained relatively low and for last 2 years is on a level of 18%.

**FIGURE 1.26**

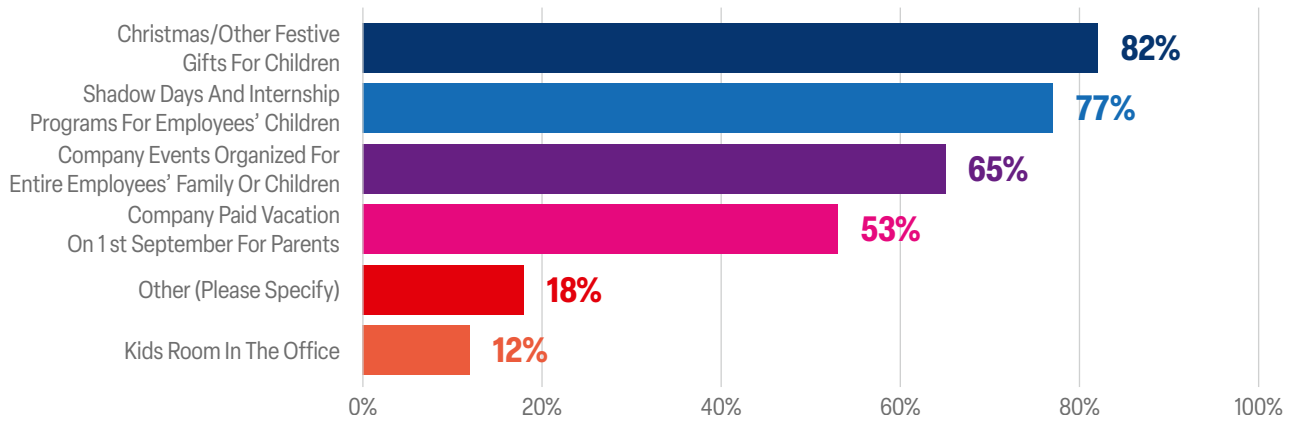
## NON-WAGE BENEFITS PROVIDED BY RESPONDENTS TO THEIR STAFF

While salary and monetary benefits are important, many employees also value non-monetary incentives such as flexible working hours, opportunities for professional development, sports and health benefits, a positive and healthy work culture, work-life balance, and opportunities for career growth. Companies

that offer non-monetary incentives may also have a competitive advantage in attracting and retaining top talent. In a job market where employees have more choices than ever before, offering non-monetary incentives can be a way for companies to differentiate themselves and stand out as employers of choice.

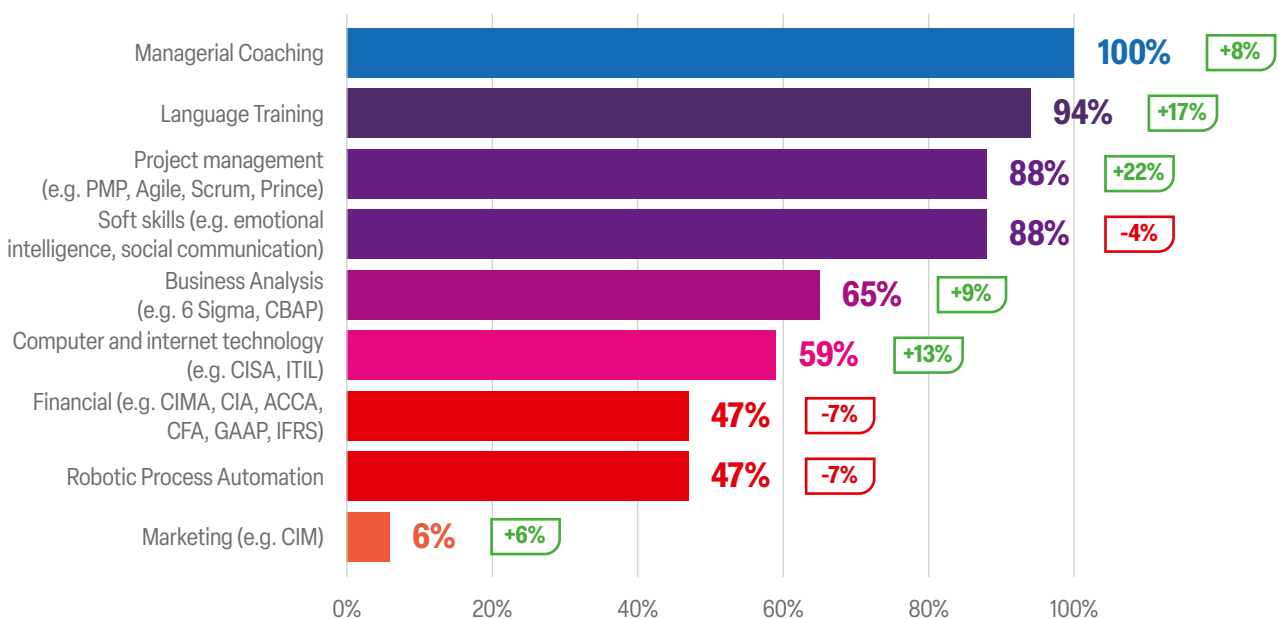


0% -1% +1% The percentages shown separately indicate the changes compared to data collected in 2021

**FIGURE 1.27****NON-WAGE BENEFITS RESPONDENTS PROVIDE TO EMPLOYEES AS A FAMILY-FRIENDLY COMPANY**

Most of GBS centers operating in Latvia strive to be family-friendly organisations and have therefore introduced several non-wage related benefits for their employees. 82% of companies are providing Christmas and other festive gifts for employee children. More than half of the companies are providing a company paid day off on 1<sup>st</sup> September for parents with school-age children. In addition, organisations

are organising events to involve the entire families – 65%. In addition to monetary benefits, family-friendly support and incentives are especially important in such vibrant and youthful industries as the GBS industry. According to our research data, the majority of employees are 25 years or older, which means that these individuals are starting to build their families and value such additional benefits.

**FIGURE 1.28****TYPES OF PROFESSIONAL TRAINING PROVIDED BY RESPONDENTS TO EMPLOYEES**

-1%

+1%

The percentages shown separately indicate the changes compared to data collected in 2021

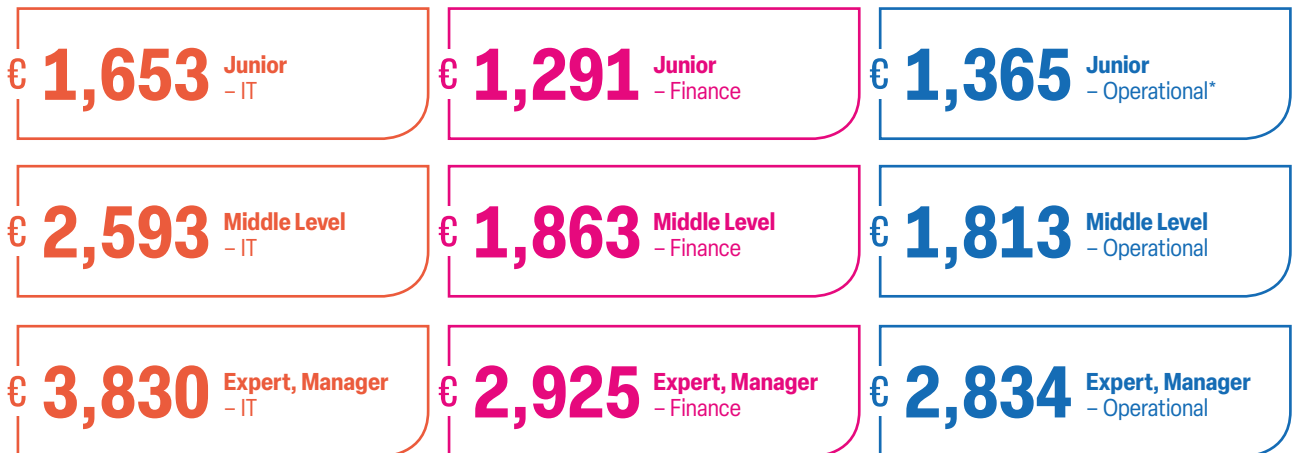
GBS companies offer excellent career growth opportunities to young graduates, enabling them to progress quickly up the corporate ladder. With the industry’s emphasis on upskilling and reskilling employees, young graduates can gain a range of skills and experience across different domains and functions, thereby enhancing their career prospects. Also, the GBS industry is increasingly focused on innovation and digital transformation, with companies investing in new technologies and practices, artificial intelligence, machine learning, and business analysis. This provides young graduates with opportunities to work on cutting-edge projects and technologies, developing new skills and knowledge in the process. These factors are deeply rooted in the policy of upskilling employees in the GBS industry.

The top three most popular training areas remain unchanged: managerial coaching 100%, language training 94% and project management 88%

Since the 2021 ABSL Latvia implements an employee training project with European Regional Development Fund’s financial support for companies to promote the introduction of technological innovations and increase the productivity of the workforce. Many of GBS industry organizations are using this opportunity to upskill and reskill their employees and receive back up to 70% of money spent on the training programmes from the EU.

**FIGURE 1.29**

AVERAGE GROSS SALARY (EURO) IN MOST POPULAR BUSINESS SUPPORT FUNCTIONS



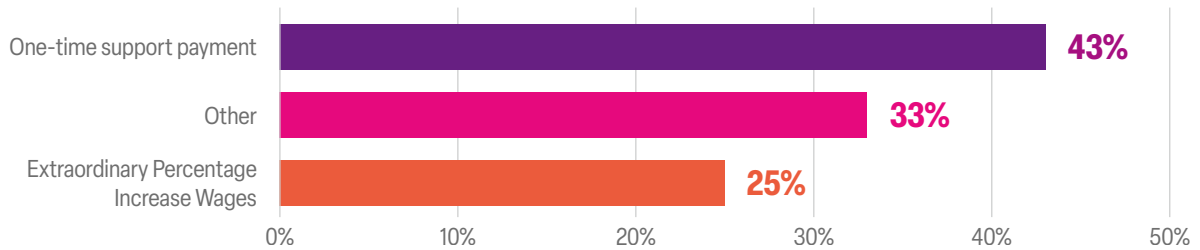
The average salary in the industry in 2022 was 2243 euros before tax. We can see that during the 2022 average salary have increased steadily in all the functions across the business services. This is largely dictated by global

competition for talent and scarcity of good specialists in the market and by the fact that 2022 brought in inflation rates that had to be mitigate.

\*e.g. Procurement, Customer service

**FIGURE 1.30**

SUPPORT MECHANISMS FACING HIGH INFLATION RATES IN BALTICS DURING 2022/2023

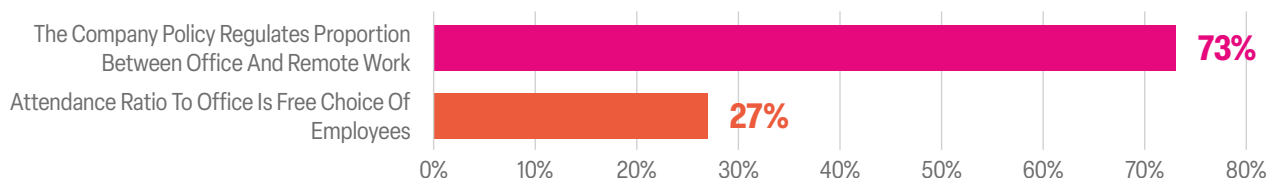


Inflation in Europe was soaring after Russia's war in Ukraine that started at the beginning in 2022, and this caused energy and commodity price increase, including food prices, but especially high levels were observed in Baltic states surpassing 20%. Most of organisation participating in the survey have acted to support their employees during this time.

Majority – 43%, choose to distribute one-time monetary support, others turned to extraordinary percentage increases in wages, regular review process of wages based in market situations or monetary relief were paid to employees each month to cover extraordinary expenses for utilities and commodities.

**FIGURE 1.31**

HYBRID WORK POLICIES IN INDUSTRY



Due to the spread of remote work and hybrid models as well as successive waves of the pandemic, the way the offices are functioning is undergoing an evolution. Majority of respondents believe office occupancy will never return to pre-covid levels, therefore companies are adjusting to the new reality. Office space is now primarily becoming a place to meet with colleagues and for doing creative

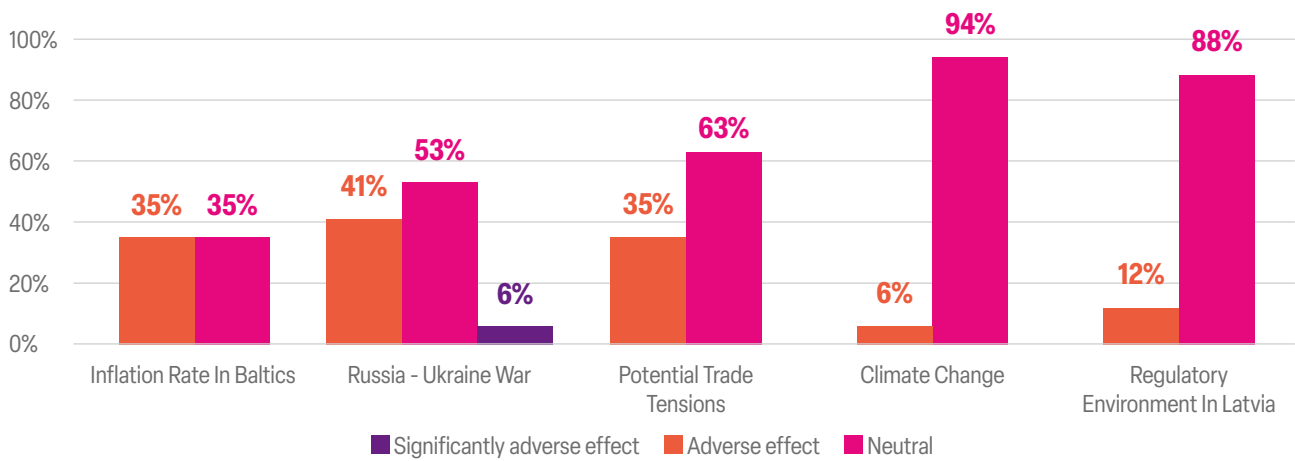
teamwork. 100% of the respondents have indicated that they have adapted Hybrid way of work as new standard.

As the graph above indicates, then most of the companies have set regulations on the office vs remote days proportion, yet almost third – 27% are allowing this to be decided by their employees.



**FIGURE 1.32**

FUTURE OUTLOOK ON FACTORS AFFECTING THE RESPONDENTS ACTIVITY IN 2023



When surveyed on outlook of 2023, more than one third of the companies are concerned that trade tensions, Inflation rates in Baltic states and Russia’s war on Ukraine would have an adverse effect towards company growth.

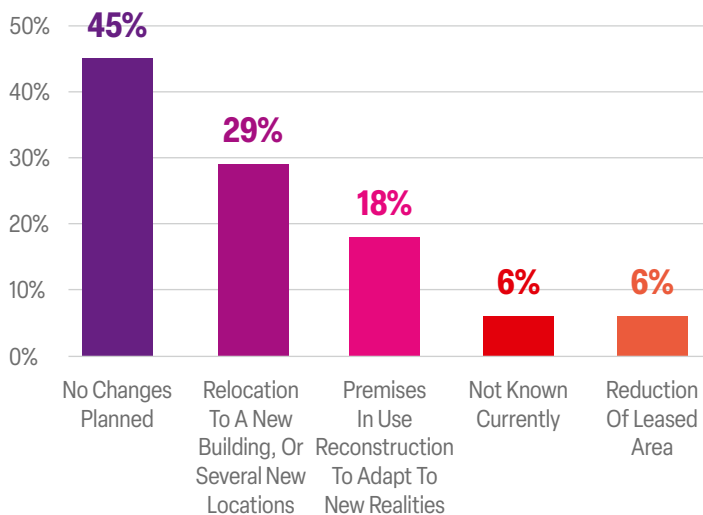
As the survey data shows, the companies do not see business continuity risks in climate changes, as well as the local political situation is considered stable and safe, which could not

create any negative legal amendments in the business environment.

The biggest uncertainty among businessmen remains due to Russia’s invasion of Ukraine, which has caused trade tension, various embargoes, labour movement restrictions, as well as, of course, the rapid rise in inflation in the Baltics. These aspects, just like the global pandemic experienced in 2020, are unpredictable.

**FIGURE 1.33**

PLANS FOR CURRENTLY LEASED/OWNED OFFICE PREMISES FOR 2023



Looking into companies’ plans for office space in 2023, the status quo will be preserved - 41% of the respondents do not plan any changes. An interesting factor appears in 29% of the survey results, in companies that plan to change their current office location. 18% of the respondents are preparing for changes in the office environment, adapting their existing offices to the new hybrid and post-pandemic work regime and norms.



**2** GBS GLOBAL  
TRENDS BY  
DELOITTE



**Elina Putniņa**  
Deloitte Latvia Tax Director



**Polina Nazarova**  
Deloitte Baltics  
Head of Administration

In today's ever-changing business world, Global Business Services (GBS) have become a critical part of many organizations' growth strategies. With the current unpredictable and uncertain business environment, GBS entities play a crucial role in helping companies enhance their operational efficiency, improve the quality of their services, foster innovation, and gain a sustainable competitive advantage. As we move into 2023, it's important to understand GBS trends and how they potentially can impact your business as well.

GBS is moving from a cost centre to a strategic partner - it is now providing capabilities as a service and is becoming a catalyst for the growth of companies. This is the main insight discussed during the Deloitte GBS 2022 conference in Lisbon. This trend is essential because it shows that GBS is not just a back-office function but a valuable partner that can provide critical insights to businesses.

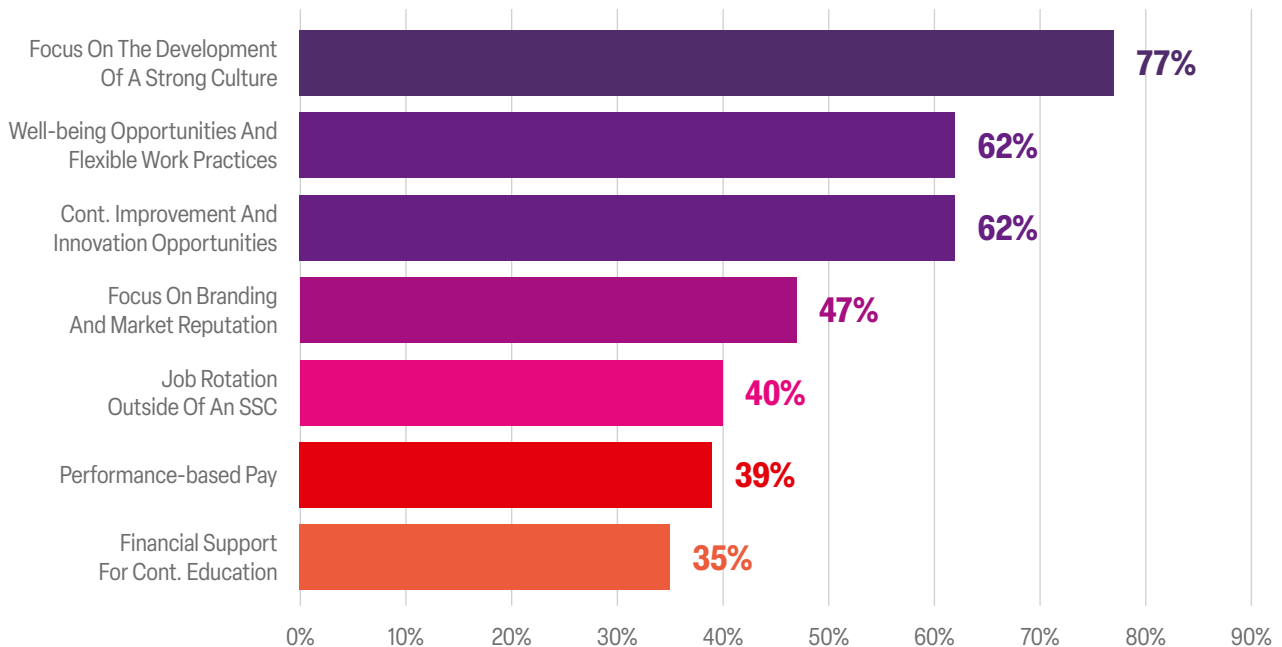
By leveraging their expertise and resources, GBS teams enable companies to focus on core competencies and strategic initiatives, enhancing competitiveness and operational efficiency, thus delivering business value beyond cost savings.

GBS can help businesses measure customer satisfaction and provide instant feedback on processes. By doing so, businesses can identify areas for improvement and address them promptly, which, in turn, can help improve customer satisfaction and drive business growth.

New shift in GBS perception doesn't change the fact that it is still talent centric business. When choosing the right place for GBS, companies must consider talent availability, educational systems, and languages spoken. In case of established GBS centres it is paramount to decrease attrition to keep up with high service standards.

**FIGURE 2.1**

WHAT ARE THE APPROACHES YOU HAVE USED IN THE PAST TO TRY AND RETAIN YOUR SHARED SERVICES EMPLOYEES?



The 2021 Global Shared Services and Outsourcing Survey Report by Deloitte highlights some of the strategies used to retain employees.

As visibly shown on the infographics above, the report illustrates that consistent focus on developing a positive work environment, promoting employee well-being and providing opportunities for employee development are the key drivers in winning loyalty. The report also indicates a decrease in the emphasis on financial support for continuous education compared and performance-based pay to previous years. This suggests that businesses are shifting their focus towards other retention strategies - by creating an environment that focuses on employee development and well-being.

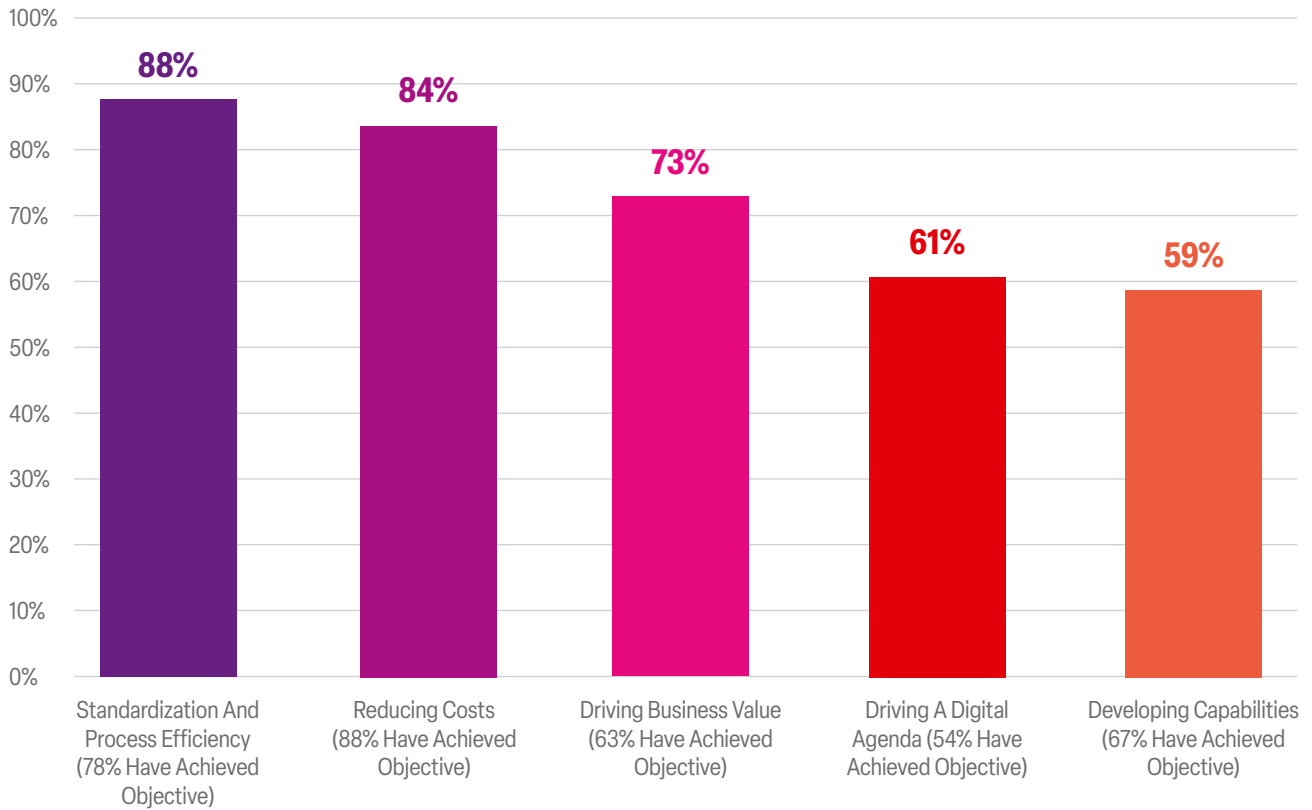
The Central Europe GBS Maturity Assessment Report by Deloitte 2023 provides valuable insights into the maturity levels of GBS across various dimensions. The analysis of maturity

stages serves as a benchmarking tool, enabling GBS organizations to identify areas of improvement and enhance their operations for sustainable and enterprise-wide growth.

The survey indicates that the average maturity level in Central Europe is 3.4, while in Latvia, it is just slightly lower - 3.39. This data suggests that although the country's GBS industry is younger than for other countries in the region, (e.g. Poland and Czechia), it has a comparable maturity level. Moreover, the surveyed Latvian GBS centres scored highest in the Work Delivery Management dimension with an average score of 3.64. Presumably, this is due to the Latvian business culture of productivity, cost-effectiveness, and communication for achieving results. In addition, since the average size of the surveyed companies is smaller in Latvia (467 employees) than in Central Europe (589 employees), it may contribute to more efficient management practices due to less complex decision-making processes.

**FIGURE 2.2**

TOP OBJECTIVES OF INVESTING IN GBS AND SSC (AND WHICH HAVE BEEN ACHIEVED)



The 2021 Global Shared Services and Outsourcing Survey Report by Deloitte also highlighted some of the key trends and objectives for GBS in the coming years. Standardization and reducing costs remain top priority which most businesses have also achieved, but driving value through capabilities such as analytics and reporting is also becoming increasingly important. The report also shows that GBS organizations are shifting towards hybrid delivery models and location-agnostic hiring, which can provide more flexibility for the workforce and help to attract top talent. The top enablers for GBS growth were identified as automation,

single-instance ERP, case and service management, and cloud technology.

In conclusion, the GBS global trends in 2023 will be significantly influenced by various factors, such as the shift from being a cost centre to a strategic partner, maturity level of the industry in a given geographic location, and the impact of adaptive AI on GBS business. By considering these trends and factors, businesses can make informed decisions about their GBS operations to help them achieve higher efficiency, reduce costs and thrive in a highly competitive global market.

**Info used:**

<https://www.deloitte.co.uk/sharedservicesconference/assets/pdf/deloitte-uk-ssc2022-insights.pdf>  
 2021 Global Shared Services and Outsourcing Survey Report (deloitte.com)




**3** MARKET  
OVERVIEW BY  
**COLLIERS**




**Olga Mihailova**  
 Associate Director  
 Office Agency & Workplace Advisory

## HYBRID WORK

**FIGURE 3.1**  
 HYBRID WORK

 **94 %** Hybrid

 **0.5 %** Home only

 **5.5 %** Office only

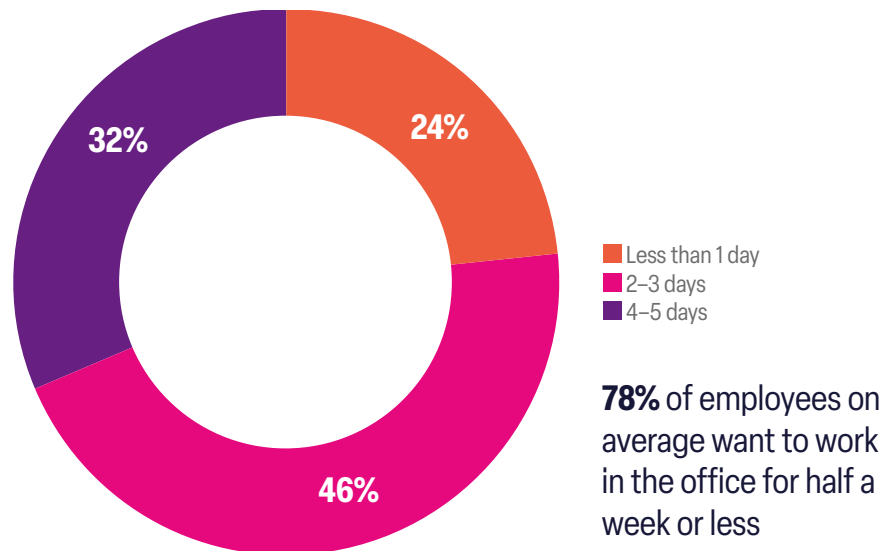
 **94 %** office employees indicated that they can work both – in the office and from home

The hybrid work model – a combination of office work with remote work – is nothing innovative, but during the pandemic, this work model has become most popular among office workers around the world. Surveys show that most employees now have the option to work both in the office and remotely, a new reality for many office workers. 90% of office workers surveyed by Colliers in the commercial and public sector said they had the option of working on-site or remotely. For GBS sector the percentage is even higher – 94%. With many benefits for both individuals and employers, this hybrid work style is expected to remain popular and widespread for a long time to come.

## IMPACT OF HYBRID WORK ON THE USE OF OFFICES

**FIGURE 3.2**

HOW MANY DAYS PER WEEK YOU WOULD LIKE TO WORK FROM HOME IN THE FUTURE? (FURTHER IN POST-COVID WORLD)



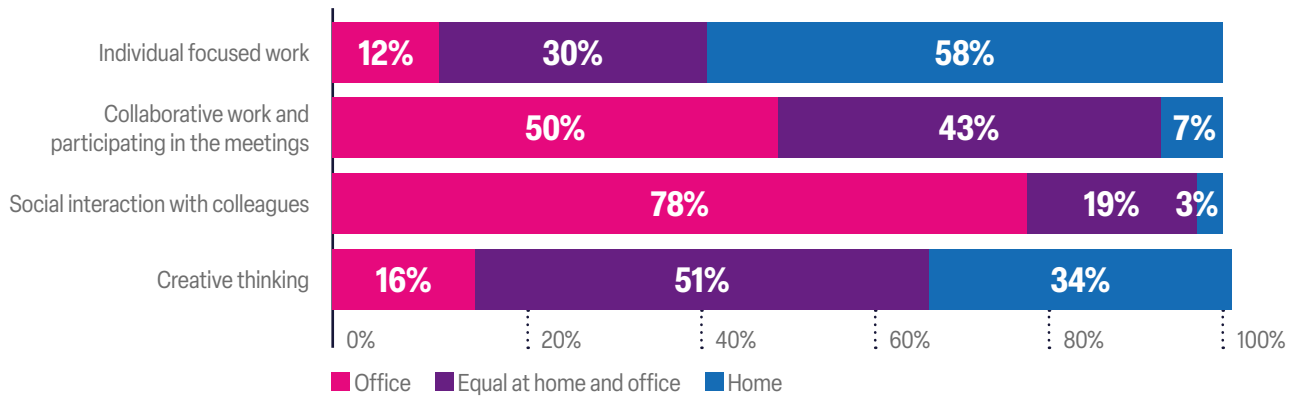
At the beginning of the pandemic, people admitted that they wanted to work in the office for more than half a week, and 1-2 days a week work from home. After two years, the situation is the opposite and the change of habits has taken place in the direction of remote work. During this period of time, people have developed a routine, which is quite challenging to break and change. Furthermore, data shows that there is an average of 20% (1 working day) difference between the number of days per week people say they would like to work in the office and how many actually work in the

office. Globally, on average, employees say they want to be in the office 2.5 days a week, while data read from office systems shows it's actually 1.5 days a week. This trend has also been marked in Latvia, and it is also indicated by companies' leaders. This indicates that the employees' demand for flexibility will not disappear anywhere, and those employers who can offer this flexibility will have an advantage. Employees are used to the employer's trust, available technologies, as well as flexibility and work/life balance introduced by the remote work.



## FUNCTIONALITY OF THE OFFICE

**FIGURE 3.3**  
WHERE IS IT BETTER TO DO THE FOLLOWING ACTIVITIES?



The functionality of the office depends on the work activities of the employees of the particular organization. In the past, most of the employees performed all their work activities in the office, during pandemic – remotely, now – both in the office and at home.

But not only the distribution of time itself changed, but also the distribution of work activities, which employees try to plan when they go to the office and which they more often choose to do at home.

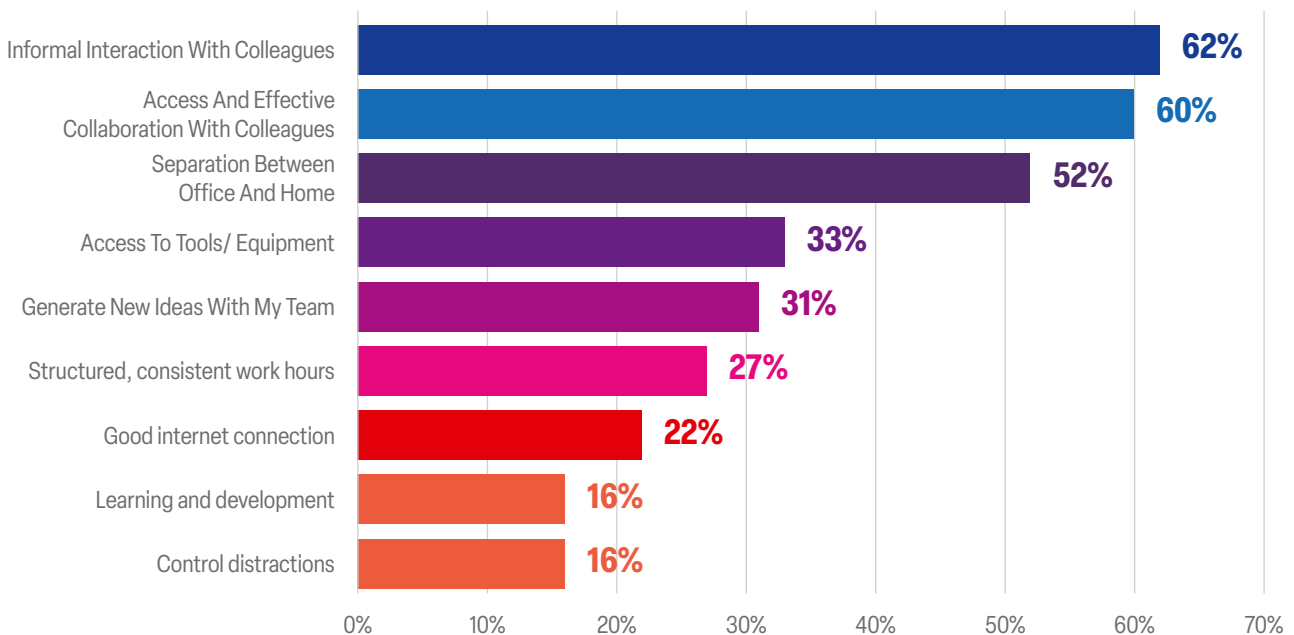
## THE VALUE OF THE OFFICE

Employees' motivation to visit the office is largely formed by the social aspect of the work environment, including the spontaneous interactions and informal conversations that usually take place around the coffee machine and in the kitchen. The boundaries of collaboration and connection are blurring. Therefore, special attention is currently being paid to these areas. Kitchens and coffee areas of companies turn into real cafes. People are ready to dedicate their time and resources to go to a cafe

or restaurant, where they get a pleasant social and aesthetic experience, a similar effect can also be achieved by carefully creating the company's internal cafe area – with a sufficiently spacious and bright space, well-designed ergonomic and cozy interior, tasty coffee and snacks. Of course, company culture focused on cooperation and cohesion plays a biggest role, and an appropriately created office serves as a support mechanism for promoting culture and habits.

**FIGURE 3.4**

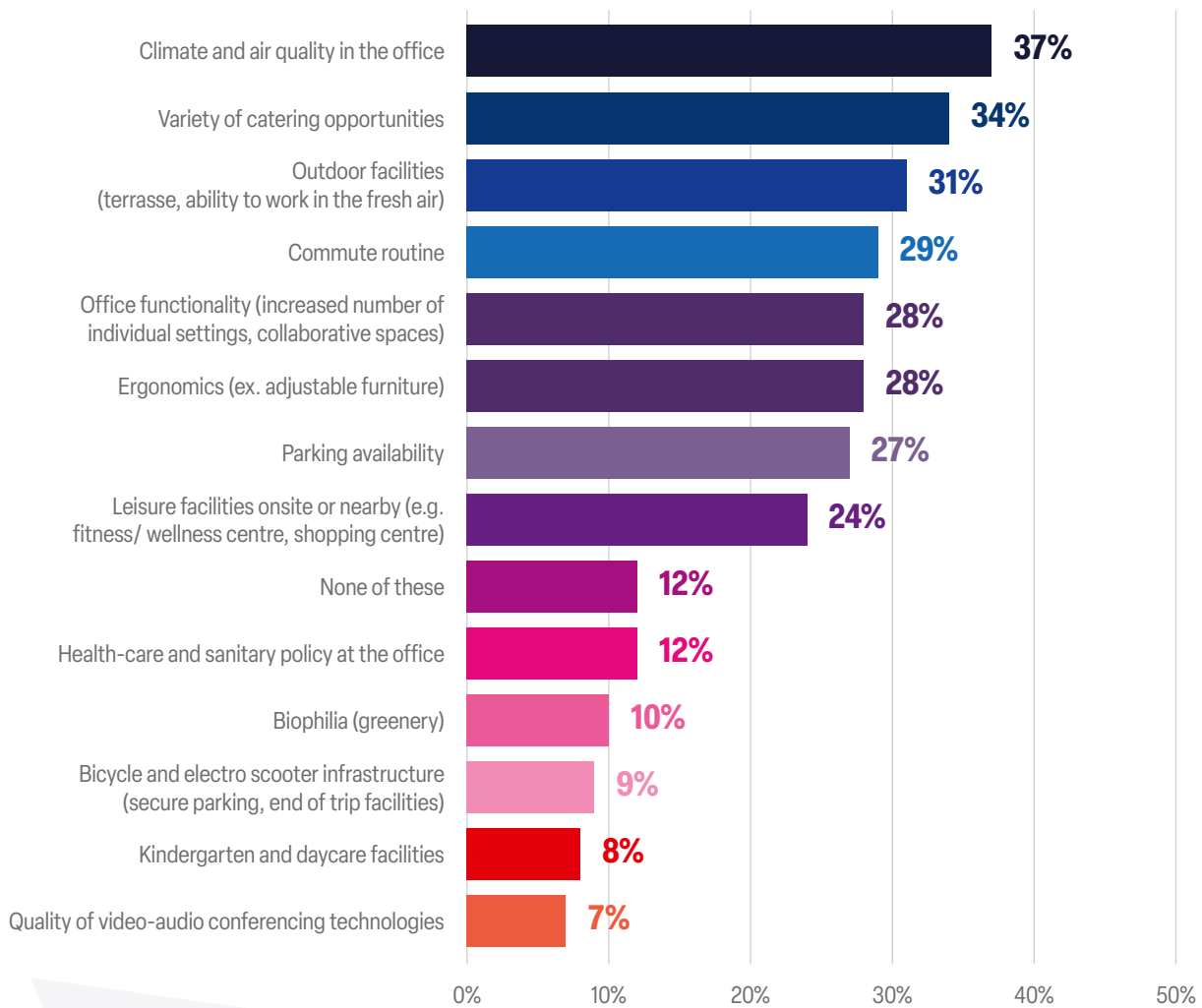
WHAT DO YOU VALUE IN THE OFFICE?



## THE QUALITY OF THE WORKPLACE ENVIRONMENT

**FIGURE 3.5**

WHAT CAN BE IMPROVED IN YOUR OFFICE / INFRASTRUCTURE AROUND IT TO MOTIVATE YOU TO GO TO THE OFFICE MORE OFTEN?



## THE OFFICE SPACE THAT SERVES AS A MAGNET FOR EMPLOYEES

Under the circumstances of employees having a choice - to work from home or to go to the office - companies should pay attention to the quality of the office. Employees will return to work in their offices if the office work environment is of better quality than the work environment provided at home.

Among other things that employees would like to improve and that could motivate them to come to the office more often, the climate and air quality are at the top of the chart. Till the moment the company will have solved the aspect of air quality in the office, it would be naive to expect employees to happily and regularly spend their working time in such an office. The good news: currently there are a number of new office areas in development in process in Riga and a new generation of office space projects with excellent quality indicators is entering the market, with the aspect of air quality significantly improved.

The location of the office also affects employee satisfaction and productivity, especially for those who travel long distances to get there. 76% of GBS sector respondents indicated that they live in Riga, this number is higher than average across other industries (63%), despite of that private car is the most popular way of commute for GBS employees – only 37% following by public transportation (29%) and walking (11%). On one hand, employees want the office to be located in a place with well-developed infrastructure, diverse dining options, and leisure opportunities; on the other hand, still quite a lot of employees go to the office with a private car and want parking to be available nearby. So, when choosing an office location, companies should take into account and evaluate all these aspects - the availability of public transport and parking, as well as diverse infrastructure that would be available within a short walking distance.

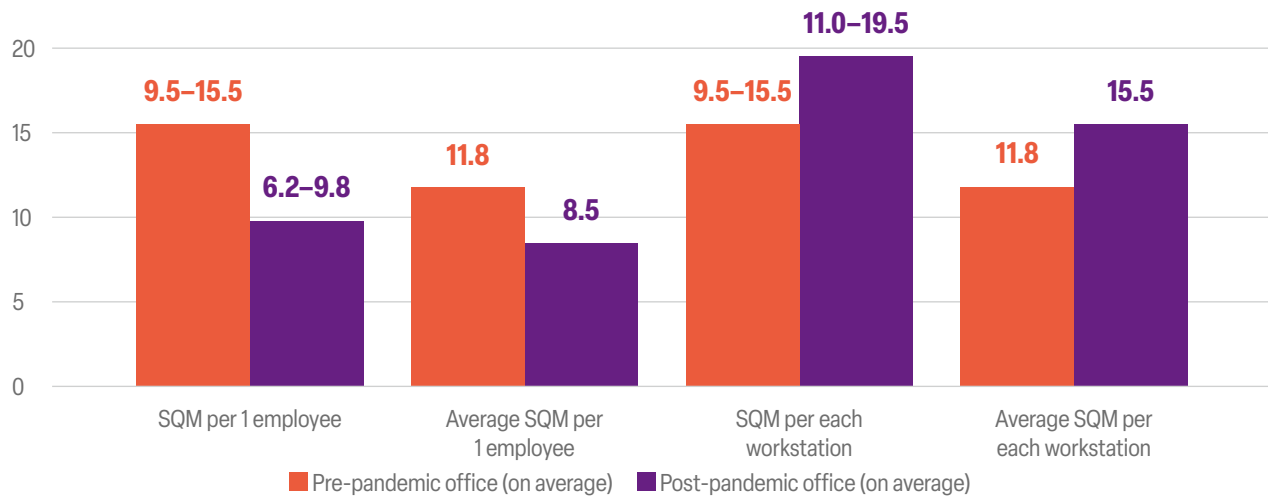
## WHAT'S WITH SQUARE METERS?

While part of organisations are implementing changes inside their offices without changing size (but considering that they don't need larger space for expected growth) others are reducing size notably. Space reduction varies from 20 to 50% comparing to pre-pandemic office size.

Workplace size doesn't depend solo on number of FTA anymore, size estimation depends

on preferred hybrid policy and desk sharing policy, but also on company profile and appetite for change. Number of sqm for one employee decreases from 11 sqm on average to 8 sqm on average, but number of sqm for one desk (one employee expected to be at the office) increases from 11 sqm to 15 sqm on average, in some offices almost reaching 20 sqm per one working station in the office.

FIGURE 3.6



## POST-PANDEMIC OFFICE SUMMARY

**Individual Work** The importance of individual work in offices is decreasing, but the quality of settings dedicated for individual work is increasing (ergonomics, acoustics, possibility to work undisturbed, including 1-to-1 online meetings).

**Collaboration** Collaboration and connection are playing the most important roles in the work environment. Number and variety of collaborative areas increases significantly, the arrangement of the zone becomes an additional tool for achieving the goal of the meeting. Rooms remain smaller, informal settings have more impact. Hybrid work and ability to seamlessly connect to remote meeting is one of the main workplace transformation drivers.

**Socializing** The boundaries of collaboration and connection are blurring. Areas dedicated for social interaction becoming spacious but cosy with inviting and attractive design in the

same time multifunctional and suitable for lunches, private conversations over coffee, and larger community meetings.

**Size and density** Office area is decreasing, as well as the office density. More space spent on additional settings – collaboration, focus, socializing.

**Quality and technologies** Quality of the work environment is increasing, this is a precondition for people's motivation to return to office work. Technologies supporting office work are tested and implemented, increasing employee satisfaction with work experience, as well as the capacities of the work environment.

**Flexibility** Flexibility is the new black, the office is no longer planned once every 5–10 years, but is created as a living changing ecosystem, which must be transformed along with the changing needs of the organization.

## BUSINESS CENTER GUSTAVS



Real estate development company GALIO GROUP has completed the first stage of the business center GUSTAVS in Riga at Gustava Zemgala gatve 73 – a modern office building with a leasable area of 12.5 thousand m<sup>2</sup>, which will house anchor tenant SEB Global Services centre. The construction and installation works of the first stage were completed according to the planned schedule. GALIO GROUP is considering to start construction works of the second phase and currently negotiating with tenants.

The first stage of GUSTAVS is a six-storey building with a two-level underground car parking and a solar power plant that will provide part of the building's electricity needs. Modern building features a unique atrium with a wooden skylight structure, dedicated

employee lounges, conference rooms, a restaurant area, electric car charging stations, showers and changing rooms. The first stage in the GUSTAVS business center was designed and built in compliance with the highest international standard for sustainable buildings “BREEAM New Construction Excellent Fully Fitted”.

The whole business center GUSTAVS consists of three modern buildings with a gross leasable area of around 41 thousand m<sup>2</sup>. It is situated in a former industrial area of Riga, which is rapidly transforming into a vibrant urban area for living, working and leisure activities. The architecture of the business center GUSTAVS is rational and substantial, choosing durable materials, wide and open public spaces that create value in a wider perspective of the urban well-being.

GALIO GROUP has the experience and skills in implementing sustainable projects of a similar concept. The conversion project implemented in Vilnius – the office park “S7” – has won numerous awards not only in Lithuania, but also in the Baltic States, as well as the acknowledgement among its tenants and investors. “We are confident that GUSTAVS will be a business center of the highest quality with modern public spaces that will create value for the people who will work here and for the city,” – says Kaspars Beitiņš, Member of the Board of GALIO DEVELOPMENT in Latvia.

### Lease inquiry contacts:

Mārtiņš Roštoks

Lease Project Manager Latvia

E-mail: [martins.rostoks@galio.lv](mailto:martins.rostoks@galio.lv)

Phone number: +371 273 36 627



