

## **The Latvian system of employee representation**

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In Latvia small and medium-size companies are dominant – 88% have fewer than 10 workers, 10% have 10–49 workers, 2% have 50–249 workers and only 0.3% more than 250. As a result, employee representation is minimal. Almost half of all companies are situated in Riga and Riga region.\*

The Commercial Code, in force since 1 January 2001, established a dual-tier corporate governance structure in Latvia. Limited companies must appoint a supervisory board, but employees are not represented at board level. There is no tradition of employee representation in either private or state-owned enterprises at this level.

The exception are stock companies with fewer than 50 shareholders which do not have to establish a supervisory board. This does not apply to financial and credit stock companies.

The supervisory board of a limited liability company is elected at the shareholders' meeting. It represents the shareholders' interests and supervises the work of the management board. The number of seats on this board is between 3 and 21, according to size of company and the company statute. Members of the supervisory board are elected for three years. The same applies to stock companies.

The Labour Code does not require workers' representation at board level in private and state-owned enterprises.

Social dialogue and tripartite cooperation on the basis of voluntary participation started at the beginning of the 1990s. Collective bargaining takes place at enterprise and branch level between employee and employer organisations. The National Tripartite Cooperation Council discusses labour legislation and other legislative acts affecting industrial relations.

The main form of employee representation in the workplace is the trade union. A trade union organization at company level can be founded by three members, and a trade union by 50 members.

If an undertaking employs five or more workers, it is also possible to elect authorised employee representatives. Authorised employee representatives shall be elected for a specified term of office by a simple majority vote at a meeting in which at least half the employees employed by an undertaking of the relevant employer participate.

According to the Labour Code both trade unions and authorised employee representatives have the right to:

- demand and receive information from the employer about the economic and social situation of the company;
- information and consultation in timely fashion before the employer takes decisions which concern to a considerable extent the interests of employees and can substantially affect wages, working conditions, and employment at the company. Consultation for this purpose is an exchange of opinions and dialogue between employer and employee representatives;
- participate in the definition and improvement of wage regulations, work environment, working conditions and labour and safety issues;
- supervise how legislative acts are implemented as regards the employment relationship, collective agreements, and procedural regulations.

Employee representatives can be involved in both collective bargaining and information and consultation.

The Law on the creation of EWCs has been in force since 1 July 2001. According to the law, central management shall ensure the establishment of an EWC or lay down other procedures for informing and consulting employees in Community-scale commercial companies and Community-scale groups of commercial companies, on the initiative of the central management or at the written request of the employees or their representatives.

Members of the special negotiating body and EWC members who represent employees in Latvia shall be elected as employees' representatives in accordance with the procedures prescribed by law.

According to the information of the Latvian Free Trade Union Confederation five Latvian representatives have been elected to EWCs. Several more EWCs with possible Latvian participation are in the process of establishment.

The Labour Safety Law stipulates employee representation on health and safety issues. In companies with more than five workers, the employees or their representatives shall elect one or more health and safety representatives.