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LOW-SKILLED IMMIGRANT EMPLOYMENT IN LATVIA. EMPLOYER PERSPECTIVE

Authors: Māra Aleksējeva
Toms Auškāps

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Māra Aļeksējeva

and

Toms Auškāps

Supervisor: Aivars Timofejevs

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Abstract

This Thesis contains a study of leading Latvian food and drinks production companies' view towards employing third country individuals for performing low-skilled duties/operations within their companies.

Availability of labour force for filling low-skilled positions within Latvian manufacturing companies has become rather limited in the last couple of years in many cases due to extensive emigration and employers have been forced to raise wages to employees faster than the actual productivity growth. And it is argued that in most companies automatization cannot fully eliminate the need for employees in lower-qualification positions. One solution for attracting enough work-force for employers is to attract foreign workers. However, there are a lot of discussions if and how the low-skilled foreign workforce should be allowed to join Latvian companies.

The authors used qualitative research design, semi-structured interviews with individual employers to identify both what positive and negative aspects employers identify with third country individuals' employment possibilities within their companies as well as to understand general view towards low-skilled labour immigration.

The research results showed that most of the companies interviewed are in rather early stages of third country employee attraction, actual experience with that is not extensive and there seem to be rather many administrative obstacles for employee recruitment, thus some alternative ways for ensuring work-force from third countries have emerged. Main positive aspects associated with low-skilled labour immigration and employment include possibility to fill the gaps, higher showed motivation to earn, often higher productivity, extra motivation created for local employees. Main negative aspects revealed in the eyes of employers are too bureaucratic and long processes for obtaining work permits, inadequately high minimum wage requirement for low-skilled positions and language barriers.

It is acknowledged that from employer perspective there is overall need for third country workforce attraction to fill low-skilled positions. Thus, an idea is put forward that some immigration is needed to allow the companies to function and employers would prefer immigration from Slavic countries since their mentality is relatively close to Latvians and there is limited language gap due to the fact that within majority of production companies Russian language for communication is often dominating.

1. Introduction

Since 1989 population of Latvia has continuously been decreasing from 2,6 million to 1,9 million in 2018 (Central Statistical Bureau of Latvia, 2019). The population decrease has been influenced by two main factors – negative natural growth rate of population and primarily by extensive emigration predominance over immigration. Majority of emigrants are of age group between 20 and 39 years, which constitutes significant part of economically active population and is directly influencing labour availability. Simultaneously economy of Latvia has been growing since early nineties by more than four times (Central Statistical Bureau of Latvia, 2019). Logically correlation of these two aspects influences unemployment rate, which by end of 2018 was registered at the level of 6.4% (State Employment Agency of Latvia, 2019). Such a low unemployment rate further is affecting labour availability or rather causing inevitable unavailability, which accordingly is increasing pressure on growth of labour costs without much grounded rise of productivity and hence industries facing these circumstances are losing their competitiveness in export markets as well as from more macroeconomic aspect competitiveness in relation to imported goods and services.

Data on immigration to Latvia in the recent years as judged by the count of first time issued residence permits in Latvia show that the total number of issued first time permits was growing between 2011 and 2014 (3982 to 9857 new residence permits), but in these years only around between 9% to 13% permits were issued due to work reasons (EUROSTAT). Between 2015 and 2017 number of issued permits dropped significantly while number of first-time living permits issued for working purposes has kept rising steadily from as little as 519 first time permits in 2011 to 2158 in 2017 (EUROSTAT). In this respect almost one third of all first time issued living permits between 2015 and 2017 were for working purposes. When considering the countries of origin for people who have received first time working permits in Latvia, then in 2017 majority of people come from Ukraine (1086) followed by Russia (329) (see Appendix A).

Majority of research has been devoted to immigration from the scope of governments. Most of them (for example (Cerna, 2014) (Zaletel, 2006) (Illiasenko & Adamets, 2017)) are looking at immigration as a macroeconomic tool to either improve economy or to slow down negative impacts from worsening demographical aspects.

And as long as macroeconomics are of subject, the main influencers of governmental significance are highly-skilled migrants. From the perspective of policy makers, majority of legal and political aspects are adjusted towards shortage of high-skilled labour. When it comes to low-skilled immigrants, governments are much more cautious as in multi-ethnic societies low-skilled immigrants as ethnic minority due to psycho-social aspects are considered as competition or even a threat by a majority of local population (Zimmermann, et al., 2008).

By reviewing the immigration topic, the authors have realized that there is a significant gap in literature. Comparing to research of highly-skilled immigrant labour there is in comparison much less analysis of low-skilled foreign labour impact on the economy. Low-skilled immigrants are more reviewed from individual angle, meaning their own perspective. Furthermore, there is limited research on immigrant labour issues from business perspective, meaning employers viewpoint. While looking into research of immigration in other countries authors have identified several (Hopkins, 2017) (Lemos & Portes, 2008) studies of immigration in United Kingdom, emphasising immigrant comparison with local labour and successful foreign labour inclusion in work places after 2004 European Union enlargement. Hence authors have come up with proposition of supplementing the area of research in labour immigration in Latvia with strong focus on manufacturing industry due to the fact that it is one of the main drivers of economy of Latvia. By realizing labour immigration topicality in Latvia, gaps in research and absence of investigation in countries of rapid development especially from business perspective the authors suggest focusing on employer's perspective and propose the following **research question: *What positive and negative aspects manufacturers associate with low-skilled immigrant labour employment in Latvia?***

In order to better understand positive and negative aspects of immigration from the employer's perspective, the authors have chosen to focus on Latvia's food and drink production industry. It has significant intensity of labour and hence is sensitive to labour shortage (Šure, Endziņš, Alksnis, & Pacēvičs, 2018). Furthermore, food and drink production is a sector with one of the lowest average wages among all activities (Central Statistical Bureau of Latvia, 2019). Another important reason to research this sector is because of more limited influence of seasonality, which allows to analyse the immigration impact and effect in this sector. The aim of this study is to examine the current immigration situation as seen by the employers and to come up with a practical guide of both positive and negative considerations which should be considered when

deciding to employ more low-skilled immigrants in manufacturing industries. Furthermore, the authors aim to propose a list of positive and negative aspects which could be further validated in a quantitative study if increasing low-skilled immigrant labour-force inflow becomes inevitable in Latvia.

In this study low-skilled immigrants are defined from the perspective of employers as potential workforce with sufficient ability to operate manually or performing basic operations under supervision. Besides job description and instructions in work place no specific skills or education is required as long as basic work rules and ethics are observed.

The following section number 2 presents a literature review on the available research, evidence from the field and cultural theories of Hofstede. Section number 3 focuses the relevant findings and summarizes them in a theoretical framework further used in the study. Next section number 4 presents the methodology used for obtaining and analysing data. Further in section 5 results of the study are presented and discussed, while conclusions finalize the study in section 6.

2. Literature Review

In Literature Review section the authors of this paper start by defining migration, labour migration and its reasons. Then immigrant inclusion in workplaces and current situation in Latvia in terms of population development is discussed, followed by empirical research on effects of migration. Further employers' expectations of immigrant labour force and its fiscal effects on recipient countries are reviewed. Literature Review section is concluded by examination of cultural dimensions, organizational cultures dimensions and legal framework for labour immigration in Latvia.

2.1. Migration and Labour Migration Motives

Geographical labour migration has been a subject of interest and research for many years. Migration has been influenced by economic, social, environmental and political factors (Gu, 2014). In many cases it is a combination of all factors which can trigger the individuals either to be pushed (push factors) away from country of origin or pulled (pull factor) towards the country of the destination (Eurostat, 2016).

There are many theories which distinguishes the motives of migration, of which one is the theory of Creative Class by Richard Florida (Florida, 2002). Theory states that if a certain region (or country) is economically, socially or politically more developed than the other, it will attract migrants from surrounding regions. Such activity can be classified as pull factor. Another aspect of countries *pulling* immigrants is to cover the shortages in the labour market. According to Wang (2014) there can be observed two kinds of labour shortages, both caused by imbalance in labour supply and labour demand. One of the aspects is caused simply by lack of individuals, but other due to insufficient knowledge base, skills and qualification for certain level of positions (Wang, 2014).

The aging of population is one of the main macroeconomic issues in many developed countries of the World and especially in Europe, which is causing and will negatively impact gross domestic product (GDP) growth of those countries (Denton & Spencer, 2014) (Eurostat, 2016). Immigration is one of the instruments to deal with problem of aging population. According to Denton and Spencer (2014), not only immigrants cover the shortage of labour to produce GDP, but they also contribute towards population and consumption of the output. Immigration also changes the dynamics of population as well as age structure. The aging immigrants at some stage retire and become financially dependent on the resident country. Their children by that time have become available to the labour market, develop families etc. Hence by looking broader on immigrant's addition into the country's economy it is not only filling in the gaps of labour shortage but contributes towards the whole economy of the country (Denton & Spencer, 2014).

Other sources (Mandelman & Zlate, 2017) and (Sowa-Behtane, 2016) review the *push factors*, which are initiating individuals to leave their countries of origin. According to Sowa-Behtane (2016) migrants leave their countries in order to either flee wars or religious persecution to seek for safer environment and freedom, to avoid poverty and hunger or to support their families financially with the remittances (Sowa-Behtane, 2016). Remittances are money transfers from the country of employment to migrants' home country, which serve as wealth improving factors in both countries (Strielkowski & Šperkova, 2016). According to research by Niedomysl (2011) among all the motives of migration five dominating factors are covering 95% of all the major reasons for migration (Niedomysl, 2011). The main motive of migration mentioned by 26% is labour migration, followed by social reasons (24%), education (17%), housing

(16%) and (12%) for reasons of improved living environment. As defined by IOM (International Organization for Migration, 2011), labour migration is “movement of persons from one State to another, or within their own country of residence, for the purpose of employment. Labour migration is addressed by most States in their migration laws.” Abovementioned definition and studies on labour migration focus more on labour leaving the country or place of residence. Whereas most of researches on inbound migrants are done by looking into phenomena of immigration, which is having a specific aspects of migration by involving national borders, focusing on different nationalities and more concentrating on foreigners moving to specific countries for the purpose of settlement (International Organization for Migration, 2011).

Due to pull and push factors migrants tend to move towards more developed countries. The phenomena of migration can be analyzed from two perspectives – immigration (as discussed above) and emigration, the factors contributing for individuals to leave their countries. Countries with high migration outflow are often countries with high level of corruption, with limited economic advancement opportunities or with presence of unrest or civil wars (Spohn, 2017). From the country perspective, according to Illiashenko and Adamets, emigration is causing a dual effect (Illiashenko & Adamets, 2017). On one hand, it is stimulating the increase of welfare of population by allowing the remittances, at the same time reducing social tensions and it also allows to gain international and interethnic experience, thus increasing workers experience and competitiveness. On the other hand, country of emigration is losing its potential of human resources if people do not return to country of origin. First to leave are usually the most active individuals with higher education, specific skills and capabilities. Another socio-economic negative aspect is that such outflow of professionals is causing family break-ups and in long term emigration is causing decrease of population (Illiashenko & Adamets, 2017).

2.2. Immigrant Inclusion in Workplace

Besides immigrants’ economic and political motives to change environment it comes to the stage of integration into a new environment and also into workplace. According to Sterud et. al. (2018) despite assumptions there is not much higher possibility that immigrants (comparing to natives) in their workplaces will be exposed

to higher risks or hazards as well as there will not be lower psychosocial conditions of work (Sterud, et al., 2018). Nevertheless, a certain barriers of integration immigrants must overcome. According to Kahanec et. al. (2013) immigrants in Europe are perceived rather negatively by general public and they are exposed to the higher risks of unacceptance due to language barrier, gaps in human capital, differences in overseas qualification and many more discriminative aspects including legal restrictions and barriers (Kahanec, Kim, & Zimmermann, Pitfalls of Immigrant Inclusion into the European Welfare State, 2013). Language barrier is often considered as one of the most visible aspect that doesn't allow for immigrant to integrate as smooth as for those who arrive from common language countries. For common language immigrants it also allows a quicker integration and behavior is much more similar to locals (Fischer, 2012). Furthermore, lack or poor local language skills abnegates opportunities for immigrants to take positions according their skills and often immigrants are over-educated and at the same time paid too little (Colic-Peisker, 2005). Whereas in business environment immigrants are seen in less negative light. Historically during the downturns and stagnation periods in economy a focus towards more active and flexible immigrant inclusion policy has been observed and valued of high importance (Kahanec, Kim, & Zimmermann, Pitfalls of Immigrant Inclusion into the European Welfare State, 2013).

2.3. Situation in Latvia

Latvia's major ethnic population in 2018 consists of 62.2% Latvians (Central Statistical Bureau of Latvia, 2019). Although Latvians constitute majority of population it is still considerably low figure, but at the same time signals for diverse and multinational population and society, with highest diversity in the capital of Latvia – Riga (most other regions represent Latvian ethnic population of more than 75%). When looking from perspective of integration in labour market, Hazans, et. al. (2008 and 2011) remarks that main factors of participation and integration are skills of Latvian language as well as citizenship and even Latvian language as mother tongue. Ethnicity, when comparing to factors above, is considered as less important factor in labour market (Zimmermann, et al., 2008) (Kahanec & Zimmermann, Ethnic Diversity in European Labor Markets: Challenges and Solutions, 2011). According to CSB, the next dominating ethnic populations in Latvia are Russians (25.2%) followed by Belarusians

(3.2%), Ukrainians (2,2%) and Poles (2,1%) (Central Statistical Bureau of Latvia, 2019). So majority is of Slavic origin. Due to such high ratio of ethnic minority, labour market integration is of high importance and necessity for country's economy. There is also an important psycho-social aspect in multi-ethnic society when substantial ethnic minority is considered as competition from majority of population. And due to history of Latvian, including Soviet era and all consequential tensions between the nationalities, the competition has transformed even into a threat (Zimmermann, et al., 2008) (Kahanec & Zimmermann, *Ethnic Diversity in European Labor Markets: Challenges and Solutions*, 2011).

2.4. Attitude Towards Immigrants in Latvia

A. Ivļevs studied what attitudes people in Latvia in general demonstrate towards immigrants and tests those beliefs in a quantitative study (Ivļevs, 2012). It is found that significantly more favourable attitudes towards immigrants are displayed by younger people (aged 18-34), those with relatively high and relatively low income (medium income group showing no significant positive or negative attitude) and by minorities, primarily Russian speaking people who are often children of immigrant families themselves (Ivļevs, 2012). It was found also that people within lower birth rate municipalities are more supportive of liberalizing immigration policy in Latvia (Ivļevs, 2012).

2.5. Main Findings in Academic Research on Immigration

After World War II and especially in twenty first century labour migration or labour mobility in EU has reached new heights. Due to substantial development of transport infrastructure and open borders between member states migration has become more affordable and possible. In other words – as a result of globalization the mobility of labour has advanced to an unprecedented level (Zaletel, 2006). Further Zaletel (2006) acknowledges that during the last few decades labour markets and world economy has been mainly influenced by “knowledge economy” and human factor constitutes to one of the most important aspects of economic development (Zaletel, 2006). According to Cerna (2014), more and more countries across EU are under influence of continuously increasing shortage of labour due to structural problems and worsening demographics which has led governments towards adjusting policies towards more open ones (Cerna,

2014). Sources of academic research (Zaletel, 2006) (Cerna, 2014) are concentrating on immigration and immigrant employment as macroeconomic tool of economy development, and from this aspect are focusing on high-skilled immigrant employment. If there is revealed position of low-skilled immigrants it is analyzed either from individual perspective or combined with position of governments (Illiashenko & Adamets, 2017), (Cadena, 2013). Majority of academic research is focusing on immigration relations towards government or in other words towards impacts to economy. It is highlighting aspects of labour immigration influence on internal labour market, salary levels and on price levels in the hosting countries (Cortes, 2008), (Barbu, Vuță, Străchinaru, & Cioacă, 2017).

There is limited research on employer perspective when low-skilled position labour migration is being examined. Relatively low-wage industries employers' perspective when comparing local employees' work ethics to immigrants from A8 (eastern European countries which joined EU in 2004) is examined by B. Hopkins (2017) in the setting of United Kingdom. It is discovered that desired higher work ethics of immigrant workers in UK are approximated by lower absenteeism rates and higher willingness to work overtime hours as compared to local employees (Hopkins, 2017). This is partly attributed to the fact that immigrants taking those positions are actually higher qualified, but due to often insufficient English knowledge and limited recognition of their qualification documents in the destination country they at least initially end up in lower-skills requiring positions. It is argued that they are less secure of themselves in new country and need to demonstrate their higher work ethics in order to prove themselves to the immediate management (Hopkins, 2017). However, it is stated that higher work ethics disappear after several years when immigrants assimilate within local communities, obtain permanent work contracts and start to feel safer about their work positions (Hopkins, 2017).

In the UK when compared to the natives, it is discovered that immigrants on average are often better educated, younger and with less children (Dustmann, Frattini, & Halls, 2010). However, their hourly wages significantly fall behind natives' wages in similar positions.

2.6. Employers' Expectations on Immigrant Employment

To better understand the labour immigration benefits from the employer's perspective one must carefully compare effects of foreign labour in relation to expectations of employers. As described in previous chapters there is primary motive – a shortage of local labour, characterized by low unemployment, high vacancy rate (Wang, 2014). Besides main motive there is a further list of expectations employer seeks to resolve by attracting immigrant labour. In line with researches around the world one of the main concerns of employers as well as of governments is to keep healthy balance between dynamics of productivity and wages. From macroeconomic aspect, according to Manonmani (2012), linking salaries to work productivity is one of the best tools of controlling the rise of cost of living. By following the salary increase versus the levels of productivity development one can avoid inflation (Manonmani, 2012). Evaluating the same link and relation between salaries and productivity within industries and from the employers' perspective, according to Krievina (2010), salary increase must be controlled and should not overtake the productivity, otherwise it will cause decrease of competitiveness (Krieviņa, 2010). In information technology industry there is a strong link in lack in labour force versus salary increase proportion, which works against any industry and business and leads towards attraction of cheaper labour to slow down the increase of margin between the efficiency and salary rate growth (Computer Economics Report, 2008).

Another important aspect from employers' perspective is to operate in environment of effective system of immigrant labour permits. The system should allow to easily obtain employees legally rather than illegally at a reasonable cost. It is also of high preference for both employers and employees (potential migrants) to exclude help of intermediaries (Coupé & Vakhitova, 2013). Furthermore, employers seek for an eligibility and compliance with the law when it comes to hiring immigrants (Bucci & Tenorio, 1997) (Hanagan, 2007). Besides employers are often facing situations when positions of entry-level are vacant and have to be filled, but due to local labour unwillingness to take low-skilled positions, migrant tolerance towards living quarters and difficulties is resolving employers' complication (Cook-Martí'n & Viladrich, 2009).

There is another angle of immigrant labour effect analyzed from the service trade aspects or in other words the perspective of the *offshore* component of immigrants. In

the research by Ottaviano et. al. (2018) three improving effects were observed as benefits from immigrant employment. First – by attracting immigrant labour, companies can simply become more productive in terms of producing more and hence more exporting. Secondly, when hiring foreign labour with specific knowledge of their country of origin, employer can substitute previously imported services. And third advantage is also with country-specific angle, where specific skill or knowledge is helping to improve export potential of the employer (Ottaviano, Peri, & Wright, 2018).

2.7. Effect of Immigration on Wages in Recipient Country

Effect of immigration on wages within industries is often a concern of policy makers and is widely examined quantitatively. Evidence of studies is mixed. In the US, it is found that among low-skilled professions immigrant arrival has small, but significant negative effect on average wages of the profession in the country, effect amplifies once immigrants spend more time in the country, but in the meantime no negative effect is found on medium and high-skilled occupations (Zavodny & Orrenius, 2007). For comparison in Europe in an earlier quantitative study in West Germany small negative effect of new immigrants on wages was found (D'Amuri, Ottaviano, & Peri, 2010). However, study performed in the UK after the 2004 EU enlargement when between 2004 and 2006 around 560 thousand new migrants arrived to UK for work purposes (amounting to around 2% of total number of people employed in UK) contrary to public debate finds small positive, but insignificant effect on wages (Lemos & Portes, 2008).

2.8. Fiscal Costs of Immigration

In the study on fiscal effects to the UK economy caused by immigrants from A8 countries (8 countries which joined EU in 2004) the authors discover that recent immigrants are actually less prone to receiving state benefits or social housing despite the concerns which were raised aggressively once the UK labour market was opened for the immigrants from A8 (Dustmann, Frattini, & Halls, 2010). Using regression analysis, it is discovered that they give to the tax and benefit system more than receive from it, effectively making contribution to the system (Dustmann, Frattini, & Halls, 2010). Earlier similar findings discover immigrants as net contributors when case of Germany is examined (Kirdar, 2008).

2.9. Cultural Dimensions by Hofstede

Culture and aspects of it are an important phenomenon for understanding how collective groups of people function. Geert Hofstede who since 1970s has done an extensive research on culture and defines it as “the collective programming of the mind that distinguishes the members of one group or category of people from others” (Hofstede, *Dimensionalizing Cultures: The Hofstede Model in Context*, 2011). And dimensions of culture Hofstede defined as “aspects of a culture that can be measured relative to other cultures”. Most often term culture is attributed to ethnic groups, nations and organizations where cultural aspects of an ethnic group are the hardest to change in individuals as they are often inborn. After initial study of more than 100 000 questionnaires obtained of people from more than 50 countries all working for company IBM, mean scores of survey results of different countries nationals were correlated and based on that four cultural dimensions were defined. Later over the years the results obtained by Hofstede were validated by other researchers and over time two more dimensions have been identified, tested and added to the Hofstede cultural dimensions (Hofstede, *Dimensionalizing Cultures: The Hofstede Model in Context*, 2011). What is important for explaining cultural differences is not the absolute scores by individual countries on individual dimensions, but rather relative positioning between countries.

The six dimensions defined are:

1. Power Distance – degree to which less powerful members within groups are ready to await and accept unequal distribution of power (in general higher results are found for East European, Asian, African countries, lower for Western countries);
2. Uncertainty Avoidance – defines how nations deal with ambiguity, how comfortable or uncomfortable they feel in unstructured settings. Within cultures of high uncertainty avoidance, people often try to limit ambiguous situations by following strict codes of conduct, having aligned specific beliefs. In culture of low uncertainty avoidance different situations are accepted as they occur (higher scores found for East and Central European countries, Japan and lower scores for Nordic, English speaking countries);
3. Individualism versus Collectivism – first are cultures where person oneself is in the centre and of concern is immediate family, second on the other hand are

cultures where people are parts of small groups and often people around, extended family is the primary concern (individualism is more widespread in developed countries, while collectivism dominates in Eastern and less developed countries);

4. Masculinity versus Femininity – resembles characteristics in the society where a high score (Masculinity) suggests being driven by competition, success, achievement, whereas low score (Femininity) suggests caring more for others, for quality of life and liking own occupation (masculinity is high for Japan and German speaking countries, while Femininity (low score in this dimension) is prevailing for Nordic countries);
5. Long Term versus Short Term Normative Orientation – looks at where people put focus when acting. Long term orientation stands for acting in a way which can bring future improvements, rewards. Short term stands for acting with respect to traditions, at the same time keeping ones “face”, fulfilling social obligations/expectations (long-term oriented are Eastern and Central European countries; short-term oriented are USA, Latin American, Muslim countries);
6. Indulgence versus Restraint – describes relation between gratifications as opposed to control of basic human desires. Societies which allow free gratification are characterized as indulgent and societies which control gratification, follow strict social norms are characterized as restraint (in both South and North America, Western Europe indulgence dominates, while in Eastern Europe, Asia, Muslim countries restraint prevails) (Hofstede, *Dimensionalizing Cultures: The Hofstede Model in Context*, 2011).

2.10. Dimensions of Organizational Cultures

Hofstede et. al. (2010) have also applied dimensional paradigm in organizational and occupational level, performing studies in the 1980s in Netherlands and Denmark. Organizational culture is defined as “the collective programming of the mind that distinguishes the members of one organization from others” (Hofstede, *Dimensionalizing Cultures: The Hofstede Model in Context*, 2011). Individual organizational culture describes the way things are – practices how things are done within the particular organization. It is systemic way how work groups, employees act and behave, it consists of beliefs, norms, habits, symbols, values. Organizational

cultures are in some way more superficial than the national cultures as people join companies with their own set of values, beliefs, but within a new workplace they have to accept the setting and align with it in order to fit in. Furthermore, organizational culture is not only maintained by employees, but also by other stakeholders who may be interacting with the company – customers, regulators, share owners, etc.

After the 1980s study the authors concluded that there are big differences among individual work units in terms of daily practice perceptions, but small differences in values. The authors came up with a list of six dimensions, along which much of the individual organizational cultures and their differences can be explained (Hofstede, Hofstede, & Minkov, *Cultures and Organizations: Software of the Mind*, 2010). Those dimensions include:

1. Process-oriented versus Results-oriented – process-oriented cultures are manifested by bureaucratic, technical routines and employees avoid risk, generally put limited effort into the job. Meanwhile results oriented cultures are ones where common interest in better outcome is prevailing, thus people are more confident in unfamiliar circumstances and put in more effort to cope with any challenges. This dimension manifests general preference for results of processes;
2. Job-oriented versus Employee-oriented – within job-oriented cultures only employees' job performance is stressed, employees perceive organizations as demanding and only interested in work, often forgetting human aspects. In employee-oriented cultures employee is centred, individuals own wellbeing, personal problems and aspects seem to be taken into account and acknowledged also in the workplace. It is not choice of individual manager, but rather a reflection of the philosophy of the companies' founders or major events like lay-offs which have affected the company and its culture;
3. Professional versus Parochial – in the first one usually highly educated individuals identify themselves mainly with the profession which they have, not with the company they work for, believing that they are within the organization only for the skills and qualification which they have. In second one individuals see their own identity as depending on the company where they work, being

hired also partly for being the person which they are outside workplace. This dimension is contracting individuals' cosmopolitan (external) and local (internal) frame of reference;

4. Open Systems versus Closed Systems – this dimension looks at the style of internal and external communication and pace at which newcomers to the organization would be admitted and integrated. In open systems companies people are easily accepted and integrate quickly. Meanwhile, in closed systems it may take several years for an individual to fit in and become “one of us”;
5. Tight versus Loose Control – this dimension considers the internal structuring in the unit. Tight control units are characterised by punctuality in meeting times, peoples' expectation of cost-conscious decisions, dress codes, little or no joking in the work process. To the contrary in loose control units people seem to be given freedom, meetings can be late and in general people tend to make jokes and be more informal;
6. Pragmatic versus Normative - this dimension has to do with how employees deal with the environment, stressing how they deal with the customer – in a flexible or strict manner. In pragmatic units actions are “market driven”, often reaching desired results is more important than following the guidelines and procedures. To the contrary in normative units strict attention is paid to fulfilling the regulations and prescribed guidelines, often sacrificing desired results (Hofstede, Hofstede, & Minkov, Cultures and Organizations: Software of the Mind, 2010).

2.11. Legal Framework for Immigration in Latvia for Employment Purposes

Overall the legal framework for employing foreigners coming from outside EU in Latvia is rather complicated. Process of obtaining first time residence and work permits in Latvia for non-EU residents and non-EEA citizens is a time consuming for employers and can be summarized as follows. First in Latvia employer must register a vacancy with State Employment Agency of Latvia, it shall be available for at least 30 days in order for the employer to consider non-EU, non-EEA countries citizens (Investment and Development Agency of Latvia). During these 30 days employer can

conclude employment contract with a non-EU, non-EEA resident (with foreseen salary higher than the previous year's average pre-tax salary in Latvia - 859 EUR in 2017) and collect other relevant documentation (documents approving potential employees qualification, education or at least three years experience in analogue position) for submitting request for an invitation to Latvia in Office of Citizenship and Migration Affairs (the OCMA). OCMA evaluated the invitation within 5 working days - once approved, it is valid for 6 months. At this stage employee must apply for residence permit in Latvia with rights for employment - submitting photo, proof of finances to sustain oneself in Latvia (work contract also serves as proof), proof of place of residence in Latvia (lease contract or other), criminal record (if visa is needed to enter Latvia), proof of payment of state duties for application evaluation. OCMA performs evaluation within 30. If residence permit with rights to work is granted, then visa should be obtained for those who are required a visa to enter Latvia. When the employee arrives in Latvia he/she has to arrive at the OCMA office to finish the immigration procedure – submit biometric information, show valid health insurance, etc. (Investment and Development Agency of Latvia). Further immigrant has to register with the Latvia State Revenue Service as a tax payer. Overall the process of receiving permit for employment of one person costs several hundred EUR to the employer.

In February 2018 in Latvia a list of 237 professions where the process of obtaining visas and work permits for third country nationals would be relaxed was approved (Ministry of Economics of Republic of Latvia, 2018). These professions primarily include high-skilled professionals in science, finance, information and communications technologies. Main changes concern EU Green Card application minimum wage requirement coefficient to decrease from coefficient 1.5 to 1.2 of previous year's average pre-tax wage in Latvia. And second change is that minimum publication time of available vacancy in State Employment Agency of Latvia is decreased from 30 to 10 days. It was stressed that this list of professions was designed in such a way so as not to relax any demands for employers who may be trying to bring in to Latvia low-skilled immigrants (Ministry of Economics of Republic of Latvia, 2018).

3. Theoretical framework

Large variety of academic research has been carried out on the topic of labour migration. Majority of research focuses on perspectives of individuals and government and main accent is on high-skilled immigrant employment. Limited research has been done on low-skilled immigration and nearly no evidence of immigration analysis can be found concentrating on the perspective of entrepreneurs. Therefore, the authors of this paper look at immigrant motives, employer expectations of immigrants and try to find out where negative and positive aspects can be identified.

To summarize, on individuals level immigration/emigration motives can be characterised by push and pull factors. One of the main pull factors is to attract immigrants to cover the shortages in the labour market, where Wang (2014) observes two kinds of labour shortages - one is caused by lack of individuals, second by insufficient knowledge base, skills and qualification for certain level of positions (Wang, 2014). In the eyes of the employers primary motive for employing immigrants is shortage of local labour, characterized by continuously high available vacancy rates (Wang, 2014) and wage rates for local employees growing faster than the actual productivity of employees, thus leading to overall inflation and loss of competitiveness (Krieviņa, 2010).

According to research by Hopkins (2017), differences in motivation, behavior and work ethics were observed when comparing immigrants to local labour. Employers that have experience in foreign labour employment, when selecting immigrants for filling low-skilled positions expect and appreciate higher work ethics as approximated by lower absenteeism rates and higher flexibility, willingness to work overtime hours as compared to local employees (Hopkins, 2017). Last but not least employers expect to have an effective and efficient states system for being able to legally attract foreign labour (Bucci & Tenorio, 1997) (Hanagan, 2007).

Regarding immigrant integration both in society and work places Kahanec et. al. (2013) find that immigrants in Europe are perceived rather negatively. Immigrants are exposed to higher risk of unacceptance due to language barrier, gaps in human capital, differences in overseas qualification and are subject to legal restrictions and barriers (Kahanec, Kim, & Zimmermann, Pitfalls of Immigrant Inclusion into the European Welfare State, 2013). Language barrier is often the most visible aspect that does not allow for immigrant to integrate as easily as for those who arrive from countries with

common language knowledge. For immigrants with common language knowledge behavior is perceived as more similar to locals (Fischer, 2012).

In this research obtained information will be analysed keeping in background Hofstede cultural dimensions for Latvia and organizational culture dimensions frameworks where cultural dimensions are power distance, uncertainty avoidance, individualism versus collectivism, masculinity versus femininity, long term versus short term orientation, indulgence versus restraint (Hofstede, *Dimensionalizing Cultures: The Hofstede Model in Context*, 2011) and organizational culture dimensions are process-oriented versus results-oriented, job-oriented versus employee-oriented, professional versus parochial, open systems versus closed systems, tight versus loose control, pragmatic versus normative (Hofstede, Hofstede, & Minkov, *Cultures and Organizations: Software of the Mind*, 2010). These two frameworks will be used as they allow to put in context the expectations and reality of employers in Latvia when it comes to low-skilled immigrants.

4. Methodology

To select respondents for research, among all the food and drink producers in Latvia, seven sub-industry leading companies (dairy processors, fish processor, grain processors, alcoholic beverage producer as well as confectionary and snacks producers) of the Top 30 list of food and drink producers in Latvia by turnover were selected. Companies to approach were selected using TOP 500 magazine (*Dienas Bizness*, 2018). It was published by leading national business media *Dienas Bizness*, based on *Lursoft* data, representing Enterprise Register database.

Among 30 top food and drink producers seven were selected by pre-assessing the industry players by their scale, necessity for immigrant employment and general role in the food and drink production industry (representing views of nine companies in the list due to shared ownership structure of three companies) (see list of companies interviewed in Appendix B). Another aspect of selection criterion was to concentrate not only on largest producers in Riga and its surroundings, but also to observe some companies in the rural areas where employers are having limited opportunities to attract labour due to location and due to lack of availability of human resources.

The authors used holistic multiple case study design (Yin, 2014), semi-structured interviews (see Appendix C for interview questions) and small survey with six questions for primary data collection (see Appendix D for survey questions). Secondary data of Hofstede cultural dimensions evaluation for Latvian context were firstly reviewed in order to look at the context in which manufacturing companies are working.

Qualitative research design was primarily chosen as more suitable since in context of Latvia and food and drink production industry the number of big industry players who would consider and are using immigrant labour force as plausible option for filling the vacancies is limited. Furthermore, due to small sample size as a result of limited response rate in a possible quantitative study, obtained results may have questionable validity and no statistical significance if regression analysis was used, but sample size would be smaller than 30. Therefore, to avoid these issues, to improve research validity and to allow for more in-depth discussion on particular issues faced by individual enterprises qualitative research design was chosen.

In selected companies where it was possible, for a higher validity of research, two level interviews were carried out. First with top management representative - either CEO of the company or board member, who are representing the overall company policy, strategy and can substantiate the need for foreign labour, at the same time acknowledging potential restrictions and encumbrances. The second interviewee within companies was human resources specialist, having a direct contact with the immigrants employed and their direct supervisors, thus knowing more details about actual behaviour of foreign workforce. By interviewing them, the authors obtained evidence of actual immigrant integration consequences - both positive and negative. Further company representatives were asked to fill a small survey on six organization culture dimensions in order for the authors to obtain data on how the companies view their organizations.

Semi-structured in-depth interviews were chosen in order to be able to guide the interviews in a way that would allow the authors to find out what are main positive and negative aspects which employers associate with immigrant employment in Latvia and if those correspond to the aspects previously discussed in other researches. Semi-structured in-depth interviews allowed the interviewers to ask further explanatory questions once interviewees had put forward arguments or ideas which were new in the context of particular industry and country which was studied, thus new angles and new aspects could be identified. Furthermore, when performing a semi-structured interviews

there was a chance for the interviewers to observe respondents body language and to see if it seemed to reflect the same view as what was expressed loudly. From theory perspective main advantages of this method include the above mentioned ability to ask explanatory questions, to gain deeper insights, possibility to uncover motives and to observe body language (Malhotra & Peterson, 2006).

Main limitation of qualitative research design is that the results obtained are not easily generalizable to the whole industry or country, each interview took relatively much time (thus limiting total number of interviews), answers to questions in semi-structured in-depth interviews are relatively hard to standardize and analyse (Malhotra & Peterson, 2006). Since interviewers had a chance to ask additional questions, it may have affected what factors got discussed in more detail. However, the interviewers have tried to keep neutral stance throughout interviews in order to obtain information about the employers' real view on the factors which they associate with immigrant employment and employment perspectives in their companies. To avoid the situation where employers would not be willing to disclose sensitive information or view on some aspect, employers were promised to be kept anonymous throughout discussion of results obtained. Company names who were included in the research are revealed, but individual ideas are not attributed to representatives of particular companies in discussion of results.

5. Results and Discussion

In this section the authors review the obtained results. First secondary data on Cultural Dimensions of Latvia are looked at in order to review the context in which the companies are operating. Then survey results of organizational dimensions as viewed by the interviewed employers are looked at in order to draw some background to the context of the particular industry. Authors also investigated different ways of employing foreign labour. Afterwards employers' motives for possible immigrant employment are discussed and further on both positive and negative aspects of immigrant employment are examined, thus answering the research question proposed in this study. Lastly specific insights of employers on immigrant topic are mentioned and suggestions are drawn.

5.1. Latvia in the Context of Cultural Dimensions

Scores for cultural dimensions are attributed also for Latvians (Hofstede Insights, n.d.). Latvia scores 44 of 100 on Power distance index, suggesting that Latvians prefer equality and decentralization of power and decision making at work place, also preferring teamwork and open management style. With a score of 70 Latvia is an Individualist country with strong focus on own preferences, taking own responsibility for actions and being able to express own opinion. In Femininity versus Masculinity dimension Latvians score is 9 (strong Femininity), demonstrating reluctance to give and receive praise, willingness to keep relatively low profile and avoid conflicts. But Latvians are found to be tolerant to other cultures. Latvians prefer to avoid uncertainty, scoring 63 on uncertainty avoidance index. This leads to emotional need of rules, inner urge to be busy and work hard. In Long-term versus Short-term orientation index with a score of 69 Latvians tend to prefer long-term orientation – believing that situation and context affects the perception of truths in any given moment, thus Latvians are able to adapt to changing conditions, are persistent in trying to achieve results. When looking at Indulgence versus Restraint, with low score of 13 Restraint is dominating in Latvian culture. Cynicism and often pessimism are prevailing, little emphasis is put on leisure and gratification of desires is limited (Hofstede Insights, n.d.).

However, culture is not universal to all individual personalities within country, thus using national culture scores for stereotyping individuals would be misleading (Hofstede, *Dimensionalizing Cultures: The Hofstede Model in Context*, 2011).

5.2. Organizational Culture Dimensions Within Manufacturing Companies

To better understand the specifics of the soil for immigrant potential integration as well as to analyse readiness of Latvian companies to on-board foreign labour, authors carried out a six-question survey which was based on Hofstede's six Organizational Culture Dimensions.

Figure 1 graphically presents the evaluation of Cultural Dimensions by individual company representatives.

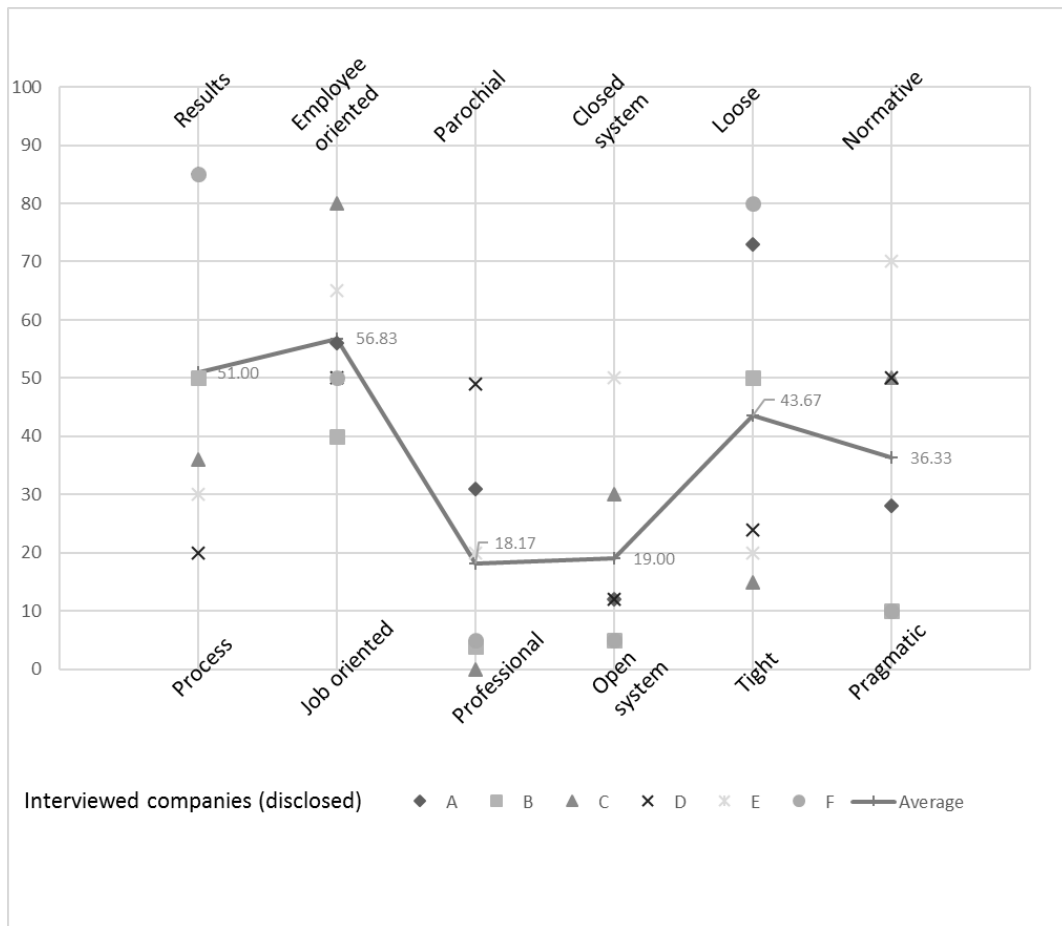


Figure 1 Survey results discovering self-evaluation of Organizational Dimensions of Culture (by G. Hofstede) within the companies.

The results showed that in general surveyed companies have a different understanding and approach in self-evaluating the dimensions of culture in their organizations. And perhaps a subjective was the valuation, often losing the focus on particular subject of low-skilled level positions. Only three dimensions can be considered as with similar in evaluation tendency among all respondent companies. When asking to evaluate the organisations orientation towards job done or employees, majority was scoring more towards employee orientation, which corresponds to the Latvian level of femininity according to Hofstede's Cultural Dimensions, as Latvian society is highly caring in personal level. By evaluating dimension of culture being professional or parochial, for a big surprise, respondents have recognized their environment more suited for professionals, despite low-skilled positions are classically tending to be more parochial. Another and the most relevant dimension when analysing environment as ground for immigrants is the openness of the organizational system. Here the results showed significant tendency towards open minded system and culture,

which demonstrates a readiness for organisations for easily welcoming new employees, also foreign labour and wanting to integrate them rather quickly within companies.

5.3. Actual Employer Experience with Having Third Country Nationals to Perform Low-skilled Duties

Even though immigrant employment in Latvia has recently gained a lot of publicity with both views strongly in favour and strongly against third country nationals' employment, during the interview process with employers it was discovered that majority of companies in the sample have strong views in this question but have rather limited actual experience with intentional third country nationals' employment.

Companies' representatives revealed that their experience with having third country nationals in their companies ranges from employing two foreigners to having as many as forty and sixty foreign employees at the same time in low-skilled positions. Immigrants in higher positions were not the focus of the studies, thus companies experience with them has been left out of this paper.

In interviews with six out of seven company executives it was discovered that either company already had intentional programmes for employing third country nationals or had plans of starting such programmes in this year subject to some changes in the legislative requirements and subject to continuous necessity, thus suggesting that total number of foreign employees in low-skilled positions in Latvian food and drinks manufacturing companies could grow.

Nationalities of those people employed in the companies in the sample in Latvia in low-skilled positions at this moment and earlier included Ukrainians, Uzbekistani, Bulgarians, Indians, Nigerians, Eritreans and Brazilian.

5.4. Ways Used in Practice to Employ Immigrants in Low-skilled Positions

During interviews authors observed evidence of four alternative ways of immigrant employment used in practice. Those include:

- 1) **Immigrants with work permits** - permits are issued to immigrants with limitation to work with specific employer. Companies in the sample had employees with work permits from primarily Ukraine, Uzbekistan.
- 2) **“Leased” immigrants**. This is a category or way of employing immigrants by buying a service from other companies in Europe (Poland in particular where

obtaining work permits is an easier task which according to interview can be obtained in less than one week) that employ immigrants from third countries with work permits. In the sampled companies primarily, those were people of Ukraine origin.

- 3) **Residing students.** Students that have visa for studies in any accredited educational institution in Latvia have right to work 20 hours a week with no limitation of work only with specific employer. In this way companies interviewed were employing Indian, Nigerian students.
- 4) **Immigrants with alternative status (asylum seekers).** Employment of immigrants with alternative status can be carried out in co-operation with the State Employment Agency, where agency provides all the necessary support in terms of documentation, logistics as well as translation, if required. One of the companies interviewed revealed having such experience with a group of Eritrean asylum seekers.

5.5. Employer Motives for Immigrant Employment in Low-skilled Positions

For a better comprehension of overall background of the phenomenon of immigrant employment in low-skilled positions the authors firstly chose to investigate basic motives of organizations to look for possibilities to employ foreign labour within their companies. All respondents confirmed that phenomenon is of high importance and everyone declared a continuous shortage of local labour in particular in low-skilled positions. This finding goes in line with research of Wang (2014) findings. Majority of respondents also acknowledged that one of the main reasons of labour shortage is the significant emigration to Western Europe in the recent years of Latvia's work force which used to be employed in low-skilled positions, thus creating shortages.

Four out of seven respondents stated that besides quantitative shortage of people in the low-skilled positions it has been observed that also "qualitative" labour in low-skilled positions is missing in terms of basic work discipline and behaviour. In three manufacturing companies shortage of labour has been observed particularly in season of higher demand which varies in different segments. Summer is high-season for both ice cream and meat products due to grilling, whereas in confectionary high season is considered Christmas season, thus before and during these periods companies were facing more challenges with ensuring enough employees.

Five out of seven respondents did mention that attracting immigrants can also result and has resulted in motivating local labour in low-skilled positions to improve their work ethics and discipline. Attracting immigrants could result in employers being able to signal to local employees that employer in case of continuous underperformance of local employees can have a choice for filling the position, foreign competition for occupying the particular position can be possible. It was acknowledged by several employers that during last couple of years of economic growth and increased shortage of low-skilled labour in local market in general local employees work performance and work ethics had deteriorated while demands and expectations from employers primarily in the speed of remuneration growth had grown a lot, often being much faster than the productivity growth which can result in companies becoming somewhat less competitive in the market. This claim from employers also goes in line with Krieviņa (2010) research claim that higher wage rate growth as compared to productivity growth leads to increasing prices and loss of competitiveness of individual companies (Krieviņa, 2010).

Two of interviewed company leaders mentioned that lack of sufficient work force is limiting not only production output, but also restricts company's growth and development potential, in one case in practice having delayed investments in company expansion. Thus, being able to attract third country employees for filling low-skilled positions for employers in some cases could ease the decisions for making further production capacity expansion investments.

Another reason for attracting immigrants, mentioned by two respondents, was the limited and decreasing availability of local labour ready to do "hard work" including but not limited to long work shifts, night shifts, work in increased degree of difficulty (for example, in wet or refrigerated environment).

Two respondents showed and expressed concern that in Latvia local younger generation was not willing-to-work in low-skilled positions. Even if there were some candidates ready to do the lower-skilled duties, disproportionately high wages were required which limited the employers' ability to hire younger generation candidates. Thus, in most companies in the sample the average age of people employed in lower skilled-positions was increasing. One of the explanations for this phenomenon is younger generations' ability to move abroad to, for example, United Kingdom or Ireland and to earn in a comparable position at least two times higher wages than in Latvia.

Only one of the respondents acknowledged that one of the reasons of considering employing immigrants was due to the local labour's continuous pressure on increasing wages, thus production companies "buying" employees from each other by increasing wage rates one by one. No company representative mentioned any interest or intention in lowering local employees' current wages by attracting foreign labour in lower-skilled positions.

One of the employers considered the chance of short-term employment of asylum seekers with granted "alternative status" through the State Employment Agency as opportunity to get insights of employing immigrants in practice. By obtaining such short-term experience company representatives believed they were better prepared for potential recruitment of foreign labour on permanent basis in case there would be no other options how to fill the vacancies locally and they would have no other option than to attract foreign labour force.

Majority of the companies' representatives in the interviews repetitively emphasized that during the search of local labour force to fill lower-skilled positions, they were not limiting themselves to search in nearby surrounding regions but were considering the whole territory of Latvia. Particularly they had focussed on employee search in region Latgale which has the highest unemployment rate of 15.2% in comparison to average unemployment rate in Latvia of 6.7% at the end of February, 2019 (State Employment Agency of Latvia, 2019). But now also this approach has not proved to be efficient enough, thus companies pay more attention to immigrant employment programmes continuation or establishment.

5.6. Immigrant Motives in Practice as Seen by Employers

Almost all interviewed employers mentioned an inevitable need for low-skilled labour, hence were mostly concerned with filling the vacant positions. When it comes to potential or existing immigrants themselves, every person has own reasons for being in Latvia. Employers were asked to name the main motivators of immigrants to be in Latvia which they had observed or believed to be true.

According to employers by far most important motivator for immigrants was higher remuneration as compared to country of origin. Those employers, who had questioned the deeper incentives of need for money, stated that differences in performance and willingness to work between those candidates whose main motive was simply earning

more money versus those who were in need of money for some specific reason were observed. Existence of such reasons, primarily remittances for family matters in home country or specific targets for what the funds were needed, were considered as highly effective motivators and could predict actual performance of immigrant in the work position. The more specific seemed to be the goal of the person, the higher observed likelihood that the person will perform well and stay for longer period.

Three employers acknowledged that they had identified other primal grounds besides money for immigrants for fleeing their home country. In those cases, it had been due to warlike situation or unsafe environment at home country (namely Ukraine and Eritrea).

At the same time another reason for immigrants to be in Latvia mentioned by employers was the wish for being in an environment of higher living standards, higher salaries and social security. One of the interviewed companies' representatives stated that during job interviews it had been discovered that wages in Latvia which were set as a minimum required remuneration for immigrants, three times exceed wages in Ukraine in similar or higher work positions. In this chapter interview results support the theory of Creative Class (Florida, 2002), when grounds for migration are validated with strive for destination territories with higher economic, social and political development, thus better living standards.

5.7. Positive Aspects Associated with Immigrant Employment

It is important to first mention that manufacturing companies acknowledged as one of the main positive aspects that with the help of immigrant employment they could fill the continuously vacant low-skilled positions as well as positions which appeared for a couple of months because of some seasonality of the specific product demand.

Referring back to the main motivator of immigrants – remuneration, another positive aspect recognized by interviewees was that immigrants often were ready to work in comparison more than locals with the only motive to earn more. They were ready to work extra hours, were more productive in works where pay was based on amount of work done, tended to be more flexible in accepting working in night shifts or holidays and had overall lower requirements in respect of the time schedules as usually no external distracting factors were disturbing their willingness to earn more.

The absence of everyday routines related to family and other social aspects were considered as significant benefits of immigrants by almost all respondents. This observation in another country setting validated B. Hopkins (2017) findings, discovering higher work ethics of immigrant labour as compared to local employees in similar positions, with lower absenteeism as well as higher engagement rates and willingness to work extra hours (Hopkins, 2017).

In most of the cases immigrants were considered to be also more productive as well as more disciplined. It is strongly linked with their main motive to earn and also with previous experience of higher power distance in either their home countries or previous residing countries. Previously felt higher power distance has often left footprints of higher respect and according to employers in some cases even fear. Especially in cases when work permit was issued for work with specific employer, immigrants tended to try to avoid conflicts which might result in losing job which would result in having to leave the country.

Furthermore, employers highly appreciated the felt rivalry effects which immigrants created in the eyes of local employees. Taking into account that active hiring of foreign labour was a rather recent phenomenon, arrival of immigrants was considered as distracting by local employees but also motivating at the same time.

Majority of respondents also admitted that immigrants tended to be more appreciative than locals of having the job positions and showed more respect, less challenging attitudes towards employers.

Those employers recruiting immigrants from post-soviet territories with work permits or on “lease basis” were pointing out a highly valued benefit of dealing with labour of highly similar cultural and historic background. In most of production companies in the sample the low-skilled positions at the moment of interviews were primarily filled with labour of Slavic origin. Furthermore, it adds on a significant benefit of tearing down any language barriers, which in many immigration cases is considered as most visible problematic aspect (Fischer, 2012). Similar language or at least knowing of same language was considered a significant contribution towards successful immigrant integration in the workplace.

There were further minor acknowledgements from individual employers which were considered as benefits of employing foreign labour. One of those included the aspect that in many occasions immigrants have higher skills and education than required for the low-skilled positions, but due to several factors they do not get

employed in higher positions when joining Latvian companies. Because of that employers have observed higher intelligence of such arriving employees. It also can contribute to the overall team and company performance once these people are given a chance to rise within company or openly express their opinion, suggestions for improvements.

Three respondents recognized that there was a significant benefit of employing guest students from third countries. As soon as students had obtained study permit and were studying in any accredited education institution in Latvia, they are allowed to enter into work relations avoiding the highly bureaucratic process of recruitment based on work permits and exactly the same hourly wages can be paid to them as for local employees, no minimum is set by government. One must admit that Bachelor programmes students are allowed to work only one half of the full-time workload (20 hours weekly), hence often creating complications for employers with organizing work shifts.

In the situation of high turnover of labour, it was revealed that highly important and appreciated was that employed immigrants have the limitation of working only with the specific employer who had invited the immigrant to work with his/her company. By two respondents this was recognized as one of the best employer protection tools implemented by Latvian policy makers protecting employers from immigrants switching work places to another company next doors who would promise higher wage. Several employers emphasized that for local employees often 50 EUR higher wage elsewhere could trigger employee to switch companies often.

It was also observed by two companies that immigrants were keener on developing their skills and base of knowledge when comparing to local labour. Even at low-skilled positions they seemed to be more career oriented, willing to learn duties of several low-skilled positions in the company and in several cases purposefully aimed for their own personal development.

Those companies that were employing immigrants on a lease service basis admitted that another benefit of this service was the opportunity which is granted by the fact that once immigrant is sent on a “business-trip” to Latvia his or her work load is not limited, over hours are not charged double. This means that those employees who are leased, can easily be occupied for more than 40 hours weekly, thus can earn more if pay is based on hours worked. At the same time, employers recognized that such approach of

working a lot of extra hours cannot be considered as sustainable in the long-run as those workers frequently “burn-out” relatively quickly.

5.8. Negative Aspects Associated with Immigrant Employment

With no exceptions all respondents admitted the most important and the most common negative aspect of recruitment of immigrants’ labour from third countries with work permits was the bureaucratic process currently in force in Latvia. If recruiting is organized officially, by following all the rules and regulations, it takes no less than two or three months to obtain work permit. According to two of the respondents in the sample it may also take up to three weeks for immigrant to open a bank account due to Anti Money Laundering verification process. It also undertakes administrative costs which together with time-consuming process results in unattractiveness of immigrant employment on work permits from business perspective. Also, employers must follow strict rules of administrating the vacancy in their company by monitoring and proving local labour insufficiency to fill the vacancies. Furthermore, employers are obliged to renew the permits every year, which again is perceived as an administrative time and cost barrier.

Three respondents acknowledged that immigrant recruitment with work permits in Latvia can be considered activity of a high risk from two aspects. First is the “Big Unknown” phenomenon, when even having had video-conference interview with the specific candidate in the candidate selection stage, when meeting the employee in person often different opinion appears. The second aspect based on experience was the relatively low retention rate. As measured by two respondents, one third of the selected candidates dropped-off during the process of recruitment, one more third (who got hired and started working) were seeking for immediate better alternatives in Europe and by employer experience only one third could be considered as long-term employed, meaning staying more than several months.

As a next major constraint perceived negatively by five out of seven company representatives was the minimum mandatory salary rate set at average bruto salary in Latvia in the previous calendar year and it has been determined irrespectively of industry and skill level. In many cases when low-skilled positions were considered, this requirement was unreasonably high when comparing to the wages paid to the local employees in the same positions within companies. This requirement to several

companies had made employing immigrants on work permits practically impossible, thus in the eyes of the employers this requirement should be reconsidered on the country policy level.

There were also numerous concerns expressed in relation to the language barriers. As mentioned previously, as long as immigrants had ability to speak in Russian, in most of the companies in the sample they could be considered almost as locals, whereas if the immigrant was coming from territories outside post-soviet block and the only foreign language was English or even worse own countries language like in the case with Eritreans, further problems could arise. Even the line managers seldom spoke good enough English to be able to easily give orders or communicate with immigrants employed in lower-skilled positions. Further when it came to the communication between immigrants and other local employees, very little part of regional low-skilled workers could speak English sufficiently to communicate. English language knowledge was also mentioned by majority of companies as major encumbrance of inclusion of foreign labour in terms of cultural, emotional and social integration in the work place. Aforementioned disability to integrate often can lead to an open question whether the immigrants with such integration obstacles could and should be considered as long-term employees.

Another negative aspect of employing foreign labour from the employer perspective was the extra time and efforts contributed towards explaining the basic working environment, safety regulations and system to immigrants. Foreign workers also spent more time in discussing their legal rights as well as job related questions with either operations or human resource management as compared to local employees in similar positions, thus again demanding more of operations managers or human resource specialists time. Two of respondents acknowledged that a good practice observed in other companies was to prepare multi-lingual job instructions and procedures in order to improve efficiency in shifts as well as to avoid mistakes in work process. Such translation of processes and instructions had, however, also been considered as cost and effort, thus negative aspect of immigrant employment in low-skilled positions.

Within the company culture, only two employers recognized that employment of immigrants was creating real negative tensions between local community and the foreign labour, but this could be attributed to locals feeling competition, thus trying to protect their positions.

From a state's economy perspective it had been acknowledged by most of the interviewees and in numerous debates in Latvia's media that, when using the immigrant "leasing" service, company actually has the same total costs as if having employed an immigrant within their company with work permit in Latvia and that now the total amount gets paid to some company organizing this service. Thus, share of taxes which could be paid in Latvia gets transferred outside Latvia and social taxes actually get paid in the state where the immigrants had been registered with work permits (primarily Poland). And regarding this aspect employers expressed a strong opinion that if the bureaucratic process for obtaining work permits could be optimized and Latvia state government would be ready for discussions on improving the immigrant employment legislation, they would prefer to have the extra burden with bureaucratic process of obtaining and sustaining work permits for immigrants, but pay full taxes in social budget of Latvia.

5.9. Further Observations and Suggestions

Several of food and drink manufacturing companies in the sample that are located in Latvia are a part of multinational holding having affiliated companies in other European countries. Those companies who had affiliated companies, have a good opportunity to compare the situation in relation to immigrant employment and were happy to share their observations of best practices and suggestions. Two of the respondents had a good experience from situation in Scandinavian countries, where foreign labour employment has been practiced for several decades. A conclusion of highly multinational environment has been observed, resulting with a good mix of knowledges, skills and experiences. Often immigrants there have shown higher desire to better understand the strategy and goals of the company. More questioning and engaged approach from low-skilled employees towards employer was also noticed, which also leads towards more integrated and understanding companies. In one case though it was observed that fully integrated immigrants over the years are becoming less enthusiastic and less motivated as those immigrants initially striving for remuneration to cover their basic needs.

Companies having affiliates in Estonia and Lithuania acknowledged that simpler is the establishment of working permits for foreign labour as well as lower minimum wages must be granted to immigrants. In this case companies having subsidiaries in all

three Baltic countries, according to ease of low-skilled labour employment, can locate the manufacturing plants and employ immigrants respectively, leaving Latvia the last in priority list for production expansion if labour shortages are observed.

Another interesting aspect of the need for immigrants is due to the logical evolution and movement of labour across Europe. In recent years many, especially low-skilled, individuals have left Latvia for a better income and living standards, thus a logical vacuum has been created in Latvian labour market, which must be filled somehow. In addition, many of company leaders acknowledged that they would prefer to give chance to locals to develop themselves in rising their qualification in order to take higher position in the structure, but void in the lower sector does not allow them to. Many of those observing this phenomenon would prefer filling that void with the post-soviet citizens over the potential eastern cultures, which come with more limited abilities to integrate. Unfamiliar language, different work ethics, restriction in some areas to be employed due to religious aspects (meat segment for instance is a sensitive industry in many religions, thus limiting possibilities of attracting foreign employees) – all signalling that manufacturers would highly prefer foreign labour from culturally nearer cultures as Ukraine, Belarus and other post-Soviet Union countries.

Knowing and respecting the fear of potential interference of immigrants within the ethnic values of the culture in such a small nation as Latvians, some of the respondents suggested maintaining the limitations of long-term permits could be an option, but in order to not lose competitiveness of local manufacturers, barriers of immigrant employment should be lowered. One of such ways could be allowance and encouragement for short-term work permits for example for three or six months. At the same time realizing that Latvia is among Europe's up-runners in terms of economic development, one must understand that low-skilled immigrants will almost always look for a better remuneration elsewhere in Europe at the first chance given. Hence from the side of employers' view government should pay more attention towards retention of labour class which culturally has been assimilated already and foreign culture has been accepted by locals. Furthermore one of the interviewees acknowledged that evidence in UK and Ireland shows that governments realizing the need of immigrants are supporting foreign communities as well as customized education is granted when number of immigrants is reaching considerable numbers. But it must be acknowledged that the low-skilled labour immigration in Latvia at the moment is rather small and in case of food and drinks major manufacturing companies is smaller than anticipated by

the authors of this paper, thus for this moment no major fears of cultural distractions to Latvian culture are expected.

From those who are experienced in hiring immigrants following suggestions were given for a better and smoother process of recruitment. Behind any system there is a human. Also, during formalities of forming work permits, employers are facing different approaches and circumstances in the Citizenship and Migration Agency. First of all, it is important to use the whole network of agencies across territory of Latvia. Often choosing regional offices is a wiser choice comparing to visiting central office in Riga which in most of occasions is crowded and one must count on long queues. Furthermore, also in regional offices a single officer is more competent across many of the angles which must be taken care of when obtaining and maintaining work permits for third country immigrants. Instead spending extra 30 minutes in car for visiting regional offices can save an hour a day which would be spent in the office.

By analysing the decreasing demographics and statistics of emigration it is somewhat evident that by improving state policy on these two aspects, it could take inadequate efforts to cope with the shortage of labour, hence the main logical solution proposed by majority of respondents confirms the public discussions of allowing a bit more relaxed, but controlled immigrant flow from post-soviet territories.

Another aspect acknowledged and discussed was the fact that not every company in the industry may have a desire to attract immigrant workforce as smaller, more regional companies usually have a more stable employee base also in low-skilled positions, thus the costs of employing immigrants may outweigh the benefits. Such manufacturers may have no or limited interest in attracting immigrant workforce despite also any changes in the legislation. It is suggested that even somewhat relaxing the requirements is not expected to generate very big inflow of third country low-skilled workforce.

Last but not least those companies who have more experience of purposefully employing third country immigrants suggest that it is better to have stricter internal rules and guidelines and training within the companies as soon as the immigrants start working. In that way both immigrants themselves and the companies can faster see which of the employees are going to actually work and adjust to new environment and which immigrants can be expected to leave the companies rather quickly.

6. Conclusions

Among the interviewed companies it was found out that in general there is rather visible need for filling low-skilled vacancies in the companies and there are a lot of discussions of when companies should start to go through the third country employee recruiting process, but their current experience with third country employees filling low-skilled positions is rather limited and among the bigger food and drinks industry players ranges from only two employees, but reaches as much as sixty employees during high season.

When answering the proposed research question “*What positive and negative aspects manufacturers associate with low-skilled immigrant labour employment in Latvia?*” many insights were found. Main positive aspects are possibility of filling gaps, existence of immigrants motivating locals, foreigners are more motivated to work, are often more productive, are willing to work extra hours. And this can help companies to expand production in the time of limited human labour availability for filling low-skilled positions. Also, a positive aspect is that in case of employing students of third country nationality and in case of collaborating with State Employment Agency, companies have a chance to treat foreigners almost the same way as treating local employees. Another positive aspect is that employees with Slavic origin have Russian language knowledge and because of that can rather easily integrate in the companies.

Main negative aspects of immigrant employment include paying average wages in the country in most cases in food production is not realistic as wages in food production in low-skilled positions are often lower than the average wages in the country if the remuneration is based on hourly rates, it takes a lot of administrative work on the side of companies to go through the official process of employing third country citizens with work permits in Latvia and language gaps can prohibit easy integration.

One of the main arguments in favour to immigrant employment is the fact that despite criticism companies are investing in continuous automatization, but not everything can be automatized. There will remain some share of jobs which will have to be done by low-skilled labour force and for that people are and will be needed.

Furthermore, companies would like local people to raise within companies to jobs which are more responsible and more demanding. Same as old Europe countries have filled the lower qualification vacancies with Latvian, Lithuanian, Polish and other

people. Now during economic growth Latvia needs to fill the gaps which are there in lower-skilled positions in order to stay competitive.

Current legislation for arranging employment of third country people in Latvia is challenging and very burdensome for the employers. And since the requirements on the minimum wages exist also for food and drinks manufacturing industry, then many companies have delayed the process of immigrant employment and expect to have a discussion with the government officials first.

Closest to us are the Slavic countries and their integration in the workplaces is easiest to perform. In the meantime, increase of for instance Indian students in Latvia and the law which allows full-time programmes students to work 20 hours per week is allowing several companies to test how the foreign employees from more distant cultures can be integrated in the work places with same wage as locals.

To conclude, as found in the research at least from the side of the employers some low-skilled labour immigration seems inevitable. But employers also agree that things should be controlled, thus the system for third country nationals' short-term and long-term employment should be seriously evaluated and well thought through.

Since the sample of companies interviewed was only seven, then in order to increase data validity and results generalizability to all manufacturing industries, it would be suggested to expand the research in a more quantitative study. Findings of positive and negative aspects revealed and discussed above could be quantitatively tested by performing larger scale survey for all types of manufacturing companies in Latvia and assessing which positive and negative aspects associated with the third country nationals' employment in low-skilled positions are the most important when tested quantitatively.

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8. Appendices

Appendix A. Immigration Statistics

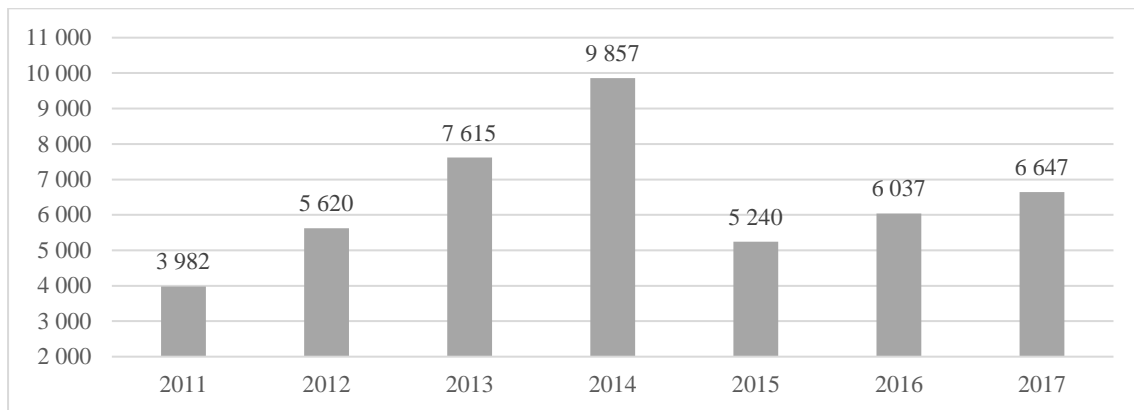


Figure 2 Total number of first time living permits in Latvia. Graph by authors. Data from (Eurostat, 2016)

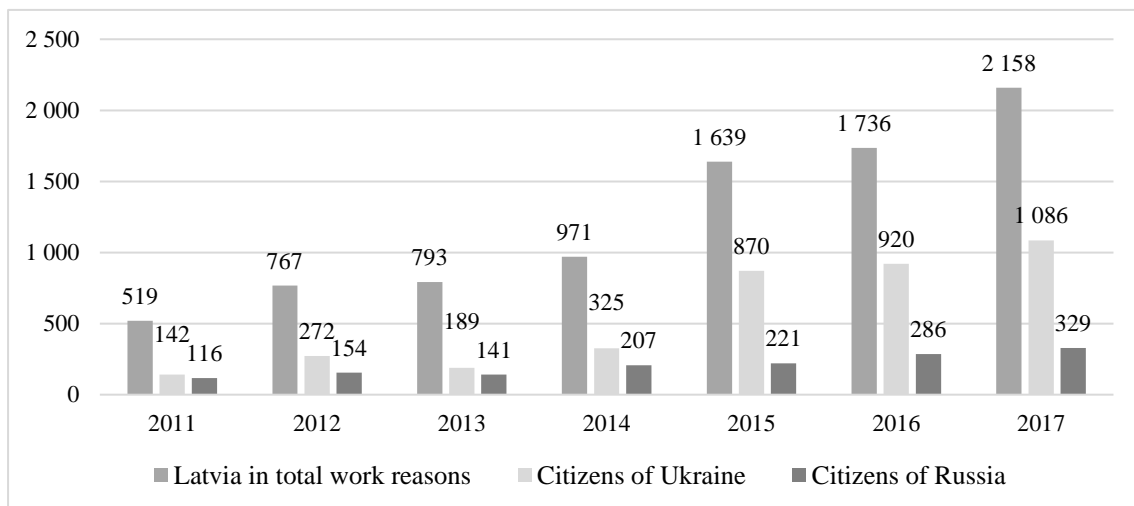


Figure 3 First time permits for working purposes issued in Latvia. Graph by authors. Data from (Eurostat, 2016)

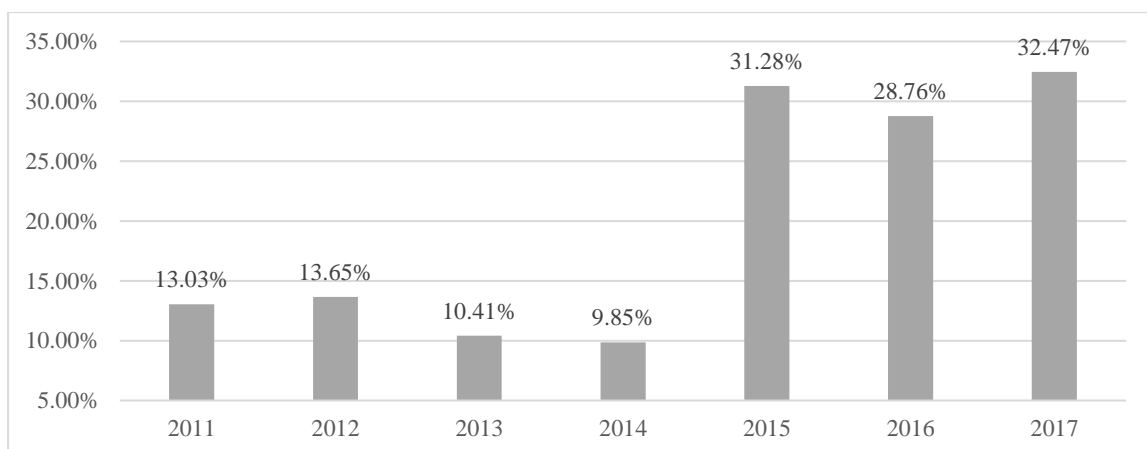


Figure 4 Percentage of all new permits due to work reasons. Graph by authors. Data from (Eurostat, 2016)

Appendix B. List of Companies Interviewed

Table 1. List of interviewed companies and their representatives

<i>Company name</i>	<i>Category</i>	<i>Position</i>	<i>Name</i>	<i>Date</i>
SIA Karavela / Kaija	Fish processing	CEO	Andris Bite	15.02.2019.
SIA Karavela / Kaija	Fish processing	HR manager	Jolanta Gaudieša	27.02.2019.
Food Union Europe / Rīgas Piena kombināts; Rīgas Piensaimnieks; Valmieras piens	Dairy and Ice Cream	Group CFO Europe / Chairman of the Board (RPK)	Normunds Staņēvičs	20.02.2019.
Food Union Europe / Rīgas Piena kombināts; Rīgas Piensaimnieks; Valmieras piens	Dairy and Ice Cream	Head of HR Division	Evita Osīte	20.02.2019.
A/S Rīgas Dzirnāvnieks	Grain processing	CEO	Anita Skudra	22.02.2019.
A/S Rīgas Dzirnāvnieks	Grain processing	Human Resource Generalist	Linda Zembaha	22.02.2019.
A/S Dobeles dzirnāvnieks	Grain processing	Chairman of the Board	Kristaps Amsils	28.02.2019.
A/S Latvijas Balzams	Alcoholic beverages	Chairman of the Board	Intars Geidāns	28.02.2019.
A/S Latvijas Balzams	Alcoholic beverages	HR Manager	Ilze Kaupere	05.03.2019.
Orkla Confectionery & Snacks Latvija / Laima, Staburadze, Selga, Ādažu Čipši	Confectionery & Snacks	Chairman of the Management Board	Toms Didrihsons	14.03.2019.
Orkla Confectionery & Snacks Latvija / Laima, Staburadze, Selga, Ādažu Čipši	Confectionery & Snacks	HR Director	Veronika Linkuma	14.03.2019.
SIA Forevers	Meat processing	Chief Operating Officer	Aigars Vītols	15.03.2019.

Appendix C. Interview Questions

Table 2. Interview questions

1. What main motives drive your company to look for foreign low-skilled labour?
2. Have you compared local labour with potential foreign low-skilled labour?
3. What differences in behaviour of foreign labour you have you noticed in comparison to local labour, when comparing similar positions?
4. What encumbrances your company has faced while recruiting low-skilled immigrants?
5. Can you please describe your corporate environment as per Hofstede's organizational dimensions, related to immigrant integration? Open vs. Closed.
6. Have you identified main motives of immigrants and its compatibility with your company's environment (According to Hofstede). Please describe.
7. Do you follow the progress of immigrant integration in you company and do they realize their intentions when enter employment? How do you valuate it?
8. What are positive and negative aspects employing immigrants in your organization?
9. What are your key suggestions to other companies considering recruiting immigrants?
10. How do you rate necessity of immigrant recruiting considering current stage of economic development in Latvia?

Appendix D. Survey Questions

Table 3. Survey questions sent to interviewees with an opportunity to scale their self valuation of cultural dimensions of their organization (by Hofstede) from 0 to 100

<p>Process-oriented</p> <p>Bureaucratic, processual, risk avoiding.</p>	<p>Result-oriented</p> <p>Common interest in better outcome, confidence in unfamiliar circumstances and in challenges.</p>
<p>Job-oriented</p> <p>Job performance is stressed, organization interested in work done and perceived as demanding.</p>	<p>Employee-oriented</p> <p>Employee is centred. Focus on employee’s wellbeing and individual problems.</p>
<p>Professional</p> <p>Individuals identify themselves with the profession, not with the company they work for, believing that they are within the organization only for the skills and qualification which they have.</p>	<p>Parochial</p> <p>Individuals dependant on the company they work for, being hired also partly for being the person which they are outside workplace.</p>
<p>Open Systems</p> <p>Internal and external communication which allows newcomers to be admitted and integrated. People are easy accepted and quickly integrated.</p>	<p>Closed Systems</p> <p>It may take several years for an individual to fit in and become “one of us”</p>
<p>Tight</p> <p>Punctuality, cost-conscious decisions, dress codes, little joking in work process.</p>	<p>Loose Control</p> <p>Free atmosphere, meetings can be late, people tend to make jokes and be more informal.</p>
<p>Pragmatic</p> <p>Market driven actions, reaching results more important than following guidelines and procedures.</p>	<p>Normative</p> <p>Strict attention to regulations and guidelines often scarifying desired results.</p>