

## Doing Business in Latvia | Latvian Social and Business Culture

### A Latvian Culture Overview

#### Fact File

- **Official name** – Republic of Latvia
- **Population** – 2,204,708\*
- **Official Languages** – Latvian
- **Currency** – Latvian Lat (LVL)
- **Capital city** – Riga
- **GDP (purchasing power parity)** – \$32.51 billion
- **GDP Per Capita** – \$14,700\*



#### Overview

Latvia first declared statehood in 1918 and was an independent country until WW2 broke out. After years of being occupied by countries such as Germany, Poland, Sweden and Russia, the Republic of Latvia regained independence in 1991 after 51 years of rule under the Soviet Union. Latvia joined the World Trade Organisation in 1998 and became a member of both the European Union and NATO in 2004. Latvian culture has been influenced by different countries and their cultural influences but the country has developed its own cultural identity. This specific culture has created a distinctive system of values and traditions unique to Latvian society. Understanding how your Latvian counterparts think and behave is essential for anyone doing business in Latvia.

#### Latvian Culture - Key Concepts and Values

**Individualism** – Latvians emphasise personal management and tend to exhibit individualistic characteristics such as expressing themselves through dress or the ownership of brands. They appreciate family, which is at the centre of the social structure, and there is a tendency to conform in social and professional situations. While family and conformity to the group to play a role, Latvia is not a very high collectivistic society.

**Space** – Latvians tend to respect personal space and avoid public displays of affection. They will usually avoid physical contact, especially with strangers and acquaintances, before getting to know them.

**Time** – Latvians usually respect punctuality for meetings and pre-booked appointments, both in professional and social settings. Arriving late to a meeting can be perceived as disrespectful so it is always better to arrive on time. If you're running late, always let your Latvian counterparts know as soon as possible. Despite their adherence to punctuality, Latvians can be slow to act because as a rule, they do not wish to make hasty and ill-considered decisions.

*Privacy* – Latvians are quite reserved and are not usually very emotionally expressive in public. They don't tend to mix their professional and social spheres and are keen to reserve their personal stories for close friends and family.

## **Doing Business in Latvia**

Latvia has experienced a variable economic past having been occupied by different countries and more recently as a member of the USSR. After regaining independence in 1991, the economy stagnated for a while before seeing any improvement. The years 2005-2008 saw a period of accelerated growth and a particularly thriving banking sector and real estate market. This was cut short when the country was hit by the global financial crisis in 2008. In 2010, however, Latvia showed signs of stabilisation and although the market has been difficult, the country's economy is fairly secure. The present stability has been achieved largely due to massive cuts in the public sector. Taking advantage of this growing economy requires a profound understanding of local Latvian social and business culture.

### **Latvia Business Part 1 - Working in Latvia**

#### ○ **Working practices in Latvia**

- Latvians do not usually interrupt so avoid interruptions in business meetings as they may be perceived as rude.
- Latvians tend to favour technical and legal processes and will sometimes hesitate to show initiative to avoid appearing frivolous or lightweight. This may affect business meetings or procedures.
- If you are invited to dinner at your Latvian counterparts' home, they may appreciate flowers as a token of your appreciation. Giving flowers is a tradition that features a lot in Latvian culture, especially when marking name days, birthdays and other important occasions. Bringing a bottle of wine to dinner is not very customary unless you are good friends or on very familiar terms with the people who are hosting you.
- Latvians appreciate politeness, modesty and a quiet method of communication. Speaking too loudly or being too boastful about your achievements can create a negative impression and may hinder relationship-building.
- Latvians tend to keep their private and professional lives separate. Even if you develop a friendship with your Latvian counterpart, avoid talking about this relationship openly in a business setting.

#### ○ **Structure and hierarchy in Latvian companies**

- Traditionally, Latvian companies adhere to a strict hierarchy where decisions are usually made at the top. Recently, however, there has been an increase in teamwork and consensus, and some companies will set up committees to discuss specific issues. Despite this, decisions and orders are normally made by senior level employees and the hierarchy is still important.

### ○ **Working relationships in Latvia**

- Your Latvian counterparts will appreciate any effort you make to learn about Latvian traditions and culture. Showing an interest in Latvia culture will help you to build trust and relationships with them as your Latvian counterparts expect you to respect their intelligence. Talking down to people will generally generate negative responses and jeopardise negotiations.
- Your Latvian counterparts may appear reserved and formal at first. However, once you spend time developing a relationship with them they are likely to become more open.
- Avoid too much small talk at the beginning of meetings as Latvians appreciate getting straight into the matters at hand.
- Make sure you show respect towards your Latvian counterparts by showing interest in their discussion. Using non verbal signs of understanding and agreement is a great way of showing that you are actively listening and interested.
- When presenting, make sure you use appropriate and clear language with well chosen words. Preparing thoroughly for this will help you to create a valuable impact.

### **Latvia Business Part 2 - Doing Business in Latvia**

#### ○ **Greeting practices in Latvia**

- As a rule, address your Latvian counterparts by their formal, professional or academic title until they say otherwise. If they don't have a specific professional title, you can use the Latvian honorific title "Kungs" for men and "Kundze" for women. These follow the surname.
- You should only call your Latvian counterpart by his or her first name when he or she invites you to do so.
- Make sure that you greet each individual with a handshake and direct eye contact when entering and leaving a room.
- When greeting a woman at a business meeting, wait for her to extend her hand first.

#### **Latvian Business Etiquette (Do's and Don'ts)**

- ✓ DO learn a few important Latvian phrases as this will show willingness and an interest in Latvians and their country
- ✓ DO speak at the same voice level as your Latvian colleagues
- ✓ DO refer to time using the 24 hour clock in a formal business context to avoid misunderstandings and the possibility of missed appointments

- \* DON'T show too much emotion and affection in public
- \* DON'T forget to address people appropriately according to their status
- \* DON'T ask personal questions during business meetings

### Latvian Culture Quiz - True or False

1. It is common for Latvians to show their emotions in public
2. Shaking hands across a threshold is considered unlucky
3. It is normal to greet a group of colleagues with a simple hello
4. Latvians carefully consider the way they dress

### Latvian Culture Quiz - Answers

1. False
2. True
3. False, it is common for Latvians to greet and shake colleagues' hands individually
4. True, appearances matter to Latvians who tend to dress very classy

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\* Source: CIA World Factbook 2011

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