

Latvia ranks last in the EU for gender pay equality

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In Latvia, there is frequent talk of progress in gender equality, yet the reality is harsher. Latvia ranks last in the European Union for gender pay equality, and the gap between men's and women's wages is unfortunately growing. While the EU's average gender pay gap in 2023 was 12%, in Latvia this figure reached 19%, worsening the country's position (17.1% in 2022) and placing it last among all 27 Member States¹. In other words, for every euro earned by a man in Latvia, a woman earns only 81 cents.

This reality reveals deep structural issues: women are more likely to work in lower-paid sectors, often choose part-time work due to family circumstances, and societal stereotypes still influence their professional growth.

More statistics

The pay gap is not just a statistic, but a symptom of deeply rooted problems. Studies show that women are more likely to choose part-time work, primarily due to family and childcare responsibilities – 28% of women work part-time, while only 8%² of men do.

Moreover, although women in the EU are more likely to obtain higher education, they are often “stuck” in lower-paid sectors, such as education and healthcare. One in three women works in these fields, while men are more often employed in science, technology, engineering, and mathematics (STEM) sectors, which are typically better paid.³

Women's representation in leadership positions is also low. In 2021, women held only 34.7% of management positions in the EU, and the pay gap in this area is particularly pronounced – female managers earn, on average, 23% less.⁴

At the same time, reducing the gender pay gap is not only right from an equality standpoint but also from an economic perspective. The European Parliament concluded that greater pay equality would not only promote gender equality and reduce the risk of poverty but also increase tax revenues and reduce the burden on the social system, as higher financial well-being for women means greater consumption.⁵ This aligns with studies showing that reducing the gender pay gap by 1% could increase GDP by 0.1%.⁶ According to the World Economic Forum, companies that actively promote pay equality are 22% more productive.⁷

Directive – a chance for change

To reduce pay inequality, the European Union has adopted the Directive on Pay Transparency (“Directive”), which will come into effect in all member states in June 2026. It will impose an obligation on employers to ensure a transparent and objectively justified pay policy that will eliminate the risks of discrimination.

Latvian employers must take immediate action to comply with the new requirements. Companies will be required to ensure:

- A pay policy based on gender-neutral and objective criteria;
- Full transparency regarding the formation of wages;
- Regular pay audits to identify and address gender pay inequality, along with many other aspects.

PwC Latvia will help you prepare for change

PwC Latvia provides practical support to companies by helping them conduct a detailed pay analysis, identify potential inequalities, and develop an effective policy that meets the requirements of the Directive. We are also ready to review companies' human resources policies to identify missing or incomplete elements and assist in ensuring compliance with the Directive's requirements.

PwC's team of experts will help with the four frameworks of the Directive:

The frameworks of the Directive:	PwC Assistance
Confidentiality	Make necessary changes to the company's employment-related documents, including employment contracts, job descriptions, and internal company rules, or prepare them anew.
Job value analysis	Map the company's organisational units; evaluate positions and, if necessary, review them; categorise employees by organisational units and positions.
Access to information	Implement an internal process to add new positions or roles to ensure clear principles for determining equal pay.
Reporting	Implement internal processes to review employee requests; ensure access to quality data.

The above changes are not just a legal requirement but a crucial step for the growth of Latvia's economy and social development. The sooner companies take action, the sooner the unfavourable pay gap for Latvia will decrease, and the principles of equal pay will be strengthened in practice.

¹ https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Gender_pay_gap_statistics

² https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Gender_pay_gap_statistics

³ <https://www.europarl.europa.eu/topics/en/article/20200109STO69925/understanding-the-gender-pay-gap-definition-facts-and-causes>

⁴ <https://www.europarl.europa.eu/topics/en/article/20200109STO69925/understanding-the-gender-pay-gap-definition-facts-and-causes>

⁵ <https://www.europarl.europa.eu/topics/en/article/20200109STO69925/understanding-the-gender-pay-gap-definition-facts-and-causes>

⁶ <https://www.europarl.europa.eu/topics/en/article/20200109STO69925/understanding-the-gender-pay-gap-definition-facts-and-causes>

⁷ [https://humansmart.com.mx/en/blogs/blog-what-impact-does-the-gender-pay-gap-have-on-productivity-and-employee-morale-56000?u](https://humansmart.com.mx/en/blogs/blog-what-impact-does-the-gender-pay-gap-have-on-productivity-and-employee-morale-56000?utm)
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