

IMPACT OF STRUCTURAL CHANGES AND SHARP ECONOMIC GROWTH ON LABOUR DEMAND AND PRODUCTIVITY IN LATVIA

Topic: Productivity and efficiency analysis 2

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Since mid- and late 1990's many European economies (including Latvia) experiences structural changes that were accompanied by economic growth and increasing demand for labour, however, at the same time, new technologies and improvements of labour qualification resulted in productivity growth. In previous years, a considerable number of researches and publications has been devoted to productivity and related issues applying input-output analysis and modelling, so the paper includes an insight in recent studies in this topic.

The aim of the research is to reveal actual sectoral trends in high level of disaggregation. The research is based on analysis and computations made on the basis of Input-Output tables of Latvia. In the study, three IO tables are used – of 1998, 2004, and 2007 (at current prices, national currency), as well as annual time-series of National Accounts (NA) indicators (1998-2011). Economic activity is analysed according to level of sectoral disaggregation of NACE classification Rev.1.1. As economic performance of Latvia is frequently compared with Estonia and Lithuania, the international comparison is performed according to the methodology and data of IO tables of these countries.

In the study, main attention is paid to the following NA indicators: compensation of employees, wages and salaries, value added and output (at basic prices) by sector.