



Zane Varpina, BICEPS, SSE Riga

Marija Krumina, BICEPS

May 2026

Retaining third-country graduates in Latvia

This policy brief presents key findings from recent research on the integration and employment opportunities of third-country students and graduates in Latvia. Drawing on survey data as well as qualitative interviews and focus groups with students, graduates, employers, and policy stakeholders, it identifies major individual, organisational, and systemic barriers, including language requirements, administrative complexity, and limited access to professional networks, that hinder the transition from study to employment. Based on this evidence, the brief proposes strategic policy priorities to improve international student retention, strengthen labour market integration, and enhance the long-term economic contribution of international graduates.

Latvia is facing a long-term demographic decline and shrinking working-age population, with labour shortages already evident across multiple sectors. The population of Latvia (1.86 million in 2025) is projected to shrink by 15% over the next 15 years, reaching as low as 1.58 mln. The fall in the working-age population is likely to be more dramatic – the Eurostat baseline scenario foresees a decline of 19%, or 220,000 people, from the current 1.2 million, presenting substantial challenges to the economy and society. Migration may mitigate the impact on the labour market but is controversial. In this context, international, third-country students and graduates represent a strategically important and relatively low-risk talent pool: they are young, educated, familiar with Latvia’s institutional environment and society, and well positioned to contribute to economic growth if successfully integrated into the labour market.

Research by BICEPS, completed in 2026, has investigated labour market challenges faced by young third-country nationals in Latvia. The study focuses on full-time third-country students (non-EU/EEA/Swiss nationals) enrolled in Latvian higher education institutions, as well as recent graduates, including both those who remained in Latvia and those who left after completing their studies. The analysis is based on multiple data sources: a wide quantitative survey of students and graduates from third countries (363 current students and 102 graduates); in-depth interviews and focus groups with students and graduates, as well as semi-structured interviews with employers, recruitment specialists and key stakeholders - ministry representatives, university administrations, and NGOs among them. The analysis is further complemented by administrative data obtained upon special request from the Central Statistical

Bureau (CSP), the Office of Citizenship and Migration Affairs (OCMA), and the Ministry of Education and Science. The multi-level approach allows to identify factors hindering employment at the individual, organisational, and system levels, as well as to characterise third-country graduates’ perceptions of the Latvian labour market.

Who comes to Latvia for studies and why

In the 2024/2025 academic year, Latvia hosted 7,439 third-country students, accounting for app. 10% of the total student population. This group is highly concentrated: 92% of all third-country students originate from just 10 countries; India, Uzbekistan, and Sri Lanka account for 64% of the total, with India remaining the largest and fastest-growing source country since 2017.

International students’ decision to study in Latvia is driven primarily by economic considerations and access to the European Union. For many students from third countries, Latvia represents an affordable entry point to European higher education. The most frequently cited motivations include affordable tuition fees (74.4%), low living costs (69.7%), and the perceived quality of education (61.4%). In addition, for 45.3% of respondents, the opportunity to study in an EU member state was the decisive factor in their choice.

Hence, Latvia’s competitive advantage in attracting international students lies primarily in cost-related factors and access to the EU. Recruitment is concentrated within a relatively narrow set of source countries, indicating weaknesses in the international competitiveness of Latvian higher education.



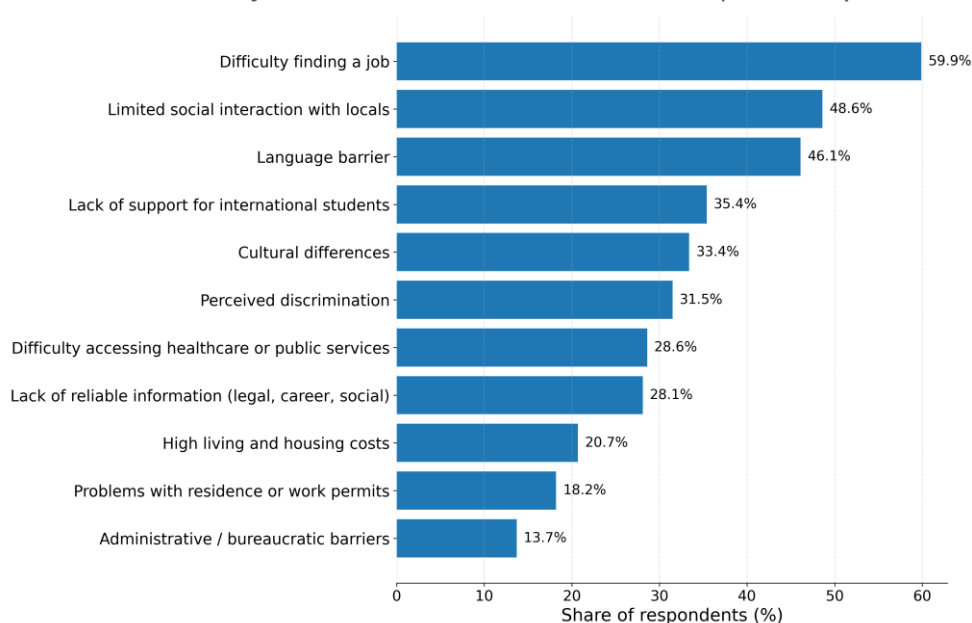
Attraction without retention

The number of third-country nationals studying in Latvian higher education institutions has increased threefold over the last decade. International student enrolment is highly concentrated in social sciences, business and law, healthcare-related fields, and selected STEM disciplines, particularly information technologies and engineering. Despite this growth, retention outcomes are weak. 29% of third-country graduates begin working in Latvia immediately after completing their studies, and additional 15% remain in the country to seek employment, OCMA/Graduate Monitoring data show. While the share appears strong, further in-depth analysis suggests that higher-motivated youngsters and graduates with higher academic achievements are more prone to leave, and third-country graduates are more commonly over-skilled for the position they are employed in, compared to local graduates. These facts point to barriers in the labour market specific to non-EU nationals.

Student employment and social integration

Survey data highlight a clear hierarchy of obstacles faced by international students during their studies in Latvia, with labour market access, limited social interaction, and language barriers emerging as the most significant challenges (Figure 1). While some international students work during their studies to co-finance the living expenses, their employment is largely concentrated in low-skilled sectors unrelated to their fields of study. Such employment rarely contributes to professional integration or long-term career prospects in Latvia. Most working students are employed in hospitality (20.5%), retail (13.5%), or as couriers and delivery workers (11.7%). While such jobs provide short-term income, they offer limited opportunities to develop professional skills, build relevant networks, or transition into qualified employment after graduation.

Figure 1. Main barriers faced by international students in Latvia (% of respondents).



Source: Authors' survey of third-country students and graduates, 2025



The key factor driving this pattern is limited proficiency in Latvian. Approximately 96% of international students assess their Latvian language skills as insufficient for a professional environment. Although students express strong motivation to learn, mandatory language courses during their studies are often inadequate to achieve functional workplace proficiency. Limited availability of state-funded courses and the high cost of private language courses further constrain progress. Outside the IT sector and large, globally oriented companies where Latvian language proficiency is not required or is of secondary importance, most locally oriented and small and medium-sized enterprises (SMEs) consider insufficient Latvian language skills a decisive obstacle to hiring international talent. Interviews further reveal a pronounced sense of social isolation among international students. Many describe a “parallel lives” experience within universities, where key student extracurricular activities are conducted exclusively in Latvian. As a result, international students feel excluded from meaningful participation in social life and alienated. This lack of interaction is reflected in survey results, with 52% of international students reporting that they rarely or never communicate with local Latvian students. These factors reinforce isolation rather than facilitate integration, failing to build students’ attachment to Latvia and reducing the likelihood of long-term retention.

Administrative uncertainty and career mismatch

In-depth analysis highlights the significant psychological burden created by Latvia’s migration and residence permit framework. As graduation

approaches, many international students describe the residence permit renewal process as a “sword hanging over their head.” Residence permits expire four months after completion of studies, leaving a narrow and unrealistic window to secure stable, qualified employment that will permit receiving an employment visa based on the employer’s request. Both graduates and employers consistently emphasised that this timeframe is incompatible with standard recruitment procedures for professional positions.

Beyond legal uncertainty, graduates report broader economic concerns. Many describe a gap between their expectations and the economic reality in Latvia, particularly regarding salary levels, career progression, and the availability of specialised professional pathways. Students in fields such as finance, advanced analytics, or other specialised fields frequently noted that Latvia lacks the industry depth and professional ecosystems found in larger global centres, leading them to view the country as a temporary stepping stone rather than a long-term destination.

Reflecting on perceptions, 43.3% of international students plan to start working immediately after graduation, 42.6% plan to leave Latvia for another country, indicating a lost opportunity to attract highly qualified human capital.

In addition, many students reported experiences of stigma and discrimination, including police document checks and micro-aggressions encountered in public spaces and, in some cases, within academic institutions. Such experiences further undermine graduates’ sense of security and belonging, reinforcing intentions to leave Latvia after completing their studies. These challenges are reflected in a systematic gap between



international students' expectations and their assessment of Latvia's performance, as illustrated in Figure 2. The Importance–Performance Analysis highlights a structural weakness in Latvia's international student retention strategy. International students rate employment opportunities, income levels, and economic growth prospects as the most important factors when deciding where to build their future, yet satisfaction with Latvia's performance in these

areas remains low. In contrast, safety and personal security are evaluated positively but do not compensate for weak labour-market outcomes. The results indicate that Latvia's current approach prioritises student attraction through affordability and a safe living environment while insufficiently addressing post-graduation career pathways. To retain international talent, Latvia must improve labour-market access, wage competitiveness, and long-term career prospects.

Figure 2. Importance–Performance Analysis (IPA) of Factors Influencing International Graduates' Decision to Stay in Latvia



Source: Authors' survey of third-country students and graduates, 2025.

Note: IPA compares how important specific attributes are to respondents with how well those same attributes are perceived to perform. By plotting the average importance and performance scores for each attribute in a four-quadrant figure, the tool helps identify strengths, gaps, and priorities for action.

The employer perspective

Employers generally display a neutral to cautiously positive attitude toward hiring international graduates. Their willingness to recruit and adapt, however, depends strongly on company-specific factors. Internationally oriented companies, most

commonly IT and service centre companies, that operate primarily in English tend to recruit globally and view Latvian language skills as an advantage rather than a strict requirement. Startups are similarly open, focusing primarily on skills, adaptability, and speed; however, positions in



startups are often perceived by graduates as less stable in the long term.

By contrast, locally oriented SMEs, which constitute the majority in the Latvian economy, and international but locally oriented companies are significantly more hesitant. Employers in this group frequently cite limited administrative capacity, unfamiliarity with migration and residence permit procedures, and concerns that employing non-Latvian speakers may disrupt everyday workplace communication. Employee roles in smaller companies are typically broader, and work tasks require local knowledge. Employers' attitude towards hiring third-country nationals can be characterised as passively open and is determined by a rational benefit-cost thinking. Inclusion most often occurs when the foreigner organically fits into the existing work environment model – language, communication rhythm, office routine. There is limited to no evidence of discriminatory attitude based on origin.

System-level challenges

Beyond individual and employer-level barriers, there are systemic shortcomings that constrain international graduates' successful integration into the Latvian labour market. These include fragmented governance, the absence of a coherent national strategy for retaining international talent, weak coordination among universities, employers, and public institutions, and limited availability of post-graduation language training and structured career support. In addition, public discourse around migration often frames international mobility in negative or security-oriented terms, failing to separate qualified

professionals and university graduates from low-skilled or benefit-seeking migrants, undermining social inclusion and weakening international graduates' sense of belonging. These factors reduce Latvia's attractiveness as a long-term destination for international graduates, even when labour demand is high and economic opportunities exist.

Policy recommendations

The barriers to integrating third-country graduates into Latvia's labour market are primarily structural and systemic, shaped by fragmented policies and the absence of a coherent national approach. To address this, Latvia needs to move from a passive "education export" model toward a more strategic approach focused on attracting and retaining foreign talent. Higher education should be treated as a tool of economic transformation, with stronger alignment between international student recruitment, Latvia's strategic development priorities, and smart specialisation areas.

Five preconditions for successful strategy:

1. Strategic decision: "yes" or "no"

The most important first step is a clear political decision: are highly skilled third-country nationals a strategic resource for Latvia? Contradictory signals, especially between economic and security perspectives, need to be reduced. If the answer is "yes", priority sectors should be clearly defined; if it's a "no", other solutions to labour shortages must be sought.

2. Changing the narrative: from fear to benefits

Public discourse should shift from presenting immigration as a threat to recognising it as a contribution to Latvia's long-term prosperity.



Communication should be proactive and evidence-based, highlighting positive examples and helping reduce stereotypes in society.

3. Language: from requirements to support

Language policy should move beyond passive requirement-setting and toward an active Latvian language-learning support system. This means creating an accessible learning infrastructure and using practical incentives that encourage students and graduates to learn Latvian.

4. "Premium" education quality

To attract academically strong and motivated talent - rather than low-cost or transit-oriented students - Latvia must strengthen the quality and international competitiveness of its higher education. Study programmes should be more closely linked to research excellence and labour market demand.

5. Building bridges through contact

The current "parallel worlds" divide between international students and employers, especially SMEs, needs to be reduced. More direct contact, cooperation, and structured opportunities for interaction are needed to build trust, improve understanding, and support smoother labour market integration.

Conclusion

International students represent an underutilised yet strategically important resource in Latvia's response to demographic decline and persistent

labour shortages. While the country has made significant progress in attracting foreign students, post-graduation retention remains weak due to language barriers, administrative complexity, limited access to the labour market, and fragmented institutional coordination.

Without a coordinated national approach, Latvia risks continuing to "export" locally educated specialists to other countries, effectively subsidising the human capital needs of competing economies. Addressing this challenge requires an integrated policy framework that bridges education, labour market, migration, and integration systems and aligns student attraction with long-term workforce needs.

Acknowledgements

The study "Retention of International Students in Latvia" was prepared with financial support from the Society Integration Foundation, using funds from the Latvian state budget, within the framework of the project "Retention of Foreign Talent in Latvia" (2025.LV/NVOF/MAC/123).

References

- Han, Y., Gulanowski, D., & Sears, G. J. (2022). *International student graduates' workforce integration: A systematic review*. *International Journal of Intercultural Relations*.
- United Nations, Department of Economic and Social Affairs, Population Division. (2022). *World Population Prospects 2022: Probabilistic projections – Total population, Latvia*.
- Vārpiņa, Z., & Krūmiņa, M. (2025). *Starptautisko studentu integrācija un nodarbinātības iespējas Latvijā*. Zenodo.





Zane Varpina

SSE Riga and BICEPS
zane.varpina@sseriga.edu
www.sseriga.edu

Zane Varpina is Faculty Advisor at Bachelor and Executive MBA programmes and teaches the Research Methods course to both Master and Bachelor programme students, as well as Market Research in the Bachelor programme. Zane is Associate Professor at SSE Riga as of 2020 and was Assistant Professor since 2013. Zane has broad researcher experience from the Baltic International Centre for Economic Policy Studies (BICEPS)



Marija Krūmiņa

Baltic International Centre for Economic Policy Studies (BICEPS)
marija@biceps.org
www.biceps.org

Marija Krumina is a Research Fellow and Director of the scientific institution at the Baltic International Centre for Economic Policy Studies (BICEPS). She is a doctoral degree candidate at the University of Latvia and a leader of the Global Entrepreneurship Monitor (GEM) team in Latvia. Her research interests include entrepreneurship, health economics, labour markets, and migration policy.

freepolicybriefs.org

The Forum for Research on Eastern Europe and Emerging Economies is a network of academic experts on economic issues in Eastern Europe and the former Soviet Union at BEROE (Vilnius), BICEPS (Riga), CenEA (Szczecin), ISET-PI (Tbilisi), KSE (Kyiv) and SITE (Stockholm). The weekly FREE Network Policy Brief Series provides research-based analyses of economic policy issues relevant to Eastern Europe and emerging markets. Opinions expressed in policy briefs and other publications are those of the authors; they do not necessarily reflect those of the FREE Network and its research institutes.

