WORK AFTER RETIREMENT: THE EVIDENCE OF SUSTAINABLE EMPLOYMENT FROM LITHUANIAN ENTERPRISE *

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Abstract. While the population is ageing fast in Lithuania the possible ways of adaptation of older people in labour market should be analysed thoroughly. A small private company operating in the sector of electric installation was selected as a case. Analysis was aimed to reveal the main sector-specific enterprise-level factors for participation in labour market after the official retirement age. Paper presents both employee’s and employer’s perspectives on sustainable employment. The case study presents the experience of the 72 years old electrician and the employer’s undertakings to encourage older workers to continue their careers. The data from the micro-level are analysed within the socio-economic context of the country. The case study shows that a long career is probable when both the business and the employees benefit from it, and the employee’s health condition is satisfying. From the employer’s perspective, the benefits derived from the employment of the high-skilled, experienced, and reliable workers; and from the older employee’s perspective, such aspects as self-realisation and favourable conditions at the workplace have a great value.

Keywords: sustainable employment; aging; case study; electric sector; skilled manual work; Lithuania


JEL Classifications: J14, M54, Z130

1. Introduction

Together with Latvia and Bulgaria, Lithuania is distinct from other European Union (EU) countries by the shortest life expectancy. The average Lithuanian citizen expects to live 5 years less than the average European citizen (76.5 and 81.3 accordingly, Eurostat data 2019). The male life expectancy is much shorter than females during the years: it was 69.2 and 79.7 years accordingly in 2015 and 70.1 and 80 in 2020. The process of Lithuanian population ageing is also one of the fastest in the EU. The common unfavourable demographic situation in the country is caused by the fast population decrease due to high net emigration and negative natural

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growth. The challenges for the economic development appear in this context as the shortage of labour force in specific spheres is experienced already now. Lithuanian scientists (Mikulionienė, 2011; Skučienė et al., 2015), as well as international organisations (European Commission, International Labour Organisation), stress the need for additional measures for labour market integration addressed the older population (Bouman et al., 2015).

The shortage of talents in the construction sector is widely recognised in the context of the ageing workforce (Smallwood, Emuze, 2017). Despite the Pandemic, the Lithuanian construction sector was stable and recently demands a more qualified labour force (Užimtumo tarnyba, 2021a). Lithuanian Methodological Centre for Vocational Education and Training (2008) revealed some negative qualitative aspects of the labour force in the construction sector in Lithuania: the workers often demonstrate a lack of responsibility, dutifulness, situation management skills, inventiveness, and low interest in innovations. Many skilled workers (as well as technicians and specialists) have poor practical skills. The up-to-date news about the new technologies / materials and adequate work skills, together with time management and project management skills are scarce. Within the context of the shortage of high-skilled employees, the value of older workers in the construction sector is increasing. And as studies show a longer stay in the labour market depends on favourable organisational practices, the wish of older employees themselves, and socio-economic conditions.

Sustainable work in old age is closely related to employability issues. As Van der Klink et al (2016) pointed out, employability has interactive nature embracing both the importance of individual efforts and capabilities to participate in employment longer and their balance with the structural factors. Thus the sustainability of work can be developed in an environment that is valuable for the worker and valued by the work context. The interaction of ageing individuals and businesses in the changing social, economic, and technological environment should be thoroughly analysed while searching for the recipes for the sustainability of work in older age. In order to develop employment sustainability in older age, a reconciliation of the worker's and company's targets should be achieved. Schinner et al. (2017) suggest the set of competencies that must be developed both at individual and organisational levels to find the desired equilibrium. The older workers have the professional, methodological, social as well as self-management competencies that can be fully disclosed at the workplace when both organisational and individual competencies are coordinated and synchronised, the technological transformations are accepted, communication processes are smooth, and teamwork is used as a lever for collaboration. However, the described model is not complete without the health dimension.

The recent studies point out the importance of the physical conditions for the longer career. While speaking about construction sector it is stressed that the working conditions are unfavourable, especially for older workers. Due to heavy manual work the risk of injury and ill health are very high. More than one in five (20.9%) fatal accidents at work in the EU28 in 2014 took place within the construction sector (Eurostat quot. from Eurofound, 2018). Ill health or musculoskeletal disorders are the common reasons to leave the work at construction sector. The overall working conditions are often severe (dirty, noisy environments, lack of natural lighting and ventilation). The construction sector workers usually perform repetitive movements, heavy lifting and work in awkward and cramped positions (Arndt, Putz-Anderson, 2005). Eves et al. (2016) found that construction workers of all ages have a high prevalence of musculoskeletal symptoms. Reports of musculoskeletal symptoms were high for electricians in the wrists/hands, lower back, knees, ankles/feet.

While analysing organizational policies towards retaining older workers at work some important factors where revealed by Dutch scholars (Conen et al., 2014). The case study of three enterprises (including construction enterprise) show that business-cycle effects play a role in recruitment behaviour towards older workers: economic downturns decrease the likelihood of recruitment of older workers. The training initiatives, learning-on-the-job routines, mentoring concepts and knowledge transfers from older/retiring employees to younger employees (or vice versa) seem to be consistent over time and has positive effect on career prolongation. Health and safety-related policies, including free safety work clothing, extensive physical examination, use of tools and materials to
relieve heavy work, and stricter rules on the maximum weights that can be carried, at least partly were stimulated by institutional forces. However, despite the efforts made by the company, the “choice to extend working lives seems largely to be supply-driven as mainly depends on wants and capabilities of employees” (Conen et al., 2014).

Indeed, the active role of employees is an important factor for successful aging at work (Kooij, 2015, Kooij et al, 2020). Providing more autonomy for the older workers can prolong the career of construction workers. Virtanen et al. (2014) found that good mental health in combination with the opportunity to control work time seem to be key factors in extended employment into older age. In addition, high work time control might promote work life participation irrespective of employees’ somatic disease status. Zaniboni et al. (2016) found that decision authority increases the satisfaction of older construction workers and thus increases their mental health.

Despite the growing demand for labour force, economically active people over 65 years old constitute only a tiny part of the working population, especially in the sectors with prevalent hard manual work. Thus, it is important to investigate what drives old-age manual workers to continue working. The main goal of the paper is to identify the individual- and company-level reasons as well as contextual factors for a long career (after retirement age) performing skilled manual work in an electric sector company. The identified factors of sustainable work in older age at the small size electric company are compared with the findings of the previous studies. The factors that can prevent successful workers-employer collaboration in older age are presented here as well.

2. Methodological approach

Despite shorter life expectancy Lithuanians withdraw from the labour market later than average European citizen - at the age of 61.9 and 61.5 years respectively; the total duration of working life in Lithuania was 37.4 years and 35.7 years in EU-27 in 2020. The rise of the official retirement age (which in 2015 was 61.5 for females and 63.3 for males and in 2020 gradually reached 65 years for both genders) has an impact on the longer stay in the labour market. Growing demand for skilled and high-skilled workers and the low replacement rate of old-age pensions create financial incentives for prolongation of the working life after the official retirement age (Skučienė, Moskvina 2016).

The overall employment situation is positive in Lithuania: the employment rate (age 15-64) during the last decade increased by more than 10 percentage points and in 2020 was 71.6% (higher than in EU, 67.6%). The employment rate of the older population (65+) is traditionally high in Lithuania and was growing. In 2015 it was 6.3% (while in EU 5.4%) and in 2020 went up to 11.2% (in comparison 5.7% in EU-27). While the working-age population is shrinking and the number of employed has limited growth perspectives, the share of older people in employment is growing. According to Eurostat employed people age 65+ constituted 2.5% in 2015 and 4.4% in 2020 (Graph 1) in Lithuania.
The construction sector in Lithuania together with other economic activities such as retail, manufacturing, and transport experience a shortage of workforce. For 2022 it was predicted demand for more than 7 thous. employees in the construction sector in Lithuania (MOSTA, 2020). Demand for the skilled labour force is growing and is shrinking for low- and un-skilled in the country. Skilled workers constitute the biggest share of all employees in the construction sector. The demand for all employees except unskilled workers is predicted in the construction sector as well (Užimtumo tarnyba, 2021a). Despite the growing demand for skilled workers in the construction sector, both vocational and higher education institutions prepare about 50% of the employees demanded in this sector. The mismatch problem is partly related to the ageing issue as well. As the study of the Methodological Centre for Vocational Education and Training (2008) indicated, in 2007 every 10th employee in the construction sector was 55 years or older. Fast labour force ageing in the construction sector is confirmed by Lithuanian Public Employment Service, for example, nowadays employees aged 50+ constitute almost half of the total staff in one of the larger real estate developers in Lithuania in 2021 (Užimtumo tarnyba, 2021b).

The case study presents the situation in the company, which belongs to the construction sector, specifically the electrical installation sub-sector. In 2015, when the case study was conducted, the total number employed in the construction sector in Lithuania was 105 thousand people, which constituted almost 8% of the total employed. The sector of specialised construction activities (to which the works of electrical installation belong ) covers more than 30 thousand employees. Almost 3 thousand enterprises (mostly small, with up to 4 employees) are operating in this sub-sector in Lithuania (Statistics Lithuania). The highest number of construction enterprises operates in Vilnius and Kaunas regions.

The recent decades show the resistance of the construction sector to economic fluctuations. The economic crisis in 2008 had a significant negative impact on the construction service, however together with the growing national economy, this sector was growing too. As the construction service was recovering from the crisis period, the incomes from work in this sector were growing (Lithuanian Bank, 2014). During the recent Global Pandemic construction sector shrunk on a small scale and recovered with the higher demand for labour and increasing

![Figure 1. Number of total employed (age 15+, thous.) and share of older population employed (age 65+; %) in Lithuania.](image)

*Source: Calculated from Eurostat data*
wages. According to Statistics Lithuania a mean gross wage in the construction sector at the beginning of 2015 was 638 Eur. and in 2020 almost doubled to 1106 Eur. However, it was still 11% lower than the average gross wage in the country.

As the macro-level data do not provide sufficient explanation for the existing examples of working in old age, it was decided to analyse the good organisational practice using the case study method. The case study was performed in a small-sized private company that represents the sub-sector of electric installation works within the construction sector. Among a total number of 13 employees, 7 have reached the official retirement age. A director of the analysed company, a head of the unit, a foreman, a technical designer, and 4 operatives were older than the official age of retirement. According to the Resolution No 836 of the Lithuanian Government (2011) in 2015 the official retirement age for men was 63 years and 2 months. The oldest worker in the company (72 years old) was selected as an informant. The company resides in Vilnius - the Lithuanian capital and the biggest city in the country. The services of electric designing and electrical installation are delivered across Lithuania and abroad (Belarus, Ukraine). The company is one of the leading in the market and shows high competitiveness. The analysed company was selected as an example of good practices of successful ageing at work within the research project ‘Mobilising the Potential of Active Ageing in Europe (MOPACT)’.

Two semi-structured interviews representing a business’ and worker’s sides (further in the text informants are called Director and Employee) were conducted in May 2015. Also, the secondary statistical data analysis was performed in order to evaluate the case of sustainable employment in the context of national social policy, labour market, and demographic situation. The SWOT analysis of the organisational practices was performed on the basis of collected information in order to evaluate the transferability of such experience.

3. Conducting research and results

3.1. Main findings from the interview: employer’s perspective

Historical context. The transition period of 1990 – 1998 was characterised by significant changes in the appearing national labour market: bankruptcies and mass redundancies, rapidly increasing unemployment, a mismatch of labour supply and demand, and a growing number of private-sector employees (Gruževskis, 2011). The socio-economic context of the transitional period of the Lithuanian economy had a crucial role in the development of the current business model that allows utilising the potential of older employees. Together with many other enterprises, the last job place of the Director of the analysed company - the heating plant – in the mid-1990th experienced technical restructuring as well as economic constraints. According to Director, the heating plant was interested to rid of the workers that reached the official retirement age. The main reason to fire them was economic (cutting the costs) as the employees with the longer work experience were entitled to bigger salaries.

Till 1995, 25 of February Lithuanian legal regulations allowed early retirement for the people that worked under precarious conditions. Thus, people that were retired according to the mentioned regulation usually were rather young - 55-57 years old. The Director of the analysed company was one of the early retirees as he worked under precarious conditions in the hot workshop (OG (1994) Nr. 59-1153). After becoming a non-volunteer pensioner, the decision of independent business development was taken. The Director established his own private electric company hiring his former colleagues and other workers at the age of retirement. Initially created age structure of the company where half of the workers are the compeers of the Director is actual till now.

Reasons for employing older workers. Besides the above-mentioned contextual driver for the employment of older employees, Director indicated specific work-related factors for such a business model. As it was mentioned
during the interview, the older workers are more experienced, they are more responsible in the sphere of accident prevention, and they keep a more serious approach towards the work tasks. All these qualities are proved during the long period of their work. As well older workers already have all or most of the required qualification proof documents (certificates, references) so there is little need to invest in their training.

Though the psychological aspect is also important when hiring older employees (exception from the interview “It’s more comfortable to work with the group of people of the same age”), pragmatism is the underlying concept of the selected business model. First, the older workers are more experienced. In the case of a new project, they start to work without additional training. The older workers are capable to teach young colleagues. Employer wouldn’t entrust expensive equipment to the less experienced workers. High-skilled experienced employees allow the company’s competitiveness. Workers with different experiences can help develop broader spheres of the company’s activity, to compete for more profitable projects.

_Hiring older workers_ is a safer choice for the employer – usually, they bring good recommendations or are chosen due to personal professional familiarity. It should be mentioned that the recruitment process of the older employees in the Company is rather informal. In case of a vacant job place, the existing network of former colleagues is used first. Hereby the efforts related to recruiting process are minimised.

_Undertakings to retain older workers._ As older workers are seen as an advantage to the company, the employer is interested to prolong their working life. Employment opportunities provided by Company are enabling them to fully use their professional potential and, at the same time, reconcile their family and work obligations. Employees are also able to perform the work tasks that meet their health conditions. For example, experienced older electricians are offered to perform only a part of the task that requires high-level qualification, preciseness, and proficiency, whereas tasks related to heavy physical loads, endurance, or climbing (e.g., lifting heavy loads, working at height, etc.) are delegated to younger workers who are less experienced but physically stronger. The retired ex-employees, at their request, are invited to do one-off jobs requiring specific skills under fixed-term employment contracts. The workers of the company are provided with vocational training and safety at work training if needed.

To be more precise, the set of the following measures is applied by the employer to make the company more attractive to older workers:

_a) Flexible adjustment of employment contracts._ As work in the construction sector is seasonal (mostly from April to October), the different forms of employment contracts are used in the company. Three options are available for the workers of retirement age with regard to the seasonal character of employment: annual leave without pay, dismissal during the winter period, and part-time contracts.

_b) Transfer of work experience._ To introduce the practice of work experience transfer such an example was presented during the interview: “Older and younger (vocational school graduate) workers were changing sockets, cables, etc. in “X” store. During the one-week work project, the older worker was teaching a younger colleague by showing practical work examples. After a younger worker was able to perform the same tasks, the older colleague was performing only more complicated and dangerous operations (under the voltage)”.

_c) Tasks sharing._ “Performing the task of automation of valves at thermoelectric power station both older and younger workers were involved. The young workers were asked to do such physically demanding tasks as stretching/installing the cables in the long narrow tunnel, assembling heavy electrical boxes, etc. The older workers were responsible for the tapping/connection. It is worth mentioning that only certified workers are allowed to do this type of job. The appropriate certificate costs about 1000 Euros”. The following example also illustrates the value that older skilled workers bring to the company.

_d) Training._ Some of the electric installation sector’s peculiarities determine the high involvement of the employee in the skill upgrading process. The obligatory re-certification for every skilled electric worker must be performed once in two years. In addition, certain certificates are valid only for certain construction/finishing
objects. Thus, the capability of the company is directly related to the number of certificates workers possess. The company pays full price for required certificates and other skill-upgrading courses/exams. In the case of older employees, the process of gaining certificates is easier and faster due to rich knowledge and professional experience as well as the ability to pass exams externally.

e) Financial incentives. The maximum financial incentive for good work seeks up to the amount of one monthly salary. This is a substantial sum taking into account that the average gross wage in 2015 in the private sector was about 690 EUR.

f) Social activities. Once per year the corporate party is organised for the staff. The company covers the expenses.

SWOT analysis. The main strengths, weaknesses, opportunities, and threats for the sustainable work at the older age were identified at organisational level during the interview.

Strengths:
- High qualification of the staff.
- No need to invest much into qualification of older workers.
- Stable and predictable salary.
- Easy recruitment.
- Job meets the need of employees.
- Smooth communication between employer and employees. Common values.

Weaknesses:
- The age (death probability).
- Shrinking pool of potential older employees.
- Health (employees often decide to stop career after seasonal/winter work break).

Opportunities:
- Transfer of experience to the young generation of workers.
- Easy to grow or reduce capabilities of the company depending on the needs and economic context.

Threats:
- As the old-age employees are the peers and constitute more than half of the staff, there is a possibility that most of them will decide to stop working at the same time (collapse of the activities).
- Changes in social policy regulations. The example from the recent economic crisis shows that cutting off the pensions for working pensioners reduces the motivation to stay in labour market after the age of retirement. In 2009, in the midst of the global economic crisis, it was decided to reduce social insurance pensions in Lithuania in order to balance the budget of the Social security insurance fund. The reduction was entrenched in the Provisional Law on Recalculation and Payment of Social Benefits (No XI-537, 2009) effective in 2010-2011. The pensions of the working old-age pensioners have been temporarily reduced almost by 25% (Social Report, 2011).

Thus, the idea to employ workers that are reached the age of retirement could be transferred to other private companies interested in high-skilled, experienced, and reliable workers. However specific conditions must be created at the company in order to attract old-age workers: task sharing, the possibility to combine work and leisure time, and competitive and paid on time salary. Interpersonal relations between employer and employee must be taken into account as well.
3.2. Main findings from the interview: employee’s perspective

Work and retirement experience. The Employee has a long work experience as an electro-locksmith. He is a high-skilled worker of the 6th category (the highest level of qualification). In the last years before the official retirement age (since 1991) he worked in an automation workshop at the local thermoelectric power plant. In 2004 the Employee reached the official age of retirement. However, he continued to work for two more years till he was dismissed. After a certain period of being a non-working pensioner, he got a work proposal from his former colleague Director of the analysed Company. The work proposal was accepted by Employee with pleasure. The work experience of the Employee at the Company at the moment of the interview was 7 years.

Reasons for and benefits of a long career. The reasons to continue working are listed below. The sequence of the reasons that were presented during the interview is preserved:
1. Habit to follow daily working regime (excerption: “I like to wake up early”)
2. Time structuring (excerption: “There is nothing to do at home”)
3. Preferred job; willingness to do this specific work (excerption: “I wished to do this kind of work since I was doing military service (i.e. was young”) )
4. Benefit for the health (excerption: “When men move not much it is not good for the health”)
5. Financial reasons (excerptions: “Money is never too much”, “I want to give support to the family”, “I got higher pension due to longer working years”).

It is worth mentioning that health and a healthy lifestyle are the personal values of the Employee. His hobbies are related to physical activities: gym, diving, etc. This finding confirms conclusions from Van der Klink et al (2016) that values constitute an important aspect of employment and employability.

At the same time, the financial reason was mentioned by the Employee only after the interviewer asked about material aspects of his work.

The interview showed that the reasons for longer working life are also related to the specific conditions at the Company. The benefits of working in the Company according to the Employee are such: possibility to do preferred work; doing usual work in a familiar environment (excerption: “it’s easy for me to pass the required exams”); season job as a possibility to take a rest and spend more time for hobbies during winter period; possibility to perform family responsibilities (the Employee is taking care of 92 years old disabled mother and disabled brother); possibility to work together with well-known reliable older colleagues (excerption: “it’s easier to communicate with same-age colleagues”); good and paid on time salary.

Barriers. One of the main barriers mentioned during the interviews was the specific work limits. The older workers usually are not able to perform such physically demanding tasks as drugging, digging, etc. Working under unfavorable weather conditions like strong heat or freeze also reduces the motivation of older workers to work. The young workers instead are willing to take hard part of work in order to gain professional experience.

Conclusions

With regard to specific characteristics of the construction sector such as seasonality and growing demand for a high-skilled labour force, the benefit from the chosen organisational policy is obvious for the employer: experienced, high-skilled, reliable, and loyal old-age employees contribute to the competitiveness of the company. The experience from the analysed Company could be transferred into the businesses with the same staff management strategies (small enterprise, the same age of employer and employees, utilisation of the network of former colleagues while recruitment). The aspects of the high autonomy at work and competitive salaries should be also considered as important factors of sustainability of such initiative within other sectors.
At the personal (employee) level maintaining the usual work style, path, and environment, as well as the possibility to combine work and leisure time and/or family responsibilities and avoid part of the physically demanding tasks are the main factors for a sustainable work. The analysed enterprise provides favourable working conditions embracing above mentioned factors.

Concluding it can be stated that existing informal collaboration between employer and employee creates a favourable environment for elongation of working life. Specific characteristics of the sector (seasonal work, growing demand for high-skilled workers, long and costly training of employees needed) give special value to the experienced, highly qualified, and reliable employees of old age. In terms of the future perspectives, the sustainability of the long career practices is limited only by the employable/productive life of the company’s employees.

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