

Longer working lives – what do they mean in practice – a case of the Baltic countries

Older people's situation in the labour market

Jolanta Aidukaite and Inga Blaziene

Institute of Sociology, Lithuanian Centre for Social Sciences, Vilnius, Lithuania

Received 25 February 2021

Revised 1 June 2021

2 June 2021

Accepted 3 June 2021

Abstract

Purpose – The article seeks to contribute to a better understanding of older people's situation in the labour market in three Baltic countries – Estonia, Latvia and Lithuania. Three Nordic countries are taken as a reference point to compare the countries in order to better understand the situation from a comparative point of view. The article asks the questions: Does a longer working life for older people contribute to their better economic situation? How satisfied are they with a longer working life and their working conditions? Do they experience any discrimination in the labour market because of their age?

Design/methodology/approach – In order to understand the situation of older people in the labour market, the authors employ welfare state models and the Active Ageing Index. The welfare state models help us to understand the context in which the working life of older people is taking place. The Active Ageing Index helps to gain a better understanding of the employment domain of active ageing. The analysis is based on several Europe-wide data sources: statistics on earnings from Eurostat database, information on income, job prospects, occupational safety and health, training, working life perspectives from the European Working Conditions Survey as well as a special survey, conducted by the authors, of Lithuanian, Latvian and Estonian residents aged 50 years and older.

Findings – Analysis conducted reveals that in the Baltic countries older employees, although actively participating in the labour market, face unfavourable material, physical and psychological situation in the labour market more frequently than their younger colleagues. The findings show that the most important factors influencing older employees' decision to stay longer in the labour market in the Baltic countries are linked mostly to welfare state-related issues, i.e. financial benefits, healthcare, possibility to reconcile work and family obligations. These welfare state-related issues are even more important for those who are going to stay longer in the labour market after reaching the retirement age.

Originality/value – This article contributes to a better understanding of older (50+) people's situation in the labour market. It suggests that, while the increasing employment of older people increases the Active Ageing Index and is generally viewed positively, in some countries with less developed welfare states high employment rates of older employees, although providing them with an additional means of livelihood, do not ensure a higher quality of life and, on the contrary, act as a factor reducing the quality of work and, at the same time, the quality of life.

Keywords Older people, Labour market, Ageing, Baltic countries, Nordic countries

Paper type Research paper

Introduction

Ageing has dominated economic, political and social agendas of the EU for several decades. The increasing interest in the population ageing has led to the development of various concepts such as “silver economy” (European Commission, 2015; European Parliament, 2015; Klimczuk, 2015, 2016), “productive ageing” (European Commission, 2021; Llewellyn *et al.*, 2004; Kaye *et al.*, 2003; Uesugi, 2010; Warburton and Grassman, 2011) and “healthy and active ageing” (European Commission, 2021; Zaidi *et al.*, 2017; Zaidi and Howse, 2017). All these concepts have common ground: they emphasise the importance of viewing ageing as an asset

This article has received funding from the European Social Fund (project No. 09.3.3-LMT-K-712-01-0063) under a grant agreement with the Research Council of Lithuania (LMTLT). The authors would like to thank Dr. Sarmite Mikulionienė and Inga Gaizauskaitė (project team members) for valuable comments in developing this paper.



to the economy and society, not as a burden and of focussing on the improvement of well-being, life satisfaction, health and working life of older people. Previous studies have shown that older people in Central and Eastern Europe experience lower subjective life satisfaction than younger generations; they also have lower disposable income and experience higher material deprivation (Eurofound, 2016; Aidukaite *et al.*, forthcoming). From the point of view of “productive” and “healthy and active ageing, it is imperative for older people to stay in the labour market as long as possible in order to have adequate income and feel being a part of the fulfilling social life. Yet, this “imperative” is also related to the concept of a “modern welfare state”. It is assumed that due to ageing of many European societies, the generous welfare state can no longer support larger parts of retirees, therefore, the retirement age is increasing across Europe and in the Baltic countries in order to maintain the welfare state. In order to improve the financing of old-age pensions and solve demographic problems (rapid ageing, high outward labour migration), the Baltic governments initiated pension insurance reforms. The pension insurance system went through drastic changes over a thirty-year period. The pension insurance reform in the Baltic countries set up following the “three pillar” model advocated by the World Bank (WB) was carried out in the three Baltic countries from 1996 to 2004. In the Baltics, the retirement age is currently around 63 years. There is a plan to raise the retirement age limit to 65 years by 2025/6 for both sexes (for details see Aidukaite, 2006, 2019; Aidukaite *et al.*, forthcoming; Casey, 2004). This *inter alia* implies that older people should stay longer in gainful employment. The present article seeks to contribute to a better understanding of older people’s situation in the labour market in three Baltic countries (Estonia, Latvia and Lithuania). The three Baltic states represent an interesting case for analysis. They have been among the fastest ageing European societies since the 1990s (Eurostat, 2020). Their welfare state systems have also experienced significant transformations (Aidukaite, 2006, 2019). In order to better understand the case study of the three Baltic countries, we compare them to selected Nordic countries.

Although the chosen country groups differ significantly in the level of welfare, there are important reasons for benchmarking the Baltic and Nordic systems. The Nordic countries are characterised by the most generous system of welfare state, namely, generous and universal social security, healthcare, active labour market measures and inclusive society (Esping-Andersen, 1990; Hort, 2014). The Baltic countries are the “lean” welfare states, characterised by low welfare payments, high income inequality, low decommmodification and high migration outflows (Aidukaite, 2009, 2019; Bohle and Greskovits, 2007; Lendvai, 2008). At the same time, however, those countries have many features in common: they face similar challenges posed by population ageing and the need to tackle them while searching for innovative measures (Hort, 2014; Turberger and Single-Rushton, 2011). Moreover, the three Baltic countries and the chosen Nordic countries (Denmark, Finland and Sweden) demonstrate an outstanding older people’s activity in the labour market: the activity rate of people aged 50–74 years in 2019 was 51.6% in Finland, 55.5% in Denmark, 58.0% in Latvia, 59.5% in Lithuania, 60.3% in Sweden and 62.1% in Estonia, as compared to only 50.3% in the EU-28 on average (Eurostat, 2021). In both the Baltic and Nordic countries the difference between activity rates for men and women aged 50–74 years is less than 10% points, representing one of the lowest differences in comparison with 15–20% points in the most of the EU-28 countries. This shows a great willingness of older people – both men and women – to participate in the labour market, be active and use their capabilities. However, in contrast to the Nordic countries, the conditions which exist in the Baltic countries, in particular, welfare policy, public and employers’ attitudes, remuneration policy and working conditions prevent older persons from staying longer in the labour market and thus using their full potential. Unused potential impedes the welfare state and overall development of the country. Moreover, the existing material, physical and psychological working conditions faced by older people, particularly if they stay longer in the labour market, not only fail to ensure a

higher quality of life, but, on the contrary, act as a factor reducing the quality of work and, at the same time, the quality of life.

In order to assess and compare the situation of older workers in the labour market, this article deals with the questions: Does a longer working life for older people contribute to their better economic situation? How satisfied are they with a longer working life and their working conditions? Do they experience any discrimination in the labour market because of their age? What are the reasons for older workers in the Baltic countries to stay longer in the labour market?

The article is organised as follows. First, we present the main features of the Baltic and Nordic welfare state systems and how they address the issues of ageing. This helps us to understand the context in which working life of older people is taking place. Second, we discuss the concepts of “silver economy”, “productive ageing” and the Active Ageing Index and its employment component. Third, we present the methodology used in this article. Then, we conduct an analysis of statistical and survey data. We focus on selected aspects of the material deprivation and working conditions of older employees in the Baltic and Nordic countries. This is followed by analysis of interactions between working conditions of older employees and their attitudes towards (longer) participation in the labour market. We finalise our foresights with conclusions.

Baltic and Nordic welfare state – an ageing component

In order to better understand differences among various countries in their welfare state policies, there have been a number of welfare state typologies developed ([Arts and Gelissen, 2002](#); [Bazant and Schubert, 2009](#); [Klimczuk, 2016](#)) since the 1990s when a famous book by [Esping-Andersen \(1990\)](#), “The Three Worlds of Welfare Capitalism”, was published. Central and Eastern European countries have been excluded from the welfare state typologies and attracted interest only after the collapse of the communist regimes ([Aidukaite, 2011](#); [Cerami, 2006](#); [Cerami and Vanhuysse, 2009](#); [Fenger, 2007](#); [Golinowska et al., 2009](#); [Kuitto, 2016](#)); by contrast, the Nordic countries have been well established in the welfare state typologies and regimes. A Nordic or social-democratic welfare regime (as named by [Esping-Andersen in 1990](#)) has been praised for being the most universalistic and exhibiting the highest levels of solidarity, lowest levels of poverty and inequality compared to the rest of Europe or the world. In the social-democratic regime, the state (not the market or family) is the main agent for guaranteeing the well-being of its citizens. This regime constructs an essentially universal solidarity in favour of the welfare state. Everybody benefits from the welfare state, and at the same time, they are all dependent and, therefore, will presumably feel obliged to pay ([Esping-Andersen, 1990](#); [Korpi and Palme, 1998](#)). It is important to mention that “the social-democratic regime seeks to emancipate the individual from both the family and the market through generous and universal state – sponsored social rights” ([Danford, 2014](#), p. 166). The state seeks to ensure economic independence and social security of all age groups, including the elderly. This is done through the high financial security in the old age and through the widespread network of social service provisions.

Thus, Scandinavian countries have the oldest and most healthy population on Earth. Older people in Denmark, Finland and Sweden nowadays have a strong position in their respective societies which is reflected in individual well-being, associational configurations and systemic solutions. Ageing and welfare are top priorities at the national as well as the local public agenda ([Hort, 2014](#)). The security of older people in the Nordic countries is secured through adequate pensions systems, high quality healthcare, well developed long-term care and job security ([Aidukaite et al., forthcoming](#)).

In the social policy literature, especially in earlier writings, the three Baltic countries have been considered to be a similar case of neoliberal transition ([Bohle and Greskovits, 2007](#); [Lendvai, 2008](#)). They were/and still are blamed for being neoliberal economies and neoliberal

welfare states, based on their low public spending on social protection, high income inequality and low social dialogue (Lazutka *et al.*, 2018; Sommers *et al.*, 2014). However, if we want to distinguish the ideal typical features of the welfare state model of the three Baltic countries, it is useful to turn to the earlier studies on the Baltic social policy development. The Baltic (or post-communist) welfare regime includes such features as the supremacy of the social insurance system, high coverage but relatively low benefit levels and poor outcomes of social security performance (Aidukaite, 2009). Although at present we detect variations among the three Baltic countries in their social policy outcomes and welfare programmes, it is still possible to claim that decommodification is not as high as in many developed western welfare states, meaning that the Baltic population has to rely on the market and/or family to ensure their well-being and social security. Although we cannot deny the importance of the state (especially in Estonia), the benefits provided and their levels in many cases are relatively low, ensuring only the minimum level of security. This heavily influences social policy outcome indicators. They are still at the bottom of the ladder, with some variation within, when comparing them in terms of minimum wages, relative poverty (especially for Latvia and Lithuania, less for Estonia), social security spending, income inequality, satisfaction with life and well-being to the “old” and some “new” EU countries (Aidukaite, 2019; Ainsaar, 2019; Gataūlinas, 2013).

Thus, the “Baltic” welfare state, as it is described above, provides only minimal support to its citizens forcing them to rely heavily on the market and/or family for support. The elderly, therefore, fall among the poorest part of the population in the Baltics; they are more willing to stay in the labour market longer after retirement; and they often depend more on family support. Overall, the “Baltic” welfare state provides some basic protection for older people. Everyone is covered and no one is left out. However, older people have a weak position in the national welfare communities. Their interests are poorly represented in the political landscape of the Baltic countries and they are weakly organised. The major public support is provided by income protection and healthcare. However, these guarantees are provided only on a basic/minimal level and do not ensure the full and equal participation of the older citizens in all aspects of social life (Aidukaite *et al.*, forthcoming).

Silver economy, productive ageing, Active Ageing Index and its employment component

Ageing has implications for economic growth and fiscal sustainability of welfare systems by advancing reforms of social protection and pension systems, health and long-term care, well-being and social cohesion (European Commission, 2021). As stated by the European Commission (2021), “ageing also provides new opportunities for creating new jobs, fostering social fairness and boosting prosperity, for instance, in the ‘silver’ and care economies” (p. 2). According to Klimczuk (2015), “the silver economy may be broadly defined as all types of goods and services for older adults and an ageing population, including extending the working life, volunteerism, and active citizenship of older people” (p. 15). A previous study (Pauhofova and Dovalova, 2015) showed that the new EU Member States have less potential to benefit from the silver economy, especially its consumption component, than the old EU countries due to lower income of the older population, including lower levels of average pensions. However, the “silver economy” concept is not only about consumption; it also seeks to embrace components of 50+ employment, life-long learning and preventative healthcare, and new technologies (European Parliament, 2015). Due to increasing numbers of older people in the EU and across the globe, the engagement of older people in all aspects of societal life becomes an important question. The term “productive ageing” highlights “the important contributions that older adults make to the well-being of family, the community, and the nation” (Kaye *et al.*, 2003, p. 203). It is most commonly defined as the capacity of an older

individual to continue to work in a paid or voluntary capacity (Kaye *et al.*, 2003). The discussions around productive ageing have focused greatly on working in old age (Uesugi, 2010). Employment is assumed to be vital in the old age as it is an important dimension of being productive and active.

As it is stressed by Zaidi *et al.* (2018), an active and healthy life remains one of the major aspirations for young and older people. The concept of active ageing also strongly incorporates the feature of sustainability: "While we rejoice in living longer and in better health, and with more financial security, we also query how these aspirations can be sustained, through our own behavioural responses and through public policy and institutional reforms and innovations" (Zaidi *et al.*, 2018, p. 2). It is believed that in active ageing policies successful measures are those "which empower older people in increasing their participation in the labour market and in social and family engagement [. . .]" (Zaidi *et al.*, 2018). As defined by Zaidi (Zaidi *et al.*, 2017), healthy and active ageing has been predominantly understood as the continued participation of older people in all aspects of social, economic, political and cultural life and also their physical, social, mental well-being and the ability to maintain independence and autonomy.

Scholars (Zaidi *et al.*, 2017; Zaidi and Howse, 2017) have developed the *Active Ageing Index* (AAI) to measure the multidimensionality of social ageing phenomena. The AAI covers four distinct domains that define active and healthy ageing – employment; participation in society; independent, healthy and secure living; and capacity and enabling environment for active ageing that offers a helpful tool to understand the challenges of ageing and what national social policies and programmes can be used to tackle them. A previous study (Klimczuk, 2015) discussed relationships between the AAI and welfare state typologies and models of the silver economy. Klimczuk (2015) found that social-democratic regimes (e.g. Sweden) and liberal regimes (the United Kingdom) cope relatively better with population ageing than corporative regimes (France), familistic regimes (Italy) and regimes in transition (Poland). Indeed, according to the AAI (UNECE, 2019), the Nordic countries – Sweden, Denmark and Finland, together with the Netherlands and the United Kingdom – form the first cluster of countries with the highest AAI (score – 43.0). The Baltic countries, together with Czech Republic, Ireland, Germany and Portugal, form the second highest AAI cluster of countries (score – 36.5). However, as it is seen from the Active Ageing Index Report (UNECE, 2019, p. 21), such a relatively high position of the Baltic countries is determined exclusively by the AAI's employment component which this paper focuses on. Although the average employment score (37.5) for countries in the second cluster is very close to the first cluster's score (39.4), the countries, if measured against all other domain-specific average scores (social participation, independent, healthy and secure living, and capacity and enabling environment) even lag behind countries attributed in terms of the overall AAI to the third cluster (Austria, Belgium, Cyprus, France, Luxembourg and Malta) and are very close to the fourth cluster's (Bulgaria, Croatia, Greece, Hungary, Italy, Poland, Romania, Slovakia, Slovenia and Spain) scores.

In order to better understand how different clusters are arranged with respect to each other in terms of the employment component and non-employment components, we relatively situate them along the axis according to employment scores and non-employment scores (see Figure 1).

As it is shown in Figure 1, the three Baltic states appear in the second cluster with high employment scores, but low non-employment scores (according to the latter scores – social participation, independent, healthy and secure living, and capacity and enabling environment – the Baltic countries are closer to the fourth cluster's scores), while the Nordic countries appear in the first cluster exhibiting both high employment and non-employment scores. So, do high employment scores really ensure better active ageing conditions for older persons in the second cluster countries? We will check this based on the Baltic countries' example.

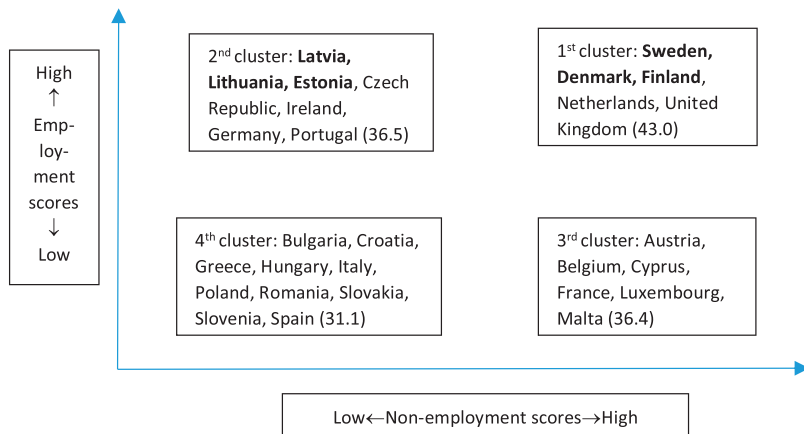


Figure 1.
Country clusters by the overall AAI score

Source(s): Based on UNECE 2019

Authors ([Zaidi et al., 2018](#)) analysing the AAI admit that the goal of active ageing policies is to improve the older adults' quality of life. It is therefore important to analyse the relationship between labour market activity and the quality of life. According to [Petrova Kafkova \(2018\)](#), high employment of older employees does not increase their quality of life; the analysis leads to the conclusion that the employment dimension "is neither beneficial nor reductive for quality of life". We want to go further to show that even though the impact of the employment dimension on the quality of life is neutral for all EU countries taken together, in some countries (with less developed welfare states and lower living standards) high employment rates of older people not only do not mean a better quality of life, but on the contrary, longer participation of older people in the labour market can have a negative impact on their quality of working life and thus on their overall quality of life.

Methodology

In order to test our hypothesis that in countries attributed to the less developed welfare states higher employment rates of older employees may have negative impact on their working conditions and overall quality of (working) life, we analyse information from several Europe-wide data sources – statistics on earnings from Eurostat database, information on income, job prospects, occupational safety and health, training, working life perspectives from the [Eurofound \(2015\)](#).

Our analysis is based on the following indicators: mean and median hourly earnings, share of low-wage earners, changes in salary or income, feeling of getting paid appropriately, satisfaction with working conditions, evaluation of probability to lose a job, perceived impact of work on health or safety, participation in training paid for by the employer.

The selected indicators are analysed for the three Baltic countries – Estonia, Latvia and Lithuania and compared with the three Nordic countries – Denmark, Finland and Sweden. In the figures and Annex presented below, the red colour indicates situations when older workers (50 years and older) find themselves in a relatively worse position and the green colour – situations when older workers (50 years and older) find themselves in a relatively better (or equal) position compared to the national average (these differences would be even greater compared to younger workers).

In order to explore the situation of Baltic countries' older people in the labour market in more detail, we conducted representative surveys of residents of Lithuania, Latvia and Estonia aged 50 years and older. The respondents' age of 50 years and older was selected due to several reasons, but the main one was that we sought to cover, on the one hand, a rather significant range of older persons still participating in the labour market and, on the other hand, to focus on age groups traditionally reporting experiences of unfair treatment (e.g. Giasson *et al.*, 2017). The surveys were conducted during October–December 2019; data collection partner was public opinion and market research company Baltic Surveys Ltd. The total sample size for the countries was 2,015 respondents (800 for Lithuania, 605 for Latvia and 610 for Estonia). Nationally representative samples of populations aged 50+ in each country were drawn from the latest population data of national statistics offices. The samples were designed using the proportional representation method with a random route for selecting households and the last-birthday method combined with the quota method for choosing individuals to be interviewed in the household. We used face-to-face interviews at respondent's home as a survey mode (PAPI in Lithuania and CAPIs in Latvia and Estonia). The core questionnaire was constructed in the Lithuanian language and translated to Latvian, Estonian and Russian for the use in the fieldwork. The structured survey questionnaire included *inter alia* questions on economic participation – employment status, working conditions, attitudes towards (longer) participation in the labour market, measures encouraging staying in employment after the retirement age and some other questions. The data collection partner followed the standards of research ethics during the data collection process. Data collection partner's and research team's previous experience in conducting surveys with senior citizens helped to plan data collection procedures to correspond to the potential needs of senior respondents. The mode of survey included interviewers instructed to assist senior respondents and pay particular attention if any difficulties in answering the questionnaire emerged. The questionnaire was piloted within the target age group to assure that it was well understandable for the respondents. The pilot interviews showed that there were no major difficulties for the respondents to answer the questions. However, a post-survey evaluation showed that, based on health status and age (in particular, in the 75+ cohort), the interview time and interviewer/interviewee effort to complete the interview increased compared to surveys with the general population.

Gender distribution in the overall sample was 61.2% female and 38.8% male respondents; age distribution – 14.9% for respondents aged 50–54, 15.6% for those aged 55–59, 14.2% for those aged 60–64 and 55.3% for those aged 65 and older. 36.8% of the respondents were attributed to salaried employees or self-employed, 48.4% – non-working pensioners, 7.8% working pensioners, 2.8% – unemployed and 4.3% - inactive. In this article, along with analysing working conditions and intentions to stop/continue working after reaching the retirement age or factors influencing older employees' decision to stay longer in the labour market, our focus is on currently working older employees and on the experiences of old-age pensioners in their last place of employment.

Shortcomings of longer working lives in the Baltics – overview of the situation

Material deprivation

We start our analysis by reviewing international comparative data on the economic situation of older people in Baltic and Nordic countries. Data from Eurostat and international surveys show that in the Baltic countries people aged 50+ earn less on average than their younger counterparts and are therefore more likely to feel underappreciated.

According to the Eurostat's Structure of Earnings Survey, *mean and median hourly earnings* in the Baltic countries are lower in the age group 50+ comparing to all employees (and are even lower in the age group 60+), whereas the Scandinavian countries (as well as the

majority of EU countries) demonstrate higher mean and median hourly earnings in older age groups. For example, in 2018, mean hourly earnings were approx. by 10% lower in Estonia, Latvia and Lithuania and approx. by 10% higher in Denmark, Finland and Sweden in the 50+ employees' group compared to all employees (see Figure 2).

The same refers to *low-wage earners* as a proportion of all employees – if in the Scandinavian countries (as well as in the majority of European countries) this proportion decreases in older ages, it is higher among older employees in the Baltic countries. As one can see from Figure 3, the share of low-wage earners in the age group 50+ is by 4–8 percentage points higher in Estonia, Latvia and Lithuania, whereas in Denmark, Finland and Sweden – by 2–4 percentage points lower comparing to all employees.

As mentioned above, the red rhomb in these figures indicates situations where older workers find themselves in a relatively worse position and the green rhomb – situations where older workers find themselves in a relatively better position compared to the national average.

Some evidence on worse remuneration conditions for older employees might be also derived from the European Working Conditions Survey (EWCS), conducted by the *Eurofound*, though this survey shows lower differences between Baltic and Nordic countries than Eurostat data. For example, in the Baltic countries, the share of older employees whose salary or income decreased in the last 12 months is higher comparing to all employees, whereas in the Scandinavian countries this share is almost equal for both age groups (or even higher for older employees in the case of Finland) (see Annex).

Differences in remuneration are also reflected in subjective self-evaluation. According to the EWCS, the share of older employees answering in the affirmative to the survey question

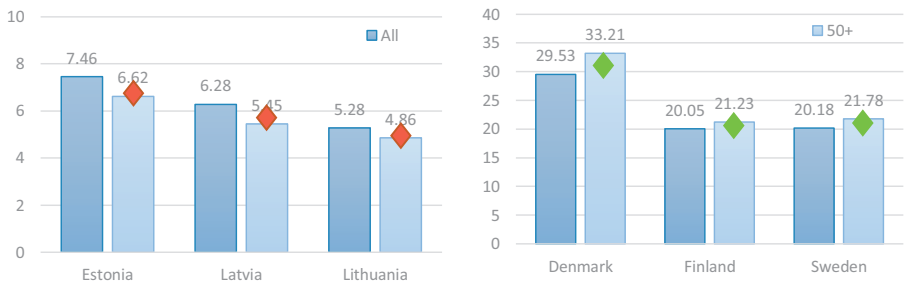


Figure 2. Mean hourly earnings in Baltic and Nordic countries in 2018 by age, in euro

Source(s): Eurostat, 2018

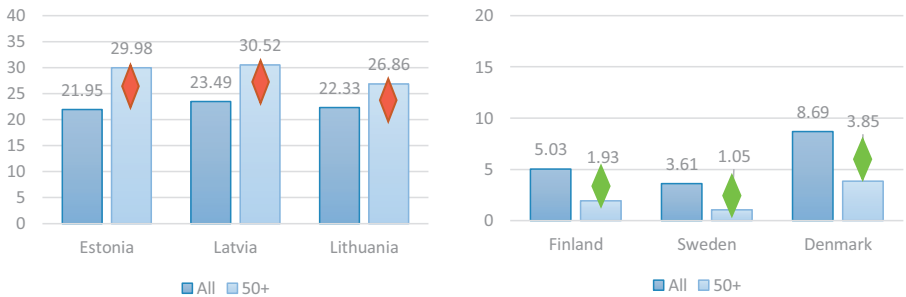


Figure 3. Low-wage earners in Baltic and Nordic countries in 2018 by age, %

Source(s): Eurostat, 2018

“*Considering all my efforts and achievements, I feel I get paid appropriately*” is lower in the Baltic countries compared to the total employed population. In the Scandinavian countries (as well as in the majority of European countries), these shares are almost equal or differences are minor (see Annex).

The figures above show that older workers in the Baltic countries, although participating in the labour market, earn less than younger workers. This situation is fundamentally different from the Nordic countries, where the financial situation of 50+ workers in the labour market is more favourable compared to younger workers. It should be noted that such situation not only leads to a worse financial situation of older workers in the labour market, but also makes them feel discriminated against, as they are less likely to feel to get paid appropriately considering all their efforts and achievements.

Working conditions of older people in the Baltic and Nordic countries

The EWCS (Eurofound, 2015) data also allow us to look closer into the working conditions of older people in the countries at issue. In addition to worse material conditions, i.e. remuneration conditions, older employees in the Baltic countries often face worse physical and psychological working conditions and worse job prospects.

The EWCS data analysis revealed that older employees in the Baltic countries are more often dissatisfied with their working conditions in their main paid job (especially in Estonia and Lithuania), whereas in the Scandinavian countries there are no such differences between different age groups of employees (in the case of Denmark and Finland) or, on the contrary, older employees are less frequently dissatisfied with the working conditions (in the case of Sweden) (Annex).

Even greater differences between the Baltic and Scandinavian countries are observed when comparing subjective evaluations of the chances of different groups of employees to lose their jobs. In the Baltic countries, older employees more frequently think they may lose their jobs in the next 6 months. The shares of those who think so were 25%, 25 and 20% among 50+ employees and 19%, 20 and 14% among all employees in Estonia, Latvia and Lithuania, respectively. In the Scandinavian countries – on the contrary – older employees are more confident as regards their job security: lower shares of older employees comparing to the average employees think that they may lose their jobs in the next 6 months (Annex).

Although the differences between the attitudes of Baltic and Scandinavian employees towards the impact of work on their health and safety are not very obvious, it is nonetheless apparent that in two of the three Baltic countries (in Estonia and Lithuania) older employees are more likely to think that their health or safety is at risk because of their work (35% of 50+ employees comparing to 33% of all employees in Estonia and 33% of 50+ employees comparing to 28% of all employees in Lithuania). As for the Scandinavian countries, in two of the three countries (in Finland and Sweden) older employees less frequently believe their health or safety are affected by work (Annex).

Similar trends have been observed when comparing job prospects in the workplace among older employees. Employers in the Baltic countries invest less in older employees' training and this might be a sign of discrimination at work. For instance, according EWCS survey (Eurofound, 2015), 33% of all employees in Lithuania had training *paid for by their employer* (or oneself if self-employed) in the last 12 months, while only 31% of 50+ people answered this way. Differences among employees by age are even higher in Latvia and Estonia: 48 versus 42% in Estonia and 33 versus 25% in Latvia (Annex). In the Nordic countries, there are more people who received training in general (especially in Finland and Sweden), and the differences between younger and older generations are not so pronounced. In Denmark and Sweden, there were more 50+ employees who received training comparing to all employees. In Finland, we find the highest number of those who received training in general, but

50+ employees, similar as in the Baltic countries, received less training: 54% of all employees versus 51% of 50+ employees.

To sum up, the aforementioned differences between working conditions of older Scandinavian and Baltic employees – both having the longest and still increasing working lives within the EU – show evidence of the particularly unfavourable situation of Baltic employees in the labour market. In the Baltic countries where working conditions are generally worse in many respects, older employees are relatively treated even worse – they are paid less, they are more worried about their health and jobs, and they are less invested in. It is likely that this situation is determined by certain, more in-depth reasons, which will not be analysed in this work. Basing on the data of the original survey of older people in the three Baltic countries conducted in 2019, we will only try here to estimate the share of older workers in the Baltic countries working in unfavourable working conditions and assess what socio-demographic characteristics determine this; how unfavourable working conditions for older employees are related to their intention to stay in the labour market after reaching the retirement age and what would be most encouraging for older employees to stay in the labour market longer.

Interactions between working conditions of older employees and their attitudes towards (longer) participation in the labour market

According to the aforementioned survey conducted at the end of 2019 in the three Baltic countries, approximately 41% of 50+ employees indicated that they “always” or “often” faced too high work intensity at their workplace; poor physical working conditions and absence of job-related prospects were indicated by 25%, inappropriate working time arrangements – by 23% and adverse social environment – by 14% of 50+ employees of the Baltic countries (see [Table 1](#)).

In the case of all of the Baltic countries, there are several statistically significant characteristics of older employees that make them more likely than other colleagues to experience worse working conditions:

- (1) poor physical working conditions were more frequently experienced by employees aged 50–54 with lower level of education, lower knowledge of the national language and chronic (long-standing) physical health problem, illness or disability;
- (2) too high work intensity was more frequently reported by employees aged 50–59 in smaller towns (with 10–50 thousand population) or capital cities, having a good command of the national language;
- (3) inappropriate working time arrangements were more frequently reported by employees aged 55–59 in smaller towns (with 10–50 thousand population), non-citizens, having lower national language skills and lower education;
- (4) adverse social environment at the workplace was more frequently experienced by employees in smaller towns (with 10–50 thousand population);

Table 1.

Share of 50+ employees “always” or “often” facing unfavourable working conditions in the Baltic countries (%)

	Share of 50+ employees
Too high work intensity	41.0
Poor physical working conditions	25.1
Absence of job-related prospects	24.6
Inappropriate working time arrangements	22.8
Adverse social environment	14.4

- (5) absence of job-related prospects was more frequently indicated by employees having lower education.

Older people's situation in the labour market

Although the survey does not allow comparison to be made between the working conditions of older and younger employees, the factors listed above that lead to worse working conditions for older workers suggest that these are rather "classic" factors that are likely to determine worse working conditions in any age group, not just in old age. These include lower education, lower knowledge of the national language or living in small towns. In old age, certain elements typical to older employees, such as poorer health, illness and the need to care for older parents or spouses, are also likely to contribute to these factors.

The aforementioned survey revealed that (poor) working conditions have a strong impact on older employees' decision (not) to stay longer in the labour market: older employees who report constant or frequent exposure to poor physical working conditions in their workplace, too high work intensity, inappropriate working time arrangements, adverse social environment or absence of job-related prospects, are statistically significantly more likely to stop working right after reaching the retirement age or even earlier. Whereas those employees who report never or rarely experiencing poor working conditions are more likely to work and after reaching the retirement age (Table 2).

Physical working conditions and working time arrangements are the strongest predictors of (not) staying in the labour market, i.e. probably decisions driven by health considerations and the need to reconcile family and work responsibilities. These findings are in line with our analysed factors and conditions that would encourage older people to stay in the labour market longer. The most important factors identified by 50+ employees as likely to encourage their longer stay in the labour market included:

- (1) higher financial benefits (e.g. higher wages, better conditions to receive old-age pension while working, possibilities to "earn" higher old-age pension);
- (2) better availability of quality health and social care services that make it easier to reconcile work responsibilities and health/social care needs of respondents and their family members;
- (3) better adjustment of working hours to the needs of older employees (e.g., shorter working hours, flexible working time, possibility of reconciling work and family responsibilities).

Unfavourable working conditions	Are facing unfavourable working conditions	Are going to stop working right after reaching the retirement age or earlier	Are going to work after reaching retirement age
Poor physical working conditions ($p < 0,001$)	Always/often	67,9 ↑	32,1 ↓
	Rarely	52,9	47,1
	Never	42,8	57,2 ↓
Too high work intensity ($p < 0,001$)	Always/often	61,2 ↑	38,8 ↓
	Rarely	53,2	46,8
	Never	41,7	58,3 ↓
Inappropriate working time arrangements ($p < 0,001$)	Always/often	64,1 ↑	35,9 ↓
	Rarely	55,2	44,8
	Never	44,7	55,3 ↓
Adverse social environment ($p < 0,001$)	Always/often	68,8 ↑	31,2 ↓
	Rarely	56,5	43,5
	Never	47,4	52,6 ↓
Absence of job-related prospects ($p = 0,002$)	Always/often	60,1 ↑	39,9 ↓
	Rarely	50,9	49,1
	Never	50,3	49,7 ↓

Table 2.
Interdependence between poor working conditions and intentions to stop/continue working after reaching the retirement age (%)

According to 50+ employees, the least important factors in terms of encouraging longer stays in the labour market include better job prospects and self-fulfilment possibilities (possibility for self-development, qualification improvement, experience sharing).

The findings above suggest that the most important factors influencing older employees' decision to stay longer in the labour market in the Baltic countries are linked mostly to welfare state-related issues, i.e. financial benefits, healthcare, possibility to reconcile work and family obligations. These welfare state-related issues are even more important for those who are going to stay longer in the labour market after reaching the retirement age. Our survey has shown that a relatively higher share of those going to work after reaching the retirement age identified the aforementioned welfare state-related elements as important factors for making the decision, namely, higher financial benefits, more quality health and social care services and working hours better adjusted to the needs of older employees.

These results only show once again how strongly the essential elements of the welfare state are linked to older employees' decision to stay longer in the labour market and once again confirm how important is the interrelation between the well-functioning welfare state and qualitative and healthy active ageing.

Discussion and conclusions

This article has aimed to contribute to a better understanding of the older people's situation in the labour market in three Baltic countries. Three Nordic countries were taken as a reference point to compare the countries in order to better understand the situation from a comparative point of view. The analysis conducted confirms that the welfare state in the Baltic countries provides only minimal support to their citizens forcing them *inter alia* to rely heavily on the market. In the context of population ageing and increasing burden on the welfare state, older people are encouraged to stay longer in the labour market. High employment scores of older employees drive the Baltic countries to the second highest cluster of countries according to the Active Ageing Index. However, our analysis has revealed that in the Baltics, unlike in Scandinavia, older employees, although actively participating in the labour market, face unfavourable material, physical and psychological situation in the labour market more frequently than their younger colleagues. There are more low-wage earners among older employees, they are more likely to face poor working conditions and their negative health effects, more often feel discriminated against at work, fear that they may lose their job in the near future and have fewer opportunities and prospects at work. All this inevitably has a negative impact on the overall well-being of older employees.

This is particularly important in view of steadily increasing retirement age – demographic changes put pressures on state pension systems everywhere, meaning that governments are reforming pensions and raising state pension ages (Axelrad and Mahoney, 2017). In the Baltic countries, the statutory retirement age increased by almost 5–7 years on average in the period from 1990 to 2020. In addition to the steadily rising statutory retirement age, the average effective age of retirement in the Baltic countries is even higher and is among the highest within EU-28 (OECD, 2019). Hence, such trends lead to a gradual increase in the share of older employees working in disadvantageous material, physical and psychological conditions in the total number of workers. Standing (2011) argues that the precariat usually has jobs that lack several forms of security: “employment security” (adequate protection against dismissal), “job security” (ability and opportunity to retain a niche in employment), “income security” (assurance of an adequate stable income). It is namely the presence of such and similar insecurity of older employees that is evidenced by our analysis of the situation of older people in the labour market presented above.

In the context of productive ageing, it is important that the engagement in gainful employment is genuine and meaningful and emotionally satisfying for older workers (Kaye *et al.*, 2003). Our study shows that this is not yet the case for the Baltic countries. Given the

significance of the welfare state model for the productive behaviour of older citizens (Klimczuk, 2015, 2016), we may assume that the implementation of goals of the “silver economy” and “productive ageing” can take longer time in the three Baltic countries than in the Nordic countries. Moreover, the Active Ageing Index is viewed as a tool helping “policymakers and other stakeholders understand which areas present more challenging situations, thus requiring more effective interventions to accomplish a societally more balanced ageing experience” (Zaidi *et al.*, 2018). However, by accepting and/or further promoting high employment rates for older people as a good, we run the risk of overlooking the threats that arise in certain countries in certain situations where a high employment rate for older people serves not only as an economic phenomenon that secures financial resources in old age, but also as a condition that ensures greater preconditions for discrimination against older people. The analysis suggests that, while the increasing employment of older people increases the Active Ageing Index and is generally viewed positively, in some countries high employment rates among older employees, even though providing them with an additional means of livelihood, do not ensure a higher quality of life and, on the contrary, act as a factor reducing the quality of work and, at the same time, the quality of life.

Therefore, by developing policy aimed at encouraging older people to stay longer in the labour market, we inevitably have to develop measures to promote non-discrimination against older employees in parallel.

Limitations of the study: Our analysis of secondary data does not fully reveal the real situation, as it would require detailed research and calculations to assess it. However, the existence of some trends disadvantageous for older employees in relation to their participation in the labour market in some countries calls for the reflection and initiation of more detailed research on this problem both in the Baltic countries and in other countries with less developed welfare states.

References

- Aidukaite, J. (2006), “The formation of social insurance institutions of the Baltic states in the post-socialist era”, *Journal of European Social Policy*, Vol. 16 No. 3, pp. 259-270.
- Aidukaite, J. (2009), “Transformation of welfare systems in the Baltic states: Estonia, Latvia and Lithuania”, in Cerami, A. and Vanhuysse, P. (Eds), *Post-communist Welfare Pathways: Theorizing Social Policy Transformations in CEE*, Palgrave Macmillan, New York, pp. 96-112.
- Aidukaite, J. (2011), “Welfare reforms and socioeconomic trends in the ten new EU member states of central and eastern Europe”, *Journal of Communist and Post-Communist Studies*, Vol. 44 No. 3, pp. 211-219.
- Aidukaite, J. (2019), “The welfare systems of the Baltic States following the recent financial crisis of 2008/2010: expansion or retrenchment?”, *Journal of Baltic Studies*, Vol. 50 No. 1, pp. 39-58.
- Aidukaite, J., Hort, S. and Ainsaar, M. (forthcoming), “Ageing and the welfare state: current trends in welfare policies on ageing in the Baltic and Nordic countries – an explorative overview”, *Journal of Baltic Studies*.
- Ainsaar, M. (2019), “Economic crisis, families, and family policy in the Baltic states, 2009–2014”, *Journal of Baltic Studies*, Vol. 50 No. 1, pp. 59-79.
- Arts, W. and Gelissen, J. (2002), “Three worlds of welfare capitalism or more? A state-of-the-art report”, *Journal of European Social Policy*, Vol. 12 No. 2, pp. 137-158.
- Axelrad, H. and Mahoney, K.J. (2017), “Increasing the pensionable age: what changes are OECD countries making? What considerations are driving policy?”, *Open Journal of Social Sciences*, No. 5, pp. 56-70, doi: [10.4236/jss.2017.57005](https://doi.org/10.4236/jss.2017.57005).
- Bazant, U. and Schubert, K. (2009), “European welfare systems: diversity beyond existing categories”, in Schubert, K., Hegelich, S. and Bazant, U. (Eds), *The Handbook of European Welfare Systems*, Routledge, London and NY, pp. 513-535.

-
- Bohle, D. and Greskovits, B. (2007), "Neoliberalism, embedded neoliberalism, and neocorporatism: paths towards transnational capitalism in Central- Eastern Europe", *West European Politics*, Vol. 30 No. 3, pp. 443-466.
- Casey, B.H. (2004), "Pension reform in the Baltic states: convergence with 'Europe' or with 'the world'?", *International Social Security Review*, Vol. 57 No. 1, pp. 19-45.
- Cerami, A. (2006), "Social policy in central and eastern Europe", *The Emergence of a New European Welfare Regime*, LIT Verlag, Münster, Hamburg, Berlin, Vienna, London.
- Cerami, A. and Vanhuysse, P. (2009), "Post-communist welfare pathways", *Theorizing Social Policy Transformations in Central and Eastern Europe*, Palgrave Macmillan.
- Danforth, B. (2014), "Worlds of welfare in time: a historical reassessment of the three-world typology", *Journal of European Social Policy*, Vol. 24 No. 2, pp. 164-182.
- Esping-Andersen, G. (1990), *The Three Worlds of Welfare Capitalism*, Polity Press, Cambridge.
- Eurofound (2015), *European Working Conditions Survey 2015*, European Foundation for the Improvement of Living and Working Conditions, Dublin.
- Eurofound (2016), *European Quality of Life Survey 2016*, European Foundation for the Improvement of Living and Working Conditions, Dublin.
- European Commission (2015), "Growing the European silver economy", Background paper. 23 February.
- European Commission (2021), *Green Paper on Ageing. Fostering Solidarity and Responsibility between Generations*, European Commission, Brussels, 27.1.2021 COM(2021) 50 final, available at: <https://epale.ec.europa.eu/en/resource-centre/content/green-paper-ageing-fostering-solidarity-and-responsibility-between>.
- European Parliament (2015), *The Silver Economy Opportunities from Ageing*, Briefing, European Parliament, July 2015, available at: [https://www.europarl.europa.eu/RegData/etudes/BRIE/2015/565872/EPRS_BRI\(2015\)565872_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/BRIE/2015/565872/EPRS_BRI(2015)565872_EN.pdf).
- Eurostat (2018), *Structure of Earnings Survey (Earn_ses2018)*, European Commission, Eurostat Database, available at: <https://ec.europa.eu/eurostat/data/database>.
- Eurostat (2020), *Ageing Europe. Looking at the Lives of Older People in the EU*, 2020 ed., Statistical Books, Eurostat, Publications Office of the European Union, Luxembourg.
- Eurostat (2021), *Activity Rates by Sex, Age and Citizenship (%) (LFSA_ARGAN)*, European Commission, Eurostat database, available at: <https://ec.europa.eu/eurostat/data/database>.
- Fenger, H.J.M. (2007), "Welfare regimes in Central and Eastern Europe: incorporating post-communist countries in a welfare regime typology", *Contemporary Issues and Ideas in Social Sciences*, Vol. 3 No. 2, pp. 1-30.
- Gataūlinas, A. (2013), Lietuvos visuomenės Subjektyvioji Gerovė Europos Sąjungos Šalių Kontekste (*Lithuanian Public Subjective Well-Being in the Context of the European Union Countries*), Vilnius University, Vilnius.
- Giasson, H.L., Queen, T.L., Larkina, M. and Smith, J. (2017), "Age group differences in perceived age discrimination: associations with self-perceptions of aging", *The Gerontologist*, Vol. 57 No. S2, pp. S160-S168, doi: [10.1093/geront/gnx070](https://doi.org/10.1093/geront/gnx070).
- Golinowska, S., Hengstenberg, M. and Zukonski, M. (2009), *Diversity and Commonality in European Social Policies: The Forging of a European Social Model*, Friedrich Ebert Stiftung, Warsaw.
- Hort, S. (2014), *Social Policy, Welfare State and Civil Society in Sweden*, Vol. II, Lund, Arkiv Academic Press.
- Kaye, L.W., Butler, S.S. and Webster, N.M. (2003), "Towards a productive ageing paradigm for geriatric practice", *Ageing International*, Vol. 28 No. 2, pp. 200-213.
- Klimczuk, A. (2015), "Economic foundations for creative ageing policy", *Context and Considerations*, Palgrave Macmillan, New York, Vol. I, doi: [10.1057/9781137465337](https://doi.org/10.1057/9781137465337).

- Klimczuk, A. (2016), "Comparative analysis of national and regional models of the silver economy in the European Union", *International Journal of Ageing and Later Life*, Vol. 10 No. 2, pp. 31-59.
- Korpi, W. and Palme, J. (1998), "The paradox of redistribution and strategies of equality: welfare state institutions, inequality, and poverty in the Western countries", *American Sociological Review*, Vol. 63 No. 5, pp. 661-687.
- Kuitto, K. (2016), *Post-communist Welfare States in European Context. Patterns of Welfare Policies in Central and Eastern Europe*, Edward Elgar Publishing, Massachusetts.
- Lazutka, R., Juška, A. and Navickė, J. (2018), "Labour and capital under a neoliberal economic model: economic growth and demographic crisis in Lithuania", *Europe-Asia Studies*, Vol. 70 No. 9, pp. 1433-1449.
- Lendvai, N. (2008), "Incongruities, paradoxes, and varieties: europeanization of welfare in the new member states", *Paper Presented at the ESPAnet Conference*, Helsinki, 18–20 September 2008.
- Llewellyn, G., Balandin, S., Dew, A. and Mcconnell, D. (2004), "Opinions and Perspectives. Promoting healthy, productive ageing: plan early, plan well", *Journal of Intellectual and Developmental Disability*, Vol. 29 No. 4, pp. 366-369.
- OECD (2019), *Pensions at a Glance 2019: OECD and G20 Indicators*, OECD Publishing, Paris, doi: [10.1787/b6d3dcfc-en](https://doi.org/10.1787/b6d3dcfc-en).
- Pauhofova, I. and Dovalova, G. (2015), "Potential of silver economy in the European Union (Selected views)", *European Scientific Journal*, Vol. 11 No. 10, pp. 190-205.
- Petrová Kafková, M. (2018), "The active ageing index (AAI) and its relation to the quality of life of older adults", in Zaidi, A., Harper, S., Howse, K., Lamura, G. and Perek-Białas, J. (Eds), *Building Evidence for Active Ageing Policies. Active Ageing Index and its Potential*, Palgrave Macmillan, p. 66.
- Sommers, J., Woolfson, C. and Juska, A. (2014), "Austerity as a global prescription and lessons from the neoliberal Baltic experiment", *Economic and Labour Relations Review*, Vol. 25 No. 3, pp. 397-416.
- Standing, G. (2011), *The Precariat: The Dangerous New Class*, Bloomsbury Academic.
- Tunberger, P. and Sigle-Rushton, W. (2011), "Continuity and change in Swedish family policy reforms", *Journal of European Social Policy*, Vol. 21 No. 3, pp. 225-237.
- Uesugi, L.M.C. (2010), "Productive ageing in Japan", *China Journal of Social Work*, Vol. 3 Nos 2-3, pp. 165-180, doi: [10.1080/17525098.2010.492638](https://doi.org/10.1080/17525098.2010.492638).
- UNECE (2019), *Active Ageing Index 2018*, Analytical Report, 2019, UNECE, European Commission.
- Warburton, J. and Grassman, E.J. (2011), "Variations in older people's social and productive ageing activities across different social welfare regimes", *International Journal of Social Welfare*, Vol. 20 No. 2, pp. 180-191.
- Zaidi, A. and Howse, K. (2017), "The policy discourse of active ageing: some reflections", *Journal of Population Ageing*, Vol. 10 No. 1, pp. 1-10. doi: [10.1007/s12062-017-9174-6](https://doi.org/10.1007/s12062-017-9174-6).
- Zaidi, A., Gasiór, K., Zolyomi, E., Schmidt, A., Rodrigues, R. and Marin, B. (2017), "Measuring active and healthy ageing in Europe", *Journal of European Social Policy*, Vol. 27 No. 2, pp. 138-157. doi: [10.1177/0958928716676550](https://doi.org/10.1177/0958928716676550).
- Zaidi, A., Harper, S., Howse, K., Lamura, G. and Perek-Białas, J. (2018), "Building evidence for active ageing policies", *Active Ageing Index and its Potential*, Palgrave Macmillan, doi: [10.1007/978-981-10-6017-5](https://doi.org/10.1007/978-981-10-6017-5).

Baltic countries	All employees	50+ employees	Scandinavian countries	All employees	50+ employees
Share of answers 'Decreased' to the survey question <i>Has your salary or income changed in the last 12 months?</i> in Baltic and Nordic countries by age, %.					
Estonia	7	8	Denmark	7	6
Latvia	9	12	Finland	11	13
Lithuania	12	16	Sweden	5	5
Share of affirmative answers to the survey question <i>Considering all my efforts and achievements, I feel I get paid appropriately</i> in Baltic and Nordic countries by age, %.					
Estonia	48	45	Denmark	67	67
Latvia	45	41	Finland	62	60
Lithuania	42	37	Sweden	60	59
Share of answers 'Not at all satisfied' and 'Not very satisfied' to the survey question <i>How satisfied are you with working conditions in your main paid job?</i> in Baltic and Nordic countries by age, %					
Estonia	10	14	Denmark	9	9
Latvia	18	18	Finland	8	8
Lithuania	17	20	Sweden	15	12
Share of workers who agree to the statement <i>I might lose my job in the next 6 months</i> in Baltic and Nordic countries by age, %					
Estonia	19	25	Denmark	11	7
Latvia	20	25	Finland	15	14
Lithuania	14	20	Sweden	15	14
Share of affirmative answers to the question <i>Do you think your health or safety is at risk because of your work?</i> in Baltic and Nordic countries by age, %.					
Estonia	33	35	Denmark	20	22
Latvia	34	30	Finland	25	23
Lithuania	28	33	Sweden	47	46
Share of affirmative answers to the question <i>Did you have training paid for by your employer (or oneself if self-employed) in the last 12 months?</i>					
Estonia	48	42	Denmark	37	38
Latvia	33	25	Finland	54	51
Lithuania	33	31	Sweden	44	46

Table A1.
Distribution of all and 50+ employees by their answers to selected questions of the European Working Conditions Survey, 2015

Source(s): Eurofound, 2015

Red cells indicates situations when 50+ employees find themselves in a relatively worse position compared to the national average; green cells indicates situations when 50+ employees find themselves in a relatively better (or equal) position compared to the national average

About the authors

Jolanta Aidukaite (PhD in sociology from Stockholm University) is a Chief Researcher at the Institute of Sociology at the Lithuanian Centre for Social Sciences. J. Aidukaite has published extensively on the topics of social policy, family policy, housing policy, community mobilisation. Her research has been published in Journal of European Social Policy, Social Inclusion, Journal of Baltic Studies, Communist and Post-Communist Studies, International Journal of Sociology and Social Policy, Social Policy and Administration, East European Politics.

Inga Blaziene (PhD in economics from Vilnius Gediminas Technical University) is a Senior Researcher at the Labour Market Research Department of the Lithuanian Centre for Social Sciences. I. Blaziene's main scientific interests are industrial relations, employment and labour market policy, working conditions. She is working as a national expert in various European networks and observatories – European Observatory of Working Life, European Restructuring Monitor, European Centre of Expertise in the field of labour law, employment and labour market policy. Inga Blaziene is the corresponding author and can be contacted at: inga.blaziene@dsti.lt

Older people's
situation in the
labour market

For instructions on how to order reprints of this article, please visit our website:

www.emeraldgroupublishing.com/licensing/reprints.htm

Or contact us for further details: permissions@emeraldinsight.com