

**MUTUAL LEARNING PROGRAMME:
PEER COUNTRY COMMENTS PAPER - FRANCE**

**Extending working life and developing employability: what
instruments at the company level and for what use?**

Peer Review on “Activation of elderly: increasing participation, enforcing employability
and working age until the age of 67”

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1 LABOUR MARKET SITUATION IN THE PEER COUNTRY

This paper has been prepared for a Peer Review within the framework of the Mutual Learning Programme. It provides information on France's comments on the policy example of the Host Country for the Peer Review. For information on the policy example, please refer to the Host Country Discussion Paper.

1.1 Economic overview

According to the national institute of statistics (INSEE), 2009 was characterised in France by a recession of 2.2%, the largest decrease since 1945. Nevertheless, the last quarters of 2009 indicated a slow recovery, with a growth of 0.6% between October and December. Over that year, more than 350,000 jobs were lost. While a possible positive growth is forecast for 2010, the impact on employment is expected to be delayed. 80,000 job losses are foreseen for the first semester of 2010. Industry is the economic sector most affected. Job losses in this sector were twice as big in 2009 compared to 2008. Construction has also been strongly concerned by the crisis, while the service sector has rapidly adjusted itself through a reduction in the number of temporary workers.

Public deficit in 2009 amounted to 7.5% of GDP, explained by a growth of 3.8% in expenditures and a decrease of 4.3% in taxes. Public debt has risen to reach 77.6% of GDP. The French stability programme, transmitted to the European Commission, foresaw that the public debt will continue to grow, up to 86% in 2011. The public deficit would go back to the 3% level in 2013. It is expected to reach 8.2% in 2010.

1.2 Labour market participation

Unemployment has increased by 12.3% over the last 12 months (March 2009-March 2010). This represents more than 3.8 million of jobseekers registered at the *Pôle Emploi* (National Employment Agency), for the metropolitan area, and 4.1 million when including overseas territories. In March 2010, according to International Labour Office (ILO) definition, the number of unemployed people amounts to 2.7 million. In March 2010, the unemployment rate reached the symbolic rate of 10% for the first time since 1999. At the beginning of 2009, it was equal to 7.5% of the active population. The most concerned by this increase were male workers, in particular the youngest (+3.9 points over one year for men aged 15-24). The overall unemployment rate for young people was 24% by the end of 2009. It was equal to 8.7% for people aged 25-49, and 6.7% for people over 50.

The government nevertheless has had a positive appreciation of these latest results. It has put an emphasis on the fact that France has resisted the global economic crisis rather well, as the number of unemployed has only increased by 22% compared to 2007, while it has more than doubled in the US (+119%) and in Spain (+146%).

In terms of the employment rate, France remains below the European average (65.9%). The overall employment rate is 65.2% (69.8% for men and 60.7% for women). Concerning older workers (55-64), the latest figures indicate that the employment rate almost reached 39% in 2009, below the European average at 46%. The French older worker rate has however increased, as it was 38.2% in 2008 and 29.9% in 2000. The rate for male older workers has increased from 33.6% in 2000 to 41.4% in 2009, while for women it has moved from 26.3% to 36.6%. By comparison, in the EU for the same period, the respective rates for men increased from 47.1% to 54.8%, and for women from 27.4% to 37.8%.

In terms of demographic trends, it is foreseen that in 2015, 15.5% of the population will be aged between 60 and 74 (compared to 13% in 2007), and 9% more than 75 (compared to 8.5% today). By 2025, the share of the population aged 60-74 will increase to 17.4% and that aged over 75 to 10.5%. The ageing of the population modifies the ratio between contributors and retired persons. It is equal to 1.8 today and estimated to be 1.2 in 2050.

One third of working people in 2005 will have quit the labour market by 2020. The sectors most concerned by the ageing workforce are the energy sector, agriculture, real estate, administration, bank and industry. The “youngest” sectors are services to individuals, services to companies, commerce, agrofood industry and construction.

2 ASSESSMENT OF THE POLICY MEASURE

As in the Netherlands, the participation of older workers has become a matter of primary importance in France since 2000. France is characterised by a model once labelled as “one generation working at the same time”, emphasising the high participation rates of people aged 25-50, compared to much lower rates for young people and older people. Many early retirement schemes were implemented during the last quarter of the last century, creating a so-called “culture of early retirement” (*culture de la préretraite*) among managers and workers. Larger companies were the main users of these schemes, particularly in restructuring industrial sectors. Altogether up to 600,000 people benefited from one of these early retirement schemes at the beginning of the 2000s (if one includes public schemes allowing older jobseekers to be dispensed from an active job search); this figure corresponds to 25% of the jobs held by workers aged 55-59.

Influenced by the Lisbon Strategy and a series of reports condemning the “waste” of these passive schemes, the political agenda shifted towards activation and age management in the 2000s. The goal was to increase the share of older workers in employment, not only to reach the 50% target but also to limit the costs for the pension system. A series of laws and collective agreements have tried to modify the former culture. Public subsidies to early retirement schemes were progressively abandoned in the 2000s. However, the legal retirement age has remained fixed at 60 years. There is currently a political debate about increasing the retirement age up to 62 or 63. Unions are opposed to such a reform.

In 2003, a law reforming the pension system settled the principle of 3-year sectoral collective bargaining on senior employment and the access of older workers to training. In 2005, an inter-sectoral collective agreement on maintaining older workers in employment, later transformed into a law in 2006, marked a real turn. Social partners, both at the sectoral and company levels, were invited to take measures to “secure” the professional pathways of the workers over 45. The development of Human Resource Management (HRM) devices was encouraged: “second half-career interviews” the year of the 45th birthday, skills assessment, a better implementation of the “individual right to training” (DIF, *droit individuel à la formation*) for the seniors, whose rate of access is fairly low, etc. The DIF scheme enables any worker to capitalise rights to training (20 hours a year, up to a maximal amount of 120 hours). It is a sort of learning budget. One of its goals is to reduce the inequalities in access to training. However, this scheme is not developed enough. In 2006, only 3% of workers used this right, compared to an overall figure of 41% of workers having followed training. Among these workers in continuous training, the young, qualified workers are over-represented.

The agreement also gave birth to new labour contracts, the so-called “senior fixed-termed contract”, consisting of a renewable 18-month contract targeting job-seekers aged 57 and more. This contract however proved a total failure, with only a few hundred contracts signed. Among other measures put forward were initiatives to develop occupational health and raise awareness, among which a national campaign focussing on the many unsuspected skills of the older workers.

In parallel with these measures in the field of senior employment, a 2005-law obliges all companies over 300 employees to define a 3-year anticipatory plan on jobs and competencies. This plan should in particular present the company’s strategy regarding the

evolution of jobs for older workers, the measures taken to maintain and develop their employability.

However, the evaluation of this bulk of measures was rather mitigated. Very few companies implemented concrete HRM measures for older workers or engaged themselves in a performing anticipatory career management. Some large companies nevertheless put in place innovative HRM tools, later disseminated as good practices.

Being given this very moderate change in practice, the government wanted to strike hard by the end of 2008. In December 2008, a law was promulgated imposing all companies over 50 employees to have a company agreement or an action plan regarding the recruitment and job retention of workers over 50. Companies between 50 and 300 employees do not need to have their own agreement or action plan if social partners have signed an agreement at the branch level on this topic. If the companies did not have this agreement or plan elaborated by the 31/12/09, they were exposed to a social contribution (actually a fine) amounting to 1% of their wage bill. This method is very characteristic of the French model of industrial relations, where the State defines the frame, the calendar and the modalities of the bargaining. Nevertheless, compared to other fields of social bargaining, this law on senior employment is quite particular for at least three reasons.

- Short delays. The implementing decree was only published by the end of May, thus allowing only a few months to prepare the negotiation. In a context where very few companies had already started reflecting internally on senior employment, the delay was considered to be short. Moreover, the priority of social dialogue was rather to discuss how to deal with the social consequences of the financial crisis.
- Coercion. The State has radicalised its usual top-down method, putting companies at risk of an important fine. However, as repeated by the government, the very logic of the law was that “nobody should pay the tax”, (i.e. that every company be covered by an agreement).
- Framing. The law has defined very precise specifications. The agreement or action plan should include: 1) a general quantitative objective of recruitment of people over 55 or of retention of workers over 50; 2) initiatives for senior workers in at least three of the six following areas: recruitment of senior workers; anticipation of careers; improvement of working conditions and prevention of heavy situations; competence development and access to training; transition between activity and retirement; knowledge management and tutorship. For each of the areas chosen, specific performance indicators should as well be fixed. Hence, as one can see, the bargaining is very much prepared from the outside.

A first public evaluation was expected by the beginning of May 2010. Some first elements can be drawn from a poll study undertaken by human resource managers in the largest French companies¹, and from a comparative analysis of several agreements undertaken by the research institute ORSEU². Some HRM tools seem to have experienced a real success: mid-career interviews, personal saving time accounts (allowing one to reduce his/her working time some years before retirement age), tutorship devices (training senior workers as tutors). A new concern about older workers' access to lifelong learning seems to be widespread. But the field of “recruitment” was only chosen by around one company out of three. The content of initiatives taken in the field of working conditions rarely looked very pro-active. Generally speaking, these agreements or action plans are to be taken as declarations of intent. Many managers and even workers representatives agree on the fact

¹ Bearing Point, Ifop, “Panorama RH. Les seniors au travail: quelle gestion pour quel emploi?”, *White Book*, March 2010.

² ORSEU, “Le bricolage du maintien dans l'emploi des seniors: régulation publique, dialogue social et boîte à outils” [*Do it yourself. Regulating senior ageing in France: social dialogue and the toolkit approach*], May 2010. Research for Centre Henri Aigueperse – Unsa Education, with financial support of IRES.

that the agreement that was produced was nothing but a “formal” one, serving first of all to prevent the company from paying the tax.

One of the conclusions of the research conducted by ORSEU was that working conditions were the real unexamined issue in this approach. The process considered improvement in working conditions on the same par as other areas, like that of tutorship and knowledge management. Though they can represent interesting initiatives in some individual cases, tutorship actions cannot represent a cogent, global way to improve the situation of older workers in the labour market. In comparison, the improvement of working conditions is often a prerequisite to retain workers in the workplace.

It is too early to assess the effects of this government plan. It is probable that it has increased managers’ awareness of the need to develop their own active ageing policy. But social dialogue has been biased by the reduced delay and the threat of a fine, which have encouraged very formal (empty) agreements. The way the State has framed the law has triggered the implementation of many common HRM instruments, for which the capacity to retain used workers at work or to tackle the issue of “harsh” (*pénible*) work can be questioned. The French word “*pénibilité*” (harshness) is frequently used to qualify jobs that are physically or mentally demanding, thus including a huge variety of situations, from workers carrying heavy loads to nurses in hospital. Negotiations were open between trade unions and employers to agree on an operational measure of the “*pénibilité*” of jobs, which should be taken into account in pension reforms in particular. But no agreement was reached after five years of negotiations.

3 ASSESSMENT OF THE SUCCESS FACTORS AND TRANSFERABILITY

The comparison between French and Dutch policy approaches leads to the pinpointing of several elements. The first one is a comparable diffusion of an age-management approach, representing a real cultural turn for companies accustomed to early retirement devices. For this approach to be effective, there is in both countries a reliance on social dialogue, one that however takes place in very different national configurations. Both France and the Netherlands have strengthened the role of lifelong learning and employability through the working life, by the implementation of public tools. VET in France remains a question of collective bargaining. Individualised tools are however on offer, like the Individual Right to Training (*Droit individuel à la formation*), mentioned in the last section. It is at the employee’s initiative to implement his/her right. The employer must validate the training project. In the case of two successive refusals by the employer, the employee can be prioritised for another training scheme. There is then a relative difference with the compulsory “rights and duties” system being proposed in the Netherlands. With the above-described law on senior employment, France’s idea was to improve managers’ and employees’ awareness regarding the importance of lifelong learning for older workers. In this respect, the approach was more an incentive than compulsory. Concerning the tools used, there seems to be a common approach however in the use of individual learning accounts. In France, one objective for the coming years is certainly to inverse the participation rates, which are far lower for non-qualified, older workers, and employees in SMEs. The inequality between employees regarding access to training, despite an equal right, is expected to diminish as a result of the wave of agreements signed on senior employment. But the Individual Right to Training system certainly needs to be improved. In contrast to the Netherlands or neighbouring countries such as Belgium, no “cheque” or voucher system exists in France that would materialise the employees’ right to training. This might be an interesting way to make people more aware of this right and to develop their capability to claim for it. It would nevertheless be of primary importance to regulate the

quality of the training provided. Moreover, a system based on private contributions would certainly be criticised.

Second, there seems to be a similar concern with the development of life-course saving accounts. In France, the *Compte Epargne Temps* (CET) can be implemented in companies in order for workers to capitalise working time (gained after the 35-hour law). In several company agreements, CET can be used to reduce working time before the retirement age. “End of career part-time schemes” are also developing in some companies. The working time is reduced from age 57 to 60 for instance. The company continues to pay all social contributions on a 100% basis and may sometimes offer a wage compensation (e.g. a 50%-working time paid 60% or 70%). These transitional schemes are conceived as a way to reduce the harshness of work when a career ends. These schemes are more often implemented in large companies than SMEs however.

Third, the activation of older workers also happens through offering financial incentives to older workers to remain active. In the Netherlands, bonuses can be offered. In France, the rules concerning the “combination work/retirement” (*cumul emploi retraite*) were modified in 2009, offering big financial incentives to retired workers to return to paid employment, while fully keeping their pension.

These latter examples show that part-time work is developing as a way to retain workers as their career ends or to even activate retired workers. The culture is however different than in the Netherlands, where part-time work is widely accepted. The acceptance of part-time work for older workers still depends on the provision of a financial compensation by the company or the State.

Concerning the Work Ability Index experienced in the Netherlands, there is no comparable tool in France. Of course, several instruments are on offer to develop the knowledge on workers’ health and constraints at the workplace, based on individual questionnaires. Some are monitored by the Ministry of employment with a general public “knowledge” objective. They give a precise, good picture of the difficulties experienced according to the age, sector, etc. As well, companies can create their own tools to assess their workers’ ability. In addition, a growing number of Health and Safety Committees (managed by representatives of the employees and the employer) call external experts to drive inquiries on close topics, with in many cases a recourse to personal questionnaires, in particular in the field of psychosocial risks, an area where awareness is rising. In these cases, the objective is often for workers’ unions to have a clear view of the risks and to claim for better preventive policies.

As previously mentioned, French social partners were unable to agree on a common definition of work “harshness” (*pénibilité du travail*). An agreement on that topic would have impacted the debates on retirement for instance, as the workers having experienced “heavy” work could have benefited from more favourable conditions. In this regard, one interest of the WAI is certainly to increase managers’ awareness of their employees’ capacities, and to create a link between HRM policies and people’s working ability.

Nevertheless, the objectives pursued with the WAI and how it is used within companies need to be questioned. The index gives a score about the individual’s work ability, but does not say anything about the causes of the problem. Doing so, it attributes a high individual character to the potential “cure” that could be decided at the light of this diagnosis: e.g., adapt one’s work situation, undertake re-training, etc. Though the creators of the WAI have emphasised the organisational and environmental factors impacting work ability, it is not sure that these factors will really be stressed at the company level. The risk might be that this indicator is used to assume a high level of responsibility of the individual. The fact that the s/he is invited to use a “work ability budget” as a consequence of his/her prior assessment with the WAI actually stresses his/her individual responsibility. By contrast, the evolution of the working organisation, the intensity of work, etc., are collective risk factors that may eventually stay outside of this individualised assessment framework. Another

problem with that kind of indicator is that the very large and complex issue of prevention at the workplace is eventually reduced to good performance scores against the WAI scale.

Indeed, it is less the inner statistical quality of this index than its potential highly individualistic use that could be questioned here. It is not sure that social partners would accept that kind of instrument to assess work ability in France.

To summarise, the approaches in France and the Netherlands seem to converge regarding the policy discourse and the development of HRM tools, that companies are encouraged to use, in a context where early retirement is no longer a possible option. Nevertheless, there is still a huge difference (seven years) between the respective retirement ages. The question does not really concern the transferability of these HRM tools, as they look comparable, but rather their comparative effectiveness in terms of increasing participation and fostering employability.

4 QUESTIONS

- What was the reaction of the social partners regarding the implementation of the WAI?
- How is the WAI concretely used in companies? What is the role of occupational medicine staff, Health and Safety Committees and Works Councils? Is the risk of hyper-individualisation of responsibilities real? How are the quantitative results being used? What do employees think of this assessment method?
- How is the prevention of psychosocial risks associated to policy measures in the field of activation of elderly? Can the WAI offer a good diagnosis of the psychosocial risk factors?
- Is the reduction of working time at the end of a career used as a negotiated solution to extend working time? Can employees benefit from compensation in that case, either from the company or the state? What is the social partners' point of view on this topic? The experience of Life Course Saving Accounts is said to not be very successful: what are the main explanations and is there any reform proposed?
- How are the training providers regulated in the Netherlands? The "cheque" system is an interesting way to foster the demand side, but if the supply side is not sufficiently regulated in terms of quality or training content, it might prove to be inefficient.
- Is there any empirical evidence that the suppression of early retirement schemes has increased the number of redundancies for personal motives or dismissals, as it seems to be the case in France?

ANNEX 1: SUMMARY TABLE

Labour market situation in the Peer Country
<ul style="list-style-type: none"> • Unemployment over 10% for the active population and 6.7% for people aged 50 and more. • Low employment rate for older workers (55-64 years), around 39%. • Nevertheless, an increase in the participation of older workers. • Retirement age still fixed at 60, but current reforms might increase it. • Prevalence of an “early retirement” culture, both in managers and workers’ minds.
Assessment of the policy measure
<ul style="list-style-type: none"> • Convergence in the policy approach: emphasis on Human Resource Management tools and age-awareness measures - the effective impact on older workers’ employability needs to be measured. • Interesting system of personal learning budgets (vouchers), albeit they assume a personal responsibility in the “purchase” of learning (private contribution). • The introduction of the WAI shows a praiseworthy will to deal with prevention issues and work ability. However, the use of this index in companies combined with the introduction of “work ability budgets” might put a big responsibility on the employee’s shoulders and disregard collective responsibility.
Assessment of success factors and transferability
<ul style="list-style-type: none"> • The Dutch model of social dialogue encourages this kind of approach and this division of responsibilities. • Part time work is more accepted in the Netherlands than in France, as a tool to extend working life. • There is the key question of whether the size of the country favours a workers’ mobility. • There can be a mutual learning between the countries on the concrete implementation of employability instruments at the company level and their efficiency.
Questions
<ul style="list-style-type: none"> • Isn’t there a high risk of individualisation of responsibilities as an effect of the use of the WAI and work ability budget? • How is the prevention of psychosocial risks associated to policy measures in the field of activation of elderly? Can the WAI offer a good diagnosis of the psychosocial risk factors? • Is the reduction of working time at the end of a career used as a negotiated solution to extend working time? Can employees benefit from compensation in that case? • How are training providers regulated? How is the quality of training secured in the “cheque” system? Is there any empirical evidence that the suppression of early retirement schemes has increased the number of redundancies for personal motives or dismissals?