



Employment and labour market policies for an ageing workforce and initiatives at the workplace

National overview report: France

Part I

Part II

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Part I

1. Main characteristics of the evolution of the company case studies over the last decade (expansion, narrowing, extension, abandonment)

Eight French companies were investigated ten years ago. In most cases, the evolution is rather difficult to analyse: no assessment of practices implemented ten years ago, no referent person on these practices because of retirement or staff turnover, decentralisation of initiatives regarding age issues, change in the company area (merger, reorganisation).

Three types of evolution can however be noticed:

- Measures/initiatives or practices referred to as flexible working time arrangements (progressive early exit) have ended quite quickly, with the notable exception of Arcelor. Early exit schemes, either financed by firms or State subsidised, have also ended in recent years. Abandonment of these practices is mainly due to a more favourable economic context. Reduction of the workforce was thus no more required. Moreover, as recruitments increased, the use of progressive early exit was no more needed to recruit young employees. In some cases (*National Bank, Energy company*), part-time for older workers was a relative failure either because it proved poorly attractive to employees or because it had negative effects on work organisation.
- Some companies have mainly the same practices as ten years ago. Arcelor, the large European steel company, has kept in its French entity the prior Usinor's strategy of voluntary working time reduction ("lay-off hours rather than employees") from 1995 till 2005, and now till 2008. However the last collective agreement "Arcelor horizon 2008" focus reduction of working time on employees born December 1950 the latest. *UCANSS*, which negotiates as employer for the Social Security entities, makes studies, recommendations in HR management, carried on with the dissemination of its ADAGES scheme (combining social and demographic diagnosis and awareness of age issues) in the local units since 1995. *Les Amis*, a medium-sized not-for-profit organisation, still recruits and favours training regardless of age. It currently favours training graduation of experienced home-helpers.
- In other companies, there has been an inflexion/interruption at least in the interest or priority given to age issues. In *Hospital group* and *Transport company*, these issues have come back to the agenda in recent years because large recruitments had delayed the issue of older workers. Some companies which refused to participate to this study also mentioned this reason. The creation of *EADS* in 2000, through the merger of three entities, was followed by a deep reorganisation, namely of Human resources management. The Health, security and environment department, set up in *Aérospatiale* in 1982, was suppressed. This department coordinated in particular occupational health doctors of *Aérospatiale*'s various components and played a pioneering role in designing and implementing actions during the nineties. From then on, improvement of working conditions, occupational health follow-up are completely decentralised and depend on subsidiaries' will.

Current initiatives address mainly training and career development. Only few initiatives are implemented to change mentality, either by specifically training executive managers and employee's representatives on age issues (*Hospital group, UCANSS*) or by asserting the prohibition of age discrimination (*EADS*). Recruitment is still a marginal initiative, only illustrated by the home care not-for-profit organisation *Les Amis* and some branches of Social Security.

2. What are the main impacts of measures/initiatives at the company level (e.g. benefits to older workers and benefits to employers, any unintended consequences)?

Some firms have implemented current measures very recently. This is particularly the case when measures derives from the 2003 Pension Reform Act and the 2004 Lifelong Training Act. The relevant collective agreements (*Transport company, EADS, National Bank*) have been signed last year. Measures are not yet precisely designed and concretely implemented. *National Bank* also signed recently a collective agreement on gender equality providing for an assessment of eventual career backwardness for mothers 45 years old and over and of possible corrective measures.

As for the progressive early retirement scheme implemented ten years ago by *Transport company, National Bank*, it had little success and relatively few employees wanted to enter those schemes. The main difficulty for *Transport Company* was the loss of income due to the reduction of variable parts of wage (various premiums due for exposure to certain work constraints). It nevertheless allowed firms to recruit a certain amount of younger workers, which was at that time the main aim of this scheme.

As for other firms, impacts vary upon the aim of measures, but also upon the methods of implementation (see further 5).

For Arcelor, the impact of the long lasting policy of voluntary working time reduction is considered very positive. The raise of the exit age is effective and the potential for retirement exits has been restored. The staff reduction has been realised and may continue. Productivity gains have tripled without massive investment. Young employees have been recruited, and the age structure has thus been rebalanced. A survey on part timers carried out by occupational health doctors revealed a decrease in absenteeism, a decrease in use of anti-depressants, anti-high blood pressure medicines, sleeping pills. The shift work is also less tiring. However, in some activities, a detrimental consequence is the greater difficulty to have stable shifts mixing young/experienced workers in order to favour skills transmission.

For *UCANSS* and Hospital group, the main impact is a greater awareness on age issues. Hospital group however underscored that there is no control/assessment of concrete measures implemented at local level, i.e. by establishments. The attention to ergonomic aspects may have had impacts, not visible for the central HR direction. A survey conducted by *UCANSS* in 2005 concludes that the ADAGES scheme has a positive impact on HR practices (previsions on exits, on recruitments, occupational paths, ...).

3. Driving forces for implementing good practice at the company level (Please make special reference to the influence of public policy, e.g. legislation or financial incentives, and collective agreements – at national, sectoral or company level – if applicable)

Current policies/practices are frequently initiated by HR top-management. *Hospital group* may be considered as an exception: ageing issue has been put on top of the agenda by trade-unions representatives in 2001. However unions have played/play sometimes a role in the decision of the firm to tackle the issue of older employees.

Public policy has a major influence. The 2003 Pension Reform Act modified both the elements of retirement decision for individuals, and possibilities of early exit for firms. It has also an indirect influence by compelling negotiations at three levels, national intersectoral, sectoral and firms. Others acts regarding social dialog, handicapped workers, gender equality, lifelong training are also take into account in firms collective bargaining agenda and priorities. Some firms have thus delayed negotiations on older employees either to design an agreement integrating some of these topics or to end with some of them first.

Demographic issues, either general or located on some skills/occupations, have a great influence. *Transport company* for example mentioned the issue of older workers ten years ago, but took no specific measure during the following years because of massive recruitments in 1996–97 and between 1998–2001. All efforts have been therefore concentrated on young workers integration. Now, with the perspective of massive exits trough retirement, HR policy is focused on the employability of workers, both young and middle-careers (40 and over) workers and on skills transmission from older experienced workers towards new employees.

Social dialog is quite active on ageing issues, and there is frequently a company agreement on the issues considered relevant by management. The discussions with trade unions arise generally on the basis of already defined orientations. However this depends widely on the social dialog practices in firms.

4. Which characteristics of particularly successful measures/policies can you provide? (Please provide short exemplary description of individual cases)

This is particularly difficult to identify successful measures or practices as most measures are rather recent. *Transport company* for example has signed in April 2005 a collective agreement on lifelong training. Concrete details of implementation are now under discussion through working groups.

Recruitment, training and ergonomics

The association *Les Amis* has chosen to favour senior home helpers in obtaining the now required graduation DEAVS. As a consequence, it has adapted its recruitment criteria and holders of diploma or persons able to pass the DEAVS are given the priority. They are thus more frequently 25–30 years old than 55 years old. However, the limited number of persons holding a diploma on this labour market still provides a large scope for older applicants. A specific agreement concluded in 2002 between the State, the city of Paris and the local federation of home care, provides to local associations psychologists and occupational therapists. As for *Les Amis*, two occupational therapists can go to the client's home and propose some adjustments (medical bed, help for lifting) aiming to improve the cared person well-being. This indirectly improves working conditions for home helpers, particularly confronted to physical constraints. Occupational therapists also give advice to home helpers on their positions at work. The psychologist brings together home helpers every month and help facing psychological requirements of home help activity.

Flexible working practices

In its last 2005 collective agreement, Arcelor has maintained the voluntary working time reduction for older workers set in 1995. Employees born in 1950 the latest benefit from an employment safeguard during the 20 quarters preceding retirement and from a career guidance interview. From 55 years old, employees may benefit from three types of partial time: part-time end-of-career adjustment (*temps partiel d'aménagement de fin de carrière*, TPAC) with 80% of full time, activity time reduction (*réduction du temps d'activité*, RTA), also 80% of full time, end-of-career part-time (*temps partiel de fin de carrière*, TPFC) which replaces the suppressed progressive early retirement and provides a degressive working time. In all these options, wage is 85% of full time equivalent.

Changing attitudes and representations

In 2001, *Hospital group* has integrated the impact of ageing and of generational renewal in its annual programme for occupational hazards prevention and working conditions improvement. Specific training sessions have been implemented since 2002. Between 2002 and 2004, 350 senior executives, executives, members of CHSCT (workplace health and safety committees), occupational health doctors have been trained. Studies have been launched on night shift and transfer of experience.

UCANSS launched in 1995 the ADAGES scheme. ADAGES means 'to act for the development of ages management' (*Agir pour le Développement de la Gestion des Ages*). It combines a tool for elaborating a precise but easy diagnosis at the very local level and a training on knowledge and methodology for analysing age issues. The number of local units using ADAGES has strongly increased between 1997 and 1999, and regularly raises since then. Out of 520 local units, 230 use the tool for socio-demographic diagnosis Demo-graph.

Comprehensive approach

In 2005, EADS signed a notable collective agreement on 2nd parts of careers. The aim is to provide subsidiaries with a toolbox to manage older workers as long-lasting possibilities of early exit are no more opened (except in case of economic difficulties). A career assessment is created from 45 years, to be renewed every 5 years until 60 years-old. Besides, 50 years old and over will be followed up as regards wage rises and promotions, occupational training, working conditions and occupational health. A specific medical follow-up is to be defined for 55 years old and over. Working

time arrangements will be available for employees entering their 3 last years before retirement. Under some conditions, working time reduction will be compensated with a 10% additional wage and full time basis employer's pension contribution. Age discrimination is prohibited. Finally, EADS will help financially employees to buy back three-month periods (in a limited proportion) during which they were studying, or engaged in economic activity that was not fully validated in respect of pension contributions (option offered by the 2003 Pension reform Act).

5. Which key lessons can be drawn from implementing measures and initiatives cases (e.g. role of actors, main reasons for success or failure, innovative features)

The key elements for success vary from one firm to another. Firms with long-lasting initiatives underscored the strong continuity of policy. This is in particular the case when head managers do not strongly communicate on initiatives, not to stigmatise older workers. Dissemination is therefore more slow but benefits from word by mouth. A shared and precise diagnosis may also play a positive role as age issues are not so easy to identify. Co-determination of measures through active social dialog contributes to conceive relevant measures and sometimes also to implement them locally. Efficiency of measures depend widely of the commitment of middle management. This is underscored by Arcelor and *Hospital group*. As a matter of fact, most initiatives are downward and middle managers are very constrained and lack margins of manoeuvre. For firms composed of entities with various nationalities and different practices, autonomy of the French part has been a condition for prolonging prior practices. Finally, when external actors play an important role in implementation (in particular financing or co-financing the measure), the stability of their commitment is of particular importance. As for *Les Amis*, the tripartite agreement ending in 2005 creates a strong uncertainty, as nothing is planned as an alternative.

6. What are future issues concerning age-management raised at company level? (problems not resolved in individual companies so far, challenges faced etc.)

For firms which have recently signed or will soon conclude collective agreements on age management issues, the main concern is implementation. The very decentralised structures raise the question of how and how far impulse the implementation and assess its effectiveness.

Another issue is already a concern for some case study organisations, and frequently referred to in numerous other organisations: the growing number of long-term sickness/absence/disability among older workers.

Part II

I. Perception of demographic/labour market issues in national policy over the last decade and development of national policy concerning an ageing workforce (employment policies incl. legislation, pension reform etc. and influences of EU-policies/programmes)

Over the last decade, there has been a growing awareness of older workers' employment, age management and demographic issues, mainly because of the debates before and after the Pension Reform Act. 2003 appears as a turning point with both the Pension Reform Act and the cross-sector collective agreement on lifelong training.

In 1993, the Balladur reform notably increased progressively the contribution duration to be eligible to a full pension benefit (from 150 to 160 quarters in 2003) and the number of best-paid years taken into account to calculate the average wage (from 10 to 25 years in 2008). However specific pension schemes and civil servants pension scheme were not overhauled. An attempt of the Juppé government, in 1995, provoked serious strike action in big public firms. The 1993 pension reform was seen as deepening the gap between private sector employees and civil service/public enterprises' employees.

In April 1999, the Charpin report called for a general review of the retirement system. Two main recommendations were made: the retirement age should be increased gradually, the contribution period should be extended progressively from 40 to 42.5 years. In January 2000, the Teulade report dedramatised the future of pensions in France, arguing that current GDP growth could compensate the difficulties of financing pensions of the baby-boom generation. It also gave its support to the promotion of gradual retirement. Both reports were strongly criticised and no consensus emerged. The recommendations of the Charpin report raised a strong opposition from trade-unions, while supported by employers' association.

At the national level, several public contributions have enhanced understanding on the issues raised by the ageing workforce. The Pension Steering Committee (*Conseil d'Orientation des Retraites*) set up in June 2000 has contributed largely to a new thinking on reforming the general pension system. From its creation, one of the three working groups is devoted to "Age and Work". Its first report to the Prime Minister, issued in December 2001, advocated a proactive comprehensive policy for employing older workers, to be enacted under the tripartite leadership of the State, the trade unions and the employers' associations. In October 2001, the Quintreau report for the consultative Economic and Social Council (*Conseil Economique et Social*) deems also increased employment among older workers as a priority in the light of demographic change, and pointed out in particular the territorial dimension of demographic ageing. In December 2002, a report entitled *Jobs in the future* from the interministerial taskforce "Prospective of occupations and qualifications" (with input from the social partners) provided a first analysis of the impact of ageing on jobs and qualifications.

The future evolution of the workforce and the financial balance of pension systems depend notably on labour market participation of older workers. At the end of 1990's, in a context of employment growth, the government decided to restrict full time early exit through special national employment fund allowance (*allocation spéciale du Fonds national de l'emploi*, ASFNE). This scheme "should be used mainly in the framework of collective lay-off in SME or firms in great difficulties (receivership or compulsory liquidation) or in depressed local labour markets". Budgeted public early exit schemes have therefore been considerably reduced. In the same time, the government targeted early exit to older workers who have experienced for quite a long time hard working conditions (night work, shift work, ...) through the early retirement for certain employees (*cessation d'activité de certains travailleurs salariés*, CATS), created in 2000. This scheme is a transitory one: firms can only use it for 5 years maximum, provided that a branch agreement is concluded. A large number of sectors concluded agreements.

However, the restriction of early exit through public schemes has been widely offset by the creation of the job substitution allowance (*allocation de remplacement pour l'emploi*, ARPE) in 1995. Decided by the social partners in charge of the Unemployment Insurance (UNEDIC), this scheme was scheduled for only one year but renewed several times till the end of 2002. It allowed private sector employees having contributed to pension scheme for at least 40 years to leave. Every ARPE was compensated by a recruitment of an unemployed person. This has maintained the preference for early exit of both firms and individuals.

The Pension Reform Act of August 2003 has namely modified contribution duration for civil servants and has given individuals greater choice. However, it intended also to raise the employment rate of older workers, to contribute financing the pension system. Thus, it raised the age at which an employer can oblige an employee to retire to 65, instead of the age at which the employee can claim a full pension (60 the earliest) ; it increased the cost of company early retirement schemes ; it suppressed the CATS where not related to work arduousness and the progressive early retirement (*préretraite progressive*, PRP) and it restricted access and increased cost participation to state-financed early retirement schemes. An option for the employer to retire a worker between the ages of 60 and 65 was added, if (s)he is eligible for full pension and on the condition that a sector-level collective agreement sets out trade-offs in terms of employment and training (see II). Lastly, it created a 'long-career' early retirement opened from 56 years old upon strict conditions. This scheme had been strongly demanded by trade-unions.

In October 2004, the annual report of the General Inspectorate of Social Affairs (IGAS) is dedicated to *Age management and employment policies*. It reviews the various actions and initiatives set up at the national, territorial and sector level. In September 2005, a report from the Economic Analysis Council (*Conseil d'analyse économique*) was specifically focused on the employment of seniors.

The impact of demographic ageing is becoming more visible. From 2006, the numerous cohorts (850 000 persons per year on average) born between 1946 and 1973 will progressively reach the age of 60 (minimum age for a full pension). Those cohorts come in between the notably less numerous cohorts born during Second World War II and before, and the cohorts born after 1973 (around 750 000 per year). Therefore, the proportion of 50-years-old and over in the workforce has increased since 1996. Besides, the labour workforce will diminish as and when baby-boomers exiting the labour market will be replaced by less new workers. According to the latest figures available, the annual number of people retiring is forecast to increase from 480,000 between 2000 and 2005 to 600,000 between 2005 and 2015. If all sectors will not be equally affected by this phenomenon, some negative consequences have been highlighted since the 2002 Prospective of occupations and qualifications group report: combination of recruitment difficulties and high unemployment, increased difficulties for SMEs and for less attractive jobs.

To transpose the 2000 European directive on equal treatment in employment and discrimination, the November 2001 Act on combating discrimination mentioned explicitly age among the discriminatory criteria. In the Labour Code, only some provisions explicitly referred to age. There was no across-the-board non-discrimination rule regarding age. The Labour Code provided for sanctions against discriminatory practices only where an applicant is turned down for a job, an employee is made redundant or in connection with disciplinary measures. Not mentioned in the first version of the bill, age was included among the discriminatory criteria following the debate at the Senate, against the opinion of the government. The prohibition of age discrimination is nevertheless smoothed by a specific provision: "differences of treatment are not discriminatory when they are objectively and reasonably justified by a legitimate purpose, in particular for labour market policy, and when the means used to realise it are appropriate and necessary". Two examples of non-discriminatory differences are given: ban on access to job or setting up specific working conditions in order to protect older workers, fixing a maximum age for recruitment because of the necessary training or because of a reasonable job period before retirement. This later example concerns particularly civil service, where a contribution duration of 15 years minimum is set to benefit from a civil servant pension. The impact of the anti-discrimination Act seems quite limited regarding actions. However some firms and one sector have committed themselves to combat age discrimination.

The new individual right to training (*droit individuel à la formation DIF*) set up under the September 2003 cross-sector agreement (see II) has been enshrined in the Act of May 2004. It is designed to be one of the instruments with which an employee can follow an occupational pathway in his/her company.

The impact of EQUAL program must be underscored. It has strongly contributed to implement innovative actions in regions. Even if there is not yet a comprehensive and coordinated national project, the reflection has been strongly disseminated at different levels during last years. The National Agency for Improvement of Working Conditions (*Agence nationale pour l'amélioration des conditions de travail*, ANACT) has been given the task disseminating firms' age management practices, and has created an observatory on age management.

II. Relevant actions of social partners and other key actors: Policies and practices

As public early exit schemes shrank, unemployment has become the most common situation for older workers. To oblige firms to change their practices, no longer use the unemployment insurance as a way to fund early exit, the December 2002 agreement between the social partners on the unemployment insurance have lowered for the first time the duration of cover for older workers (for the 50 to 55 years old 23 months, 36 under specific conditions, against 45 previously). The age at which one can benefit from a non-decreasing unemployment compensation till retirement have been increased to 57, instead of 55.

In September 2003, all employers' organisations and unions (for the first time since 1994) signed a national cross-sector agreement on lifelong vocational training. The agreement sets out details of a number of vocational training tools, most of which are already in place, but whose use is now facilitated. It provides for easier access to be granted to older workers. Employees with more than 20 years' work experience, and all workers over 45, after one year's service, now have a right to a skills audit, conducted outside working hours, and given priority access to the recognition of their work-derived experience (*validation des acquis de l'expérience*, VAE).

A new scheme, partly transferable, has been created: the individual right to training (*droit individuel à la formation*, DIF). It is designed to be one of the instruments with which an employee can follow an occupational pathway in his/her company. All employees with more than one year's service with a company can get 20 hours' training credit per year (pro rata for part-timers), which can be carried over during a six-year period. This credit is aimed at enabling an employee to get training both during and outside working time, depending on the provisions in the relevant sector or company-level agreement. Training hours carried out during working time do not entail loss of salary, while those carried out in the employees' time are paid at 50% of net salary. Using his/her credit is at the employee's initiative but must be the subject of a formal agreement with the employer.

The agreement sets up a new tool: the training passport, applied for by the employee, who then takes responsibility for it and records knowledge, skills and occupational competences acquired in formal education, continuing vocational training and work-related experience in it.

The Act of 21 August 2003 on pension reform provides for:

- Compulsory company-level negotiations every three years on the employment of older workers and their access to continuing vocational training. It is through collective bargaining that the government is seeking to prompt employers to invest in the training of older workers and keep them into employment.
- The option for the employer to retire a worker between the ages of 60 and 65 if (s)he is eligible for full pension on the condition that an extended sector-level collective agreement providing for compensatory measures for such retirement (in terms of employment and vocational training) is reached before 1 January 2008.

From the end of 2003, numerous collective agreements have been signed maintaining retirement before the age of 65. Most of them provide for new recruitment on various types of contract, including full-time jobs on open-ended contracts, apprenticeship contracts and various types of subsidised contracts involving in-house training (contrats de qualification and contrats de professionnalisation). Some agreements specifically provide for training aimed at older workers.

As planned in the Pension Reform Act, employers' organisations and unions have started late 2004 negotiations on two important topics: employment of older workers, and the inclusion of work arduousness as a factor in the retirement age for particular types of job. Negotiations on employment for older workers concluded on 13 October 2005 with a draft national cross-sector agreement regarding the employment of older workers 'with a view to promoting their retention and return to the workplace. The agreement stresses the widely-held prejudices relating to the productivity of older workers, and calls on sectors and local authorities to get involved in a consciousness-raising exercise directed at heads of companies, executives, employees and their representatives. The efforts of the State and the social partners are to be brought together in a national action plan. Within the framework of the career interview provided for in the national cross-sector agreement of December 2003, each worker is entitled to a later career phase interview as from the age of forty-five and, subsequently, at five year intervals. Improved working conditions and adjusted conditions of employment (especially working hours) should ensure the best possible fit between job requirements and the changing abilities of each worker. This involves, in particular, occupational health departments and workplace health and safety committees (CHSCT). The flagship measure, and the most controversial, is a modified fixed-term contract open only to unemployed people over 57 who have either been registered as jobseekers for more than three months or have a personal reclassification agreement. The maximum length, renewals included, of fixed-term contracts is 18 months but will now be three years for those over 57. Other topics mentioned are the development of shared-time working thanks to newly-created groupings of employers, priority for the professionalisation contract for the over-45s and the prohibition of age as a criterion in hiring.

III. Status of the issue of older workers in current policy and public debates – identification of future issues

From the beginning of 2000's, employment of older workers has become an increasingly important issue in public debates. National conferences organised by the Pension Steering Committee, regional conferences organised by several ARACTs (local branches of the National Agency for Improvement of working conditions, ANACT), some in the framework of EQUAL projects, have contributed to disseminate knowledge and reflections.

In the same time, a growing concern has been not to stigmatise older workers through specific measures or initiatives. In line with reflections on lifelong learning and "securisation" of careers paths, some large firms advocated that general measures should be favoured. These would also contribute to prevent from having future older workers similar to the current ones, using training, career management, prevention of unfitness to work, etc.

The separation of negotiations on the employment of older workers from negotiations on difficult working conditions and the announcement of a governmental national action plan to be launched in February 2006 block any overall view of the coherence of the measures put forward. Some points in the agreement on older workers' employment have been left for resolution to other negotiations or to the authorities. Adaptations to the final career phase linked to difficult working conditions (especially by means of the reintroduction of progressive early retirement) will be set up by the cross-sector negotiations now under way on this topic. Kicked off at the same time, these negotiations have not yet come to an end. The stumbling block is the issue of the right to early retirement for employees having worked under difficult conditions and how this early retirement is to be funded.

More generally, growing concern on unfitness to work among older workers questions the existing system of allowances to unfit or disabled employees and the contributions of firms, seen as not incentive to good practices regarding working conditions. Recent analyses point the importance of working conditions and of the nature of work as elements of individual decision to retire. How older workers will adapt their retirement behaviour to the current pension scheme therefore do not only depend on financial parameters.

Schemes that might help older workers get back into the workplace but also benefit period for the older unemployed are to be determined by the negotiations on unemployment insurance. The marked decrease in the number of new recipients of state-subsidised early exit schemes has been accompanied by a swing towards unemployment. Since 2000, the number of workers aged 55 and over becoming unemployed has exceeded the number accessing state early exit schemes and this gap has been widening ever since. Two issues will probably be tackled at short term: adjustments to the Delalande levy (which penalises employers laying off older employees) and suppression of the specific exemption to look for a job specific to older unemployed, advocated among others by both the OECD report on France and by the CAE report. If older workers are no more employed, further restrictions on unemployment allowance duration will create difficult situations.

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