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The Employment of Seniors in France

France, like Poland, is still far from the Lisbon goal of a 75 percent employment rate of the active population between fifteen and sixty-four. At around 40 percent, the senior employment rate is much too low in both countries. Successive French governments have tried to implement various measures at a national level. None have provided the expected return on investment. Meanwhile, conditions for retirement have been modified several times. Some changes induced longer work and/or contribution periods, while others facilitated early retirement—subject to certain conditions with either a positive or a negative impact on future pensions, depending on the type of modification.

Key words: senior employment in France, entrepreneurship by seniors, senior image, retirement terms, actor responsibilities, governmental initiatives, potential solutions

Introduction

Several reasons explain why such measures have proved ineffective in solving the problem of senior unemployment:

- Social and cultural changes since the end of World War II, which favored early retirement;
- A distorted image of senior employees, who are considered a burden rather than an opportunity;
- Lack of any systemic or preventive approach in evaluating the impact of the implemented measures.

Thus, all stakeholders have their part to play in improving senior employment:

- The State should limit its intervention to designing a reference frame that ensures basic protection for both employers and employees;
- The local level should be considered as the proper place to develop cooperation between all actors and create and/or strengthen opportunities based on local specificities, resources, and needs;
- Employers, employees, and trade unions have a joint responsibility to ensure career paths that include life-long learning and professional mobility for every employee as well as full use of all competencies, innovation abilities, and motivations;
- Media should communicate good practices as well as the potential seniors represent;
- Senior employees must be encouraged to develop their own activities and even to create sustainable companies that will act as starting points for the creation of new jobs for all age groups.

While senior employees are often considered “has-beens,” all too often they can reveal themselves as pioneers in our fast changing world.

French Context

Various Governmental Initiatives: Achievements and Limits

The Delalande Convention

Employers firing a senior employee—someone aged over fifty—were obliged to pay a specific contribution called the “Delalande contribution.” This contribution was to be paid to the unemployment fund and was calculated on the basis of the age of the fired employee and, within a short period of time, also on the basis of the size of the company. It could vary from one to twelve months.

The measure was intended to discourage employers from firing their senior employees. In actual fact, the main results were that it prevented employment of senior employees and accelerated the firing of employees just before they reached fifty. For this reason, the contribution was cancelled in 2008.

Temporary and State Supported Contracts

Various forms of specific contracts have been proposed by the government, sometimes with the official support of the trade unions. An example is the temporary eighteen-month contract dedicated to senior employees over fifty-seven years of age and subject to specific terms. Such a contract could be renewed once. This proposal has proved fruitless, however.

Employment Agreements for Senior Employees

– All French firms, whether private or public, employing over fifty employees, were requested to have either an agreement signed with their social partners or to have developed an action plan relating to senior employment encompassing a period of three years before January 1, 2010.

– Action in favor of senior employment meant:

1) Either to have a target number of seniors (over fifty–five) employed in the firm or to have an objective of number of recruitments of senior employees (over fifty).

2) The development of actions aimed at maintaining senior employees working in the firm or to hire older people (and decide on relevant indicators to measure whether or not the objectives have been reached).

– This implied a rigorous analysis of what was already in existence in the company, employment perspectives, required competencies, loss of competency risks, training practices, age structure, expected leave for senior employees, work time flexibility, and performance and competency evaluations, just to name a few key elements.

– Actions aimed at answering the problems, risks, and opportunities outlined by the diagnosis had to be decided upon.

– These actions had to be classified in accordance with a grid provided by the regulatory text. There were six predefined areas:

- Recruitment of senior employees,
- Evolution of professional careers,
- Improvement of working conditions and prevention of strenuousness of work,
- Development of competencies and qualifications—access to training,
- Transition between work and retirement, and
- Transmission of knowledge and know–how as well as tutoring.

– Indicators were to be related to each of these actions.

A minimum of three areas was to be covered by the agreement or the action plan.

Financial sanctions equivalent to 1% of their total wage costs per month of delay were planned for firms that failed to meet this requirement by January 1.

The positive effects of this measure are that it forced employers to think about their senior employees and, as a result of the pressure of the financial sanctions, almost all firms complied with the request. The diagnosis and the action plans were not always as comprehensive as expected, but at least they initiated a beginning of the reversal of the image of senior employees at work and generated more consideration on what they can bring and how they can be managed.

However, most actions involved the maintaining seniors in employment rather than recruiting seniors.

This measure has been stopped after the election of the present French government. For this reason no evaluation has been performed. However, many firms have developed actions in line with this program and continue along this track.

Generation Contracts

Statistics covering the various states of Europe demonstrate that countries with a poor rate of senior employment also have a high junior unemployment rate. This is the reason behind the proposal of the French President, when he was still a candidate, to implement “generation contracts.”

The concept behind such contracts, which have already been implemented and made compulsory, is to link the recruitment of a young person to the recruitment of an older one or to the maintenance of the older person in the firm until he or she is allowed to retire. Such a concept is aimed at facilitating the transmission of know-how in the company and, under certain conditions, at easing transfer in companies. Financial aid is granted for a two-year period to small participating firms, while large firms that do not participate must pay a financial penalty.

Because of this constraint, companies initiate implementation of this measure and usually include it in the previously described senior employment agreement, which they have kept in place. For the time being, however, this measure cannot even pretend to be very effective.

Modifications of Retirement Terms

France has attempted to extend working life. The compulsory retirement age has been postponed until seventy by the previous government and this decision has been maintained. The decision to progressively increase the number of years at work necessary to receive a retirement pension at the full rate had been taken by the previous government, despite strikes and protests. However, the present government has reduced the scope of this measure by introducing facilities making it possible to retire early under certain conditions (arduousness of work, long careers). Moreover, people are allowed to work longer than expected and in this case, their retirement pension is increased. If they work less, their pension is decreased.

Both the retirement age and the pension systems are difficult to handle in France. The cause is the high number of existing specific systems (about forty systems). This makes it difficult for any adjustment to be socially acceptable. Currently, in order to receive a full retirement pension, the required age is sixty-two with 145 quarters worked. The number of required quarters will increase progressively year by year by cohorts.

Why Have these Measures Been Ineffective in Preventing Senior Unemployment?

Several reasons may explain this difficulty in convincing senior employees to work into older age and work longer, and firms to keep them at work longer and even to recruit senior employees, in spite of the fact that they are seniors. Among them are cultural aspects, the image of seniors, and the lack of prevention.

Social and Cultural Changes since the End of World War II

The French retirement pension system at the end of the war was built at a time when most people would work for forty–five years without interruption and benefit from pensions from five to ten years, based on repartition (pay as you go) between active workers paying a contribution to the system that is then disbursed to the retired workers. However, as time passed the situation has changed. Life expectancy is growing, unemployment has made an appearance disrupting careers, and there is a sharp decrease in the number of active people as compared to retired people. Additionally, in 1981 the government in place lowered the age of retirement to sixty instead of sixty–five (with forty years of work). Moreover, pre–retirement systems have been developed to facilitate early retirement.

This early retirement was supported by all actors:

- The government, because it lightened the unemployment statistics,
- The employers, because it facilitated the adjustment of their working resources;
- Senior workers, who were happy to enjoy a longer period free of work, with enough money to live, and with trade union agreement and support;
- Society as a whole, which, at that time, strongly believed that the departure of seniors from the workplace would facilitate the entry onto the labor market of the younger generation.

However, this short–sighted policy failed to take into consideration the cost for the collective and the danger this would represent for retiring baby–boomer pensions.

Distorted Image of Senior Employees on the Labor Market

Senior employees often have an image of:

- Being expensive as compared to their productivity because of the usual increase in wages linked to the number of years with the company and because it is assumed they do not provide a return on investments if they have to be trained a few years before retirement;
- Being difficult to manage because they do not learn as easily as younger people, they are poor at coping with stress and frequent changes in the organization, they tend to stick to routine, they are less adaptable and more anti–authoritarian,

they over estimate their competencies, they fail to master new technologies, their rate of absenteeism is higher, and young people are reluctant to work with senior employees, especially if they have been out of work for some time;

- Endangering the image of dynamism of the company.

However, employers who trust senior employees are of the view that:

- The cost problem is an unfair charge because money and career progression are no longer the main motivation for seniors. They are often looking for jobs they enjoy, but with fewer responsibilities and stress, and fewer working hours. For these reasons they are ready to earn lower wages. If they are trained, the return on investment is high enough because they stay with the company longer—until retirement—where young people are keen to leave for new adventures and career progression.

- They contribute to a good climate in the company as well as to company productivity because of their education, their way of being, their know-how, and their life experience—junior employees run faster, but senior employees know the short cuts. They benefit from a natural authority; they are stable and trustworthy and, as such, can play the role of facilitators. Furthermore, they are keen on quality and customer satisfaction, and contribute to the efficiency of intergenerational teams, which prove to be more efficient than teams made up of just young people.

- They can contribute positively to the firm's image and to its development by representing the voice of senior customers in the workplace, by suggesting specific, innovative products and services, and by delivering adapted services.

Lack of a Systemic and Preventive Approach

There will be no senior employment as long as there is no improvement of the labor market as a whole. Despite some recent positive announcements, there is still no clear and strong policy to develop an environment favorable to employment as such and to senior employment in particular. Efforts fostering diversity have been mainly aimed at young unskilled people, gender equality, and protection of all sexual-orientations, but not so much at senior employees.

Moreover, the problem of senior unemployment is limited to the short-term, where it should be considered in the longer-term perspective. Not much can be done at this time for unemployed senior workers over fifty to help them find jobs. Other solutions have to be explored. However, it is essential that the future unemployment of people over fifty, as well as over forty if one bears in mind the rapid development of the digital economy, be prevented.

The present approach also suffers from a strong global orientation, while individual senior situations differ from one person to another, where these situations

can be very different depending of sector, geographical area, company size, and the local environment.

For all these reasons, associations and think–tanks concerned with the employment of seniors tend to favor local and innovative solutions, implying a coordinated contribution of all actors rather than global national measures headed by the State.

Potential Solutions in France

Besides new improvements to the existing measures announced by the government for the near future and the recent economic measures favoring enterprises that will hopefully stimulate employment, proposed measures imply the responsibility of all actors.

At national level, the government and central administration's responsibility would be to ensure a simple reference frame to offer basic protection to both employers and employees, but to leave enough freedom to allow flexibility at all levels and develop local and individual best practice. It should also make the age of retirement a free choice, within certain limits, with the level of the retirement pension dependent on the number of years worked. Unemployment allowances should guarantee social security, but at the same time be designed in such a way so as to serve as incentives to find and accept an adequate job as quickly as possible.

The local level should become the key ground in the development of innovative and well–adapted solutions with the collaboration of all local actors, including local elected representatives, local administration, chambers of commerce, trade, and agriculture, businesses, public employment services and associations dedicated to help unemployed people find jobs, training organizations, and social services responsible for housing and transportation. The objective would then be to provide social allowances for the unemployed or to ensure that they are given a sustainable level of resources in exchange for their local social contribution, obviously based on their abilities and motivation. For instance:

- They could support young unskilled people by coaching them in acquiring basic knowledge in French speaking, reading, writing as well as in mathematics,
- They could contribute to the strengthening of association management,
- They could also contribute to enlarge SME expertise and competencies as members of dedicated expert associations of engineers or managers in various fields,
- They could play different parts in schools and universities and bring in the voice of companies and trades, and
- They could contribute to the development of new initiatives linked to tourism or any other projects.

Employers, specifically operational managers and human resource managers, are expected to be more concerned with the development of their employees' working path from the day that they are recruited until the day they leave freely for another activity or the day that they retire. This means that there must be regular meetings among the actors in order to analyze the strengths, competencies, limits, difficulties, needs, and motivation of the employee and to define the next professional step(s) as well as the necessary training or working/volunteer experience. An action plan must be established and its results analyzed to facilitate improvement, if needed. Professional mobility must be emphasized in order to prevent routine, health problems, and demotivation while flexibility of the work organization and of its salary policy must be promoted. It is essential that employers feel responsible for the employability of their human resources until retirement age is reached, with the support of financial incentives, if they can help. Specific attention must be aimed at training all employees in new technologies all along their career paths in order to safeguard their employability.

Employees must be motivated to be actors involved in their work paths, to refuse routine, and to ask for relevant training in order to remain employable, healthy, confident, and motivated.

Trade unions are expected to become more in favor of reforms and consensus than they are now, as is the case in the Nordic countries. They can play a positive role in companies, checking that seniors are properly considered.

Media also have an important part to play by communicating positively on senior image and senior contribution to business as well as to the society as a whole.

Good examples of the implementation of such types of measures already exist in France, but they need to be communicated more widely.

Another way of developing senior activity is to help seniors create their own businesses.

The Entrepreneurship of Seniors

Senior employees have acquired a significant number of competencies, know-how, and experience. They have a network of relations. Many of them have lower financial burdens. They have paid off their houses or apartments, hopefully their children have jobs and live on their own, and some wish to remain active not only as volunteers, but as business actors and are ready to take the risks they could not afford to take when they were younger.

If they receive the coaching and the financial support they need, they may be able to develop their activity, get associated with other people offering complemen-

tary competencies, and be able to expand their activities. Not only will they have created a job for themselves, but they will offer jobs to other people and will be able to organize the transfer of their company when they decide to retire.

Conclusion

As a conclusion we would like to say that from our experience in France, senior employees are not “has-beens,” but, on the contrary, they can be pioneers. They can be at the focus of more flexibility in companies. They can contribute to more weight being dedicated to human relations at work and towards customers and partners, which will be positive with respect to the whole of society. They can be at the cusp of innovation in products and services, and as such can contribute to the development of the business. They can create their own activity and even, in a second stage, create jobs for young, middle-age, or senior employees.

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She is now volunteering in different associations dealing with the problems of senior employment such as AGE Platform and Silver life Institute. She is also a member of the French National Association of Human Resource Managers.

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