

European Employment Observatory

Contribution to the *EEO Review: Autumn 2008*

Improving the capacity to anticipate EU-wide labour market and skills requirements

France

Sandrine Gineste

Bernard Brunhes Consultants

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1. Introduction

Since the end of the Second World War, the systematic forecasting of employment and skill needs has been fully integrated into economic planning and has been based, within this planning framework, on a battery of institutions and experts: the Commissariat Général au Plan (National Economic Planning Agency), receiving information from two forecasting organisations, INSEE ⁽¹⁾ and SEEF ⁽²⁾. Employment and occupational forecasting, the aim of which is to identify the consequences of demographic trends on the numbers going into various occupations and the dynamics of the labour market, is carried out within the governmental structures themselves and was conceived from the outset as an operational aid to decision-making. The development of the methods and structures of employment forecasting in a rapidly changing economic environment and labour market (the Plan becoming the Centre for Strategic Analysis in 2006 and the SEEF becoming first the Forecasting Directorate, then, in 2004, the DGTPE) ⁽³⁾ attests to a genuine concern to make forecasting an operational tool for determining and steering public policy, not just in the field of employment, but also in those of training, education and economic development.

However, despite the existence of robust, tried-and-tested tools, the French labour market has suffered recurrent labour market matching problems (particularly in the building and public works sectors). By the very fact of the numbers involved and the volume of their research production, the tools, methodologies and actors in the field of occupational forecasting are not meeting their informational and operational goals optimally.

2. Looking to 2020

From a demographic point of view, France should undergo relatively atypical development in Europe, since its population – including its working population – will continue to increase until 2020 (the total population should not actually diminish until the year 2040). Metropolitan France should have almost 66 million inhabitants in 2050, which is almost 10 % more than it has today, and INSEE's trend scenario (Coudin, 2006) shows that in 2015 France may have 28.3 million people of working age, which is 700 000 higher than in 2005. The Prospective Métier et

⁽¹⁾ National Institute of Statistics and Economic Studies.

⁽²⁾ Economic and Financial Studies Department of the Ministry of Finance.

⁽³⁾ General Directorate of the Treasury and Economic Policy.

Qualification group (PMQ) (Chardon and Marc-Antoine Estrad, 2007) conclude: ‘There will be no general shortage of labour and there will still be under-utilised resources among the unemployed, women, young people and the over-50s’.

Recruitment needs should, however, be greatly affected by these developments. Almost six million people will retire between now and 2015, representing almost 25 % of the numbers currently in employment ⁽⁴⁾. The growth in the working population should slow down markedly, then, from 2010 onwards and will hover around zero from 2015 on. This may not only increase recruitment difficulties in some sectors where the labour market is already tight (agriculture, construction, hotels and catering, and personal services), but also create new problems, particularly in the sector of services to the elderly. Lastly, the PMQ group ⁽⁵⁾ finds that the tertiarisation of activities and the polarisation of qualifications in service activities are set to continue between 2005 and 2015.

From the trends highlighted by the work in this area, it is possible to identify the broad guidelines that public employment, training, education and economic development policies will have to follow, if these demographic trends are not to translate into increased difficulties in the labour market matching process.

The occupations that will see the highest level of job-creation up to the year 2020 in France are thought to be managerial occupations and the currently low-skilled jobs in the service sector. By contrast, the occupations in decline are unskilled manual work in industry, traditional self-employment (farmers, and small employers in commerce and the hotels and catering sector), and middle-ranking – public or private – administrative occupations. This means training and education policies will have to concentrate on raising the skill levels of the working population and directing them towards the growth sectors.

Moreover, the recruitment difficulties in the sectors with tight labour markets and the number of retirements will probably foster internal and external occupational mobility. The most highly-qualified – and often the most multi-skilled – will be at an advantage in this mobility. There is no guarantee that unqualified or poorly qualified workers will see an improvement in their situation, and situations of substantial unemployment could coexist with recruitment difficulties. The relevant public policies must begin right now to promote multi-skilling and the geographical

⁽⁴⁾ Ibid. This is true even if we take into account a hypothesis that the average retirement age will increase by 11 months.

⁽⁵⁾ George Asseraf, *Prospective métiers qualifications, présentation dans le cadre du projet Equal Trans-formations* (Paris: Centre d’Analyse Stratégique, September 2008.).

mobility of employees, in order to enable everyone to benefit from these new opportunities. Local economic development policies will also be of the utmost importance in this context, to enable employment areas to maintain or increase their attractiveness and hold on to their workforces.

3. Main instruments for labour market forecasting

France has long-standing, robust, tried-and-tested occupational forecasting tools at all levels (from the national to the local), as a result of which it is possible to highlight the main issues arising up to 2020. As Cedefop stressed in a recent report, France has managed to establish one of the most comprehensive ranges of tools in this field in Europe (Cedefop, 2008).

3.1. Reports and Studies

At the national level, three institutions (National Union for Employment in Industry and Commerce UNEDIC, the Centre for Strategic Analysis and the BIPE consultancy) regularly publish reports and studies aimed at anticipating needs in terms of occupations and skills, which cover:

- (a) quantified trend projections on the macro-economic environment and labour market;
- (b) statistical studies on the matching of the supply and demand of labour for each of the occupational groups; and
- (c) broad surveys of studies (economic, sociological, geographical and foresight) relating to the various themes broached: work organization, labour market adjustment mechanisms, possible trends within the different sectors.

3.2. Observatories

France is noted for the existence of a broad network of ‘observatories’ in occupational forecasting, which bring together the various players in the labour market ⁽⁶⁾ with the aim of arriving at a shared diagnosis. These research and monitoring centres most often work at the national level, taking a sectoral (industry observatories, OPMQs) ⁽⁷⁾ or regional view (regional industry

⁽⁶⁾ The social partners, the local authorities, the state and the public employment service.

⁽⁷⁾ Since the law of 4 May 2004 on life-long vocational training, the social partners have been encouraged to create their Observatoires prospectifs des métiers et des qualifications (Forward Observatories of Occupations and Qualifications).

observatories, OREFs)⁽⁸⁾, and combine macro-economic projections and quantitative surveys with qualitative information.

The observatories mainly have an **information function**: it is the aim of their studies to facilitate shared forward thinking, and promote understanding of the links between training and employment. Their programme of work is defined annually in terms of the strategic goals of the public authorities (the state and the local authorities) for the particular territory or sector. They draw on the expertise of the Public Employment Service and of the social partners and work either on the basis of demands addressed to the observatories by institutions that wish to work in partnership with them, or of requirements emerging from surveys of local concerns (company heads, occupational groups, etc.). Their output is, then, a direct response to the concerns of the labour market actors concerned by the sector or territory covered, and is thus only secondarily destined for operational use.

At the sub-regional level, some Chambers of Trade and the Chambers of Commerce and Industry have equipped themselves with employment and occupational observatories, and, at the local level, the Job Centres (les Maisons de l'emploi) (of which there are almost 300 spread over the whole of France) also fulfil a role of observation, anticipation and adaptation of employment to the geographical area. The network formed by these monitoring centres represents a whole range of keys to skills forecasting at the fine-grained, local level.

3.3. Political Tools

Since the Social Cohesion Law of 18 January 2005, companies and the social partners have been directly involved in the identification of skill needs. The Forward Employment and Skills Management scheme (GPEC), which is mandatory upon all French companies with more than 300 employees, is designed to enable enterprises to anticipate their future skill needs and should normally lead to the establishment of training suitable for improving employees' skills. The GPEC scheme is supposed, for example, to include all the initiatives required over a three-to-five-year period to meet the company's needs in terms of employment and skills.

At state level, an incentivizing contractual policy enables companies and occupational groups to enjoy state support – particularly, financial support – for anticipating skill needs and implementing

⁽⁸⁾ Since 1993, every region has set up an 'Observatoire régional de l'emploi et de la formation (Regional Employment and Training Observatory).

adequate measures to meet them. At sector or territory level, the Contrats d'études prospectives (CEPs or Forward Studies Contracts) agreed between the state and the occupational and trade union organizations are aimed at carrying out a forward study of needs over the next five years. This study should provide the necessary information on current or foreseeable developments in employment, occupations, qualifications and skills, and guide the supply of initial and continuing training. The study carried out as part of the CEP must, lastly, trigger an operational phase of 'actions for developing employment and skills' (ADEC) within the framework of a 'commitment to the development of employment and skills' (EDEC).

Through the research institutes, observatories and political instruments, all labour market actors participate in anticipating skills needs: the social partners, company heads, local authorities, the state and the public employment service are involved at all levels:

- (a) at the national level: the state (through the Centre for Strategic Analysis and the contractual policy), the Public Employment Service (through UNEDIC) and occupational groups (through the OPMQs);
- (b) at the regional level: the Regional Employment and Training Observatories, co-financed by the state and the Regional Councils; and
- (c) at the sub-regional level: local Chambers of Commerce and Trade and the Job Centres (Maisons de l'Emploi).

The joint participation of all these actors not only makes for a shared diagnosis, but also guarantees a very reliable perception of needs.

- (a) The fact that many studies are undertaken means that the results can be compared and also gives scope for discussion where there are divergences.
- (b) The involvement of the state in the observatories and in the implementation of the contractual policy makes for rigorous checks to ensure that public funds are being used wisely.
- (c) The participation of the main actors involved at the micro-economic level ensures a perception that remains faithful to the reality on the ground.

The existence of diversified instruments in which all labour market actors are brought together ensures a virtually exhaustive collection of the data necessary for anticipating skill needs, together with a reliable perception of future needs.

The information available in this way should provide both a solid information basis and serve an operational purpose for labour market actors and other public authorities. Thus, occupational forecasting has made it possible to bring out the main issues in France up to the year 2020, and to identify operational orientations for dealing with them.

4. Role of labour market institutions

There are several obstacles to the implementation of public policies based on the study findings, but these could be overcome. Occupational forecasting in France fulfils an information function by identifying future needs for skills and qualifications. It also fulfils an operational function by pointing up the guidelines that public policies will have to follow to promote the matching of supply and demand in the labour market. To assess whether in practice, these functions are optimally fulfilled, we cast a critical look at the use of occupational forecasting for public policy formation in France:

(a) Has the information aim been achieved?

The very great diversity of persons and bodies involved and of the research products at all levels enables data to be gathered in a quasi-exhaustive, dependable way. There are, nevertheless, several obstacles to the effective and efficient dissemination of that information to the various actors.

- The diversity of methodological approaches may mean that findings are not precisely comparable between one sector and another, or one area and another. This also makes the production of cross-sectoral analyses difficult.
- The diversity of tools, actors, productions and levels may hinder the emergence of a coherent policy line, in the absence of machinery for producing a comprehensive overview. Instances of repetition - and even contradiction – are not to be ruled out.
- The quantity and complexity of the existing information are no guarantee of its **accessibility**. On the contrary, knowledge and utilization of the information requires that the relevant actors be offered easily identifiable and understandable research products.

b) Has the operational aim been achieved?

As an aid to decision-making, the guidelines identified by forecasting can be said to deserve a more significant place than they are currently accorded.

- The reports and studies have no binding force. It is left, then, to the decision-makers' discretion whether or not they take them into account. The implementation of reforms long since recommended as a result of occupational forecasting may, as a consequence, be hindered by **the political priorities of the day**, as occurred with the reform of the pension system in France in order to keep the over-fifties in employment, the first stage of which was not introduced until 2003 and which is still continuing today. Another example is provided by the law on university autonomy passed in July 2007. The core of the reform is intended to achieve a greater professionalization of university courses, but one of the main provisions made for that purpose, the introduction of selection for entry to master's degree courses, has been withdrawn as a result of pressure from the student unions.
- The methods employed for producing forecasting studies are, at times, ill-suited to the implementation of their results in the field. It has, for example, frequently been stressed that forecasting in France is too heavily focussed on the question of initial and vocational training, to the detriment of the dimensions of employment, work, integration into the labour market, economic development, transport and housing etc. (Cedefop, 2007; Commissariat Général au Plan, 2005). The actions needed to improve labour market matching require going beyond conceptions exclusively centred on training and giving equal weight to the management of human resources and work organization within the enterprise. The failings of the policy of Forward Employment and Skills Management (GPEC), commented on by the State Planning Commission (Commissariat Général au Plan, 2005) provide a good illustration of this: 'Whereas, in the 1980s, GPEC seemed like a way of rehabilitating the long- and medium-term in decisions on human resources, this approach has most often, in practice, remained a mere technique. Occupational forecasting procedures have consisted in a description of the existing situation, centred solely on job trends, and have produced largely disappointing results, particularly with regard to their low impact on mobility. We must start out, then, from the finding that companies, particularly small and medium-sized companies, are often bound by external constraints and time-scales that do not allow them to anticipate their future in the medium term.'

There are, then, several obstacles to an optimal utilisation of occupational forecasting in France.

- The excessive diversity of actors, methods and research products reduces the informational gain achieved (lack of coherence, incomparability of results, difficulty of accessing information). The insufficient level of attention paid to the policy orientations determined by forecasting and, at times, their poor adaptation to the capacity for implementing them on the ground detract from their operational effectiveness.

5. The role of the ESF funding

ESF supports the adaptation of the workers and enterprises facing economic change. Under this priority, actions concerning the anticipation of the labour market and future skill needs can be supported.

The French national ESF Operational Programme (OP) for 2007-2013 (where the first priority is ‘helping workers and enterprises to adapt economic change’) presents the main actions to be supported and the outcomes expected from the ESF under this priority. As it is stated in the OP, ‘the intervention of the ESF should help improve anticipatory measures and lead to better management of economic change in France through social dialogue and by networking all the different stakeholders working in the field’ ⁽⁹⁾.

The OP focuses on the key role of contractual policy, mentioning the forward territorial studies contracts (contrats d’études prospectives territoriaux), the role of the branches (OPMQ), and the fact that since the circular of 20 June 2006, ‘contractual policy has had a clear objective of anticipating economic change’ ⁽¹⁰⁾.

Among the actions implemented to attain these objectives, ESF supports diagnostic analysis carried out together with the social partners, dealing, especially, with the changes in human resources of the fields, sectors or territories concerned, in order:

- (a) to improve knowledge of jobs and the qualifications required in order to identify obsolete skills;
- (b) to define the jobs and qualifications required in the medium term; and
- (c) to propose action plans to adapt skills and protect the jobs of the most vulnerable workers.

For instance, one of the main missions of the Job Centres (Maisons de l’Emploi, MDE) is to forecast the needs in human resources, on the basis of local indicators, shared by all the actors of the territory concerned. ESF funding supports the diagnostic analysis led by the observatories built

⁽⁹⁾ ‘Regional competitiveness and employment’, National Operational Programme ESF France, February 2007. Internet: http://www.fse.gouv.fr/IMG/pdf/Programme_FSE-3.pdf

⁽¹⁰⁾ Circulaire DGEFP n° 2006/18 du 20 juin 2006 relative à la mise en oeuvre d’une politique de soutien au développement de l’emploi, des compétences et de la qualification dans les territoires.

up by MDEs (e.g. by a financial support of a maximum of 50 % of the expenditure, up to EUR 75 000) ⁽¹¹⁾.

Apart from diagnostic analysis, ESF supports actions dealing with the anticipation and management of economic change, especially, organisational and demographic changes, awareness-raising measures, and actions of assistance, geared primarily for managers. For instance, in the Centre region, ESF supports an action aiming at implementing the *Gestion prévisionnelle des Emplois et des Compétences* (Forward Employment and Skills Management scheme, GPEC) in small and medium enterprises and industries.

All these actions can be carried by enterprises or branches, regional observatories (such as OPCA, OREF or CARIF), in co-operation with social partners.

6. Improving capacity to anticipate labour market and skills needs

With regard to the information purpose, improvements could include promoting the emergence, wherever possible, of a common methodological frame of reference (especially with respect to the work of the observatories, in order to enhance cross-sectoral analyses and occupational mobility) and creating a synthesizing procedure and/or space for exchange and pooling of information between the various levels involved in forecasting studies. Combining these two elements could, ultimately, promote a better dissemination of – less extensive, but more coherent - information.

It is the mission of the national level to ensure connections between research products and identify guidelines that are generally consistent. This can be achieved in two different ways: from the top down, in which modes of analysis and the form in which conclusions are to be framed are defined at the national level, then applied locally; or through pooling of tools that already exist at the local level. This latter logic has been applied in the development of the so-called *Gestion Territoriale de l'Emploi et des Compétences* (Territorial Management of Employment and Skills) which, adopting the model of the Forward Management of Employment and Skills (GPEC) approach, but in this case covering the whole of the national territory, brings together all the public and private actors in employment and training.

With regard to the operational purpose, improvements could include:

⁽¹¹⁾ See, for example, *Maison de l'Emploi Nîmes Métropole* (in the Languedoc Roussillon region, the ESF supports the building of the territorial observatory, providing EUR 75 000 of co-financing funds to the global amount of EUR 159 884).

- (a) extending contractual policy to reinforce the operational aim of occupational forecasting, for example by making Forward Studies Contracts (CEPs) mandatory upon each sub-sector;
- (b) extending the field of study of occupational forecasting beyond training policy by incorporating, in particular, the dimension of work organization within enterprises; and
- (c) developing the resources to monitor the forecasting studies over time (on an annual or triennial basis) in such a way as to permit of ongoing adaptation.

The information and expertise required for the forward management of employment and skills exist in rich, diversified form, but the excessive dispersal of such information and expertise, and at times its compartmentalization, not to mention the difficulty of translating the results of forecasting into concrete action, detracts from the effectiveness of both its informing and operational tasks. Overall, the consolidation of forecasting in France requires a rationalisation of the existing methods and structures.

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