

**WORKING PAPER**  
**FRANCE: PRECARIOUSNESS, GENDER AND THE CHALLENGES FOR**  
**LABOUR MARKET POLICY**

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The term ‘precarious’ (*précarité*) is extensively used in research and in policy arenas in France, but the issue of definition and content remains controversial, including among feminist academics who highlight the over-representation of women in precarious employment (discussed in the first section below). Fixed-term contracts are the main form of precarious employment, but other forms are developing -- in particular temporary agency work and involuntary part-time work -- partly shaped by policies and employment-related regulations (second section). Policy responses to precarious employment and its consequences for the quality of employment and workers’ quality of life have not yet produced tangible outcomes. How to limit the growing insecurity in the labour market and how to reconcile companies’ needs for flexibility with employees’ needs for security remain major challenges for policies in France (third section). The path of reforms currently underway seems to point to a French way towards ‘flexicurity’.

**PRECARIOUS EMPLOYMENT IN FRANCE: DEBATES AND**  
**CONTROVERSIES OVER A MULTI-DIMENSIONAL CONCEPT**

**A vigorous and wide-ranging debate**

The term '*précarité de l'emploi*' progressively emerged in the 1970s, when fixed-term contracts (*contrat à durée déterminée*, CDD), deviating from the standard open-ended contract (*contrat à durée indéterminée*, CDI), began to develop. The term '*précarité*' was already used in the field of family studies to denote 'economically and socially vulnerable families' often in need of support from social workers (Barbier 2005a). But the term was soon extended to employment and the specific way French society considers 'status' in employment.

Achieving a definition of *precariousness* is an arduous task. Some economists prefer to use the word 'flexibility' instead, arguing that precariousness implies a normative reference to an enchanted period when everyone was supposed to get a stable job and remain in the same company or enterprise for life (Boyer 2006). Although precariousness is a term extensively used by sociologists, some of them deny its adequacy for describing emerging work situations, arguing that the moral component of the word blurs its capacity to express the complexity of the dramatic changes in the workplace (Dubet 2006). Serge Paugam, in depicting the profile of the precarious wage-earner (*salarié de la précarité*) suggests that the definition of precariousness should include all workers living in a household with income below the poverty threshold though being employed (Paugam 2005). This definition considers not only precariousness in employment but also social precariousness due to economic difficulties associated with the bad quality of jobs, isolation or lack of social links, family instability, low income and deteriorated living conditions. Paugam's research, based on a large survey carried out in the 1990s onwards, highlighted the diffuse

character of the precariousness affecting not only those groups excluded from the labour market, making them dependent on welfare benefits, but also those in the labour force with low wages that also led to social exclusion.

For some researchers, precariousness is a key notion for analysing changes in labour markets and investigating the insecurity of an increasing number of employees (Appay 2005). For others, the term remains a hazy notion that is not relevant in cross-national comparisons tracking change in work and employment (Barbier 2005b). However, the term is widely used to refer to several dimensions of employment, such as the duration of the labour contract, the regularity of income and the rights and access to collective labour protections. Precarious employment alludes to the diversification of labour contracts, which generates non-standard and contingent employment. Changes in labour management, in population behaviour due to mass unemployment, and in employment policies have contributed to an overlapping of situations between employment, unemployment and non-employment. While boundaries between these statuses have been blurring, work contracts have been concomitantly diversifying.

These changes have occurred in a French context where unemployment remains high. Moreover, labour law has set up restrictive conditions in relation to lay-offs and redundancies, though power relationships between employers and employees are unbalanced due to the low rate of union membership (less than 10 per cent of the workforce; 6 per cent in the private sector) and the scarcity of job creation due to the economic slowdown. Against this background, controversies arose among experts. For some, temporary contracts marked the end of the open-ended labour contract. They

argued that it implied growing insecurity for employees and a high risk of unemployment, in a context of neo-liberalism and globalization where French firms have to cope with squeezing as much productivity as possible out of current workers. Other experts viewed fixed-term contracts as a possible step towards stable jobs, a transition in access to the primary labour market.

### **Dimensions of precarious employment**

Despite difficulties in achieving a common definition of precariousness in employment, there is a substantial consensus on its various dimensions. First of all, precarious employment refers employment insecurity, in particular as this appears in the legal and socially agreed dimension of the employment relationship (agreement at the company level or at the branch level), that is to say, the labour contract. Experience of insecurity is related to the duration of the labour contract and the level of social rights that are associated with the contract. Thus the cornerstone of precarious employment is fixed-term contracts. Not only have these been increasing over the last decades but a significant proportion of employees with fixed-term contracts alternate periods of work and periods of unemployment, reinforcing their feeling of insecurity. Fixed-term contracts may be associated with temporary work agencies, or may be associated with involuntary part-time work or publicly-subsidized jobs supported by employment policies.

A second dimension of precarious employment concerns poor working conditions, mainly characterized by a lack of control over the labour process and non-standard work

schedules, which are said to lead to stress, lack of motivation, depressive mood, and burn out. The reduction in working hours in the first years of the twenty-first century has not limited the development of irregular and atypical working schedules in several economic sectors, namely in hotels, restaurants, retail trade, health and care services (sectors where women are over-represented).

A third dimension of precarious employment is related to the phenomenon of the ‘working poor’, which refers to low wages that do not enable certain categories of employees to live on their salary. Precarious employment may lead to poverty when wages are low, career prospects limited, and work trajectories discontinuous. Following the OECD definition of low wages as below two thirds of the median wage, we can see that low-wage workers make up 10 per cent of the workforce in France compared to 8 per cent in Denmark and 22 per cent in the UK (CEREQ 2007).

### **Main forms of precarious employment**

Table 9.1 presents some basic information concerning forms of employment in France. Three main forms of precarious employment can be identified: temporary work (that is, fixed-term contract and temporary agency workers), involuntary part-timers and employees with ‘subsidized jobs’ in the public or private sector.

Table 9.1 Forms of employment, France, 2004–6 (% of total employment)

	2004 %	2005 %	2006 %	2006 (thousands)
<b>Self-employed and employees (% of total employment)</b>				
<b>Self-employed</b>	10.7	10.8	11.2	2,805
<b>Wage earners</b>	89.3	89.2	88.8	22,231
Temporary agency employees	1.9	2.1	2.2	540
Trainees (apprentices)	1.2	1.3	1.3	327
Short-term contracts (including publicly subsidized jobs)	8.0	8.1	8.2	2,050
Long-term contracts (including publicly subsidized jobs)	78.2	77.6	77.1	19,314
<b>Total employment</b>	100.0	100.0	100.0	25,036
<b>Part-time work (% of total employment, % of male employment, % of female employment)</b>				
<b>Total</b>	16.7	17.1	17.2	4,298
Men working part-time	5.4	5.7	5.8	772
Women working part-time	29.9	30.2	30.3	3,526
<b>Underemployment (% of total employment, % of male employment, % of female employment)</b>				
<b>Total</b>	5.2	5.2	5.3	1,319
Men	2.3	2.5	2.4	323
Women	8.5	8.4	8.6	997

Source: INSEE 2007b; enquêtes emploi 2004, 2005 and 2006 (Durier *et al.* 2007).

Note: The field is metropolitan France, excluding the overseas departments. 'Underemployment' includes people working involuntarily part-time, wishing to work more, actively researching jobs, and people who have been involuntarily working shorter hours than usual because of labour shortage (ILO definition).

Workers with short-term contracts, temporary agency contracts and 'publicly subsidized jobs' accounted for slightly more than 14 per cent of all employees in 2007 in the private sector and 13 per cent in the public sector (Table 9.2). The proportion has

increased in the two sectors over the last decade, resulting from a tendency to hire new people on fixed-term contracts, usually for a maximum period of three years.

*Table 9.2 Employees in private sector and public sector, type of labour contract, France, 2003 and 2007 (%)*

	2003	2007
<b>Private sector</b>		
Open-ended contract (CDI)	87.1	85.9
Temporary contract, agency contract, subsidized jobs	12.9	14.1
<b>Total</b>	100.0	100.0
<b>Public sector</b>		
Lifelong/stable	87.0	87.0
Temporary contract, agency contract, subsidized jobs	13.0	13.0
<b>Total</b>	100.0	100.0

*Source:* DARES 2008a.

Note: The field is metropolitan France. The population is persons aged 15 years and older in paid employment (ILO definition).

In 2007, 17.7 per cent of all employees were working part-time (Table 9.3). In the private sector, 16 per cent of all employees with open-ended contracts were working part-time, while around 26 per cent of employees on temporary and short-term contracts were part-time. Indeed, firms were provided with financial incentives (that is, substantial cuts to payroll taxes) to hire part-time workers. In the public sector, 18.6 per cent of employees were working part-time, but the proportion of part-time workers amongst those with fixed/short-term and temporary contracts was significantly higher than in the private sector: 42 per cent compared to 26 per cent. In short, the proportion of employees working part-time was notably higher for employees with short-term or temporary contracts than for those with stable jobs. Between 2003 and 2007, the share of part-time employees among subsidized jobs in the public sector has risen substantially, from 60 per cent in 2003 to 87 per cent in 2007 (DARES 2008a).

Table 9.3 Part-time labour contracts in the private and public sector, distribution by type of contract, France, 2003 and 2007 (%)

	2003	2007
<b>Private sector</b>		
Part-time labour contracts as a % of:		
Long-term contracts (CDI)	15.2	16.1
Fixed/short-term and temporary contracts*	25.4	25.8
All contracts in private sector	16.5	17.4
<b>Public sector</b>		
Part-time labour contracts as a % of:		
Stable/life-time contracts	15.6	15.1
Fixed/short-term and temporary contracts	38.1	42.3
All contracts in public sector	18.5	18.6
<b>Total (private and public sector)</b>	17.0	17.7

Source: DARES 2008a.

Notes: The field is metropolitan France. The population is persons aged 15 years and older in paid employment (ILO definition).

\*Fixed-/short-term contracts (CDD), temporary agency contracts and subsidized jobs.

Part-time workers who want to work more hours can be regarded as precarious. Among part-time workers, one out of three declare that they would like to work more, are available for more work and are researching additional working hours (DARES 2007a). Similarly, around a third of female part-time workers would like to be working longer hours. They are considered as being part of the large group of underemployed, which is defined as part-time workers wishing to work more, being available for working longer hours and looking for additional hours of work (ILO definition). Low-educated single mothers are especially affected by underemployment. Often, they are offered only part-time jobs, mostly in the care sector and retail trade. Although significant proportion of these jobs are stable and associated with open-ended contracts (for instance, in the booming retail sector), they are still characterised by problems. The plight of

involuntary female part-time workers contrasts with the situation of those women, mostly mothers, who have chosen to work part-time-- in order to, for example, care for their children) -- and who can afford to reduce their earnings because they have 'good' jobs mainly in the public sector or in banks and/or because they live with a well-paid partner.

### **The perceived insecurity paradox**

Several authors argue that strict employment protection legislation (EPL) may not necessarily provide workers with a feeling of security, even among those who benefit from an open-ended contract (OECD 2004: 92; Gautié 2007). Indeed these authors found a negative correlation between the strictness of EPL and workers' perception of employment security. This apparent paradox is corroborated by other sources. Auer and Cazes (2003) argue that the perceptions workers have of their job security might be affected by publicity surrounding the downsizing and restructuring activities of firms. They found that this feeling was higher in France than in other EU countries.<sup>1</sup>

The picture for fixed-term employees is also complex. A survey carried out in 2004 to collect opinions from fixed-term employees in the private sector on their employment situation, shows that the risk of being unemployed was the main concern for these temporary workers; about 85 per cent reported that their situation with respect to employment prevented them from engaging in long-term projects such as housing projects (DARES 2007b). Yet a majority of respondents felt as totally integrated in their enterprise as if they were permanent employees. They found their work interesting and

did not feel lower paid than permanent employees. Nevertheless, although one fifth of these employees reported a preference for this type of work contract, most of these also being students, 75 per cent confirmed their preference for a permanent contract. More than 50 per cent declared that they had accepted a short-term contract either to avoid a break in their working life-course, or because they were expecting an open-ended work contract in the company. The survey underlined the strong appeal of the open-ended full-time contract: three out of four employees considered it as an 'ideal' (DARES 2007b).

## **TRENDS AND FORCES DRIVING PRECARIOUS EMPLOYMENT**

Most researchers agree that the development of precarious employment is a direct outcome of socio-economic changes that have occurred over the last three decades, due to the vanishing of the Fordist regime of economic growth. Castel (2003) explains the development of precarious employment as a consequence of the post-World War II crumbling of the '*société salariale*', which was characterized by a strong welfare state and powerful collective organizations in charge of defending workers' interests, which guaranteed low unemployment rate and social rights protecting individuals against insecurity. According to Castel, the rise of precarious employment and social insecurity results from the development of new forms of capitalism that impose a breakdown in social structures and industrial relations. 'Precarious' workers are the indirect victims of employers' new management practices based on contracting-out low-skilled work, therefore pushing them outside of the 'protected sphere of work'. For Bourdieu (1998),

precarious employment was symptomatic of a new form of domination that leaves workers with no other choice than to come to terms with their economic exploitation.

### **Social, economic and political factors shaping precarious employment**

A complex bundle of social, economic and political factors are driving the development of precarious employment. The context is one of persisting high unemployment (8 per cent in June 2007), deepening the gap between ‘insiders’ and ‘outsiders’ in the labour market. Compared to Spain (at least until 2008), the UK and Germany, economic growth in France was low (INSEE 2007a). As a result, not enough jobs have been created, except in personal services, a booming economic sector where women are over-represented.

Among political factors, demand-side labour market policies have contributed to increase precarious employment by devising ways of lowering low-skilled labour costs. In the early 1990s, policy makers decided to provide enterprises with an exemption from social contributions on low wages to reduce labour costs for employers. In 2007, almost two salaried jobs out of three had been affected by this measure (DARES 2007c). At the same time, labour market policies attempted to reduce unemployment by subsidizing jobs in the public sector (*emplois aidés*), especially for the long-term unemployed. These were expected to increase the employability of people who had been outside the labour market for a long time, especially young people. They were expected to be a stepping stone towards full-time permanent jobs, but in a context of a

scarcity of jobs and economic uncertainty they have tended to become a more lasting feature of the employment structure.

Precarious employment also developed in response to flexibility requirements of firms, in the manufacturing sector as well as in services. Companies' demands for more flexibility, especially external flexibility based on employment status (in contrast to internal flexibility based on flexible working time), help to explain the increase of short/fixed-term contracts aimed at adjusting employment practices more precisely to the needs of the production process or to the wide range of opening hours in services. The use of fixed/short-term contracts has gone hand-in-hand with an increase in the use of subcontracting and freelance labour, mostly to offset the rigidity of the standard labour contract considered by companies as being not flexible enough to adapt to the requirements of new forms of organization.

The strictness of employment protection legislation (EPL), as far as stable jobs (with open-ended contracts) are concerned, might also partly explain the development of precarious employment. The OECD (2004) compares the strictness of EPL in France, Denmark and the Netherlands and estimates that France registers the highest score for 'temporary' employment, the lowest score for collective dismissals and a medium score as far as 'regular employment' is concerned. When a firm is in financial dire straits or for any other reason linked to economic competition, it can proceed to a collective dismissal (*plans sociaux*) but the employer is required to make and reach an agreement with the '*inspection du travail*' (labour authorities) who will supervise the procedures. As far as 'temporary employment' is concerned, the OECD underestimates the

complexity of the procedures involved, and draws a veil over the huge diversity of fixed/short term contracts (see Table 9.1) and the heterogeneity of regulations governing the related firing processes.

In fact, outside collective dismissals, firing a full-time worker holding an open-ended contract remains expensive (the amount of the severance package is dependent on seniority, qualification level and varies according to the sector) and time-consuming because of the red tape the employer has to cope with. Most of the time, the employer has to rely on a lawyer to deal with complex legislation and the employee can have recourse to the '*prudhomme*' (an elected judge expert in labour law) to contest the employer's decision. French workers' professional mobility remains very low; on average (excluding those on fixed-term and temporary contracts) workers have been in their firm or enterprise for 11 years, much longer than in most European countries (Picart 2007). As a result, employers often prefer to hire people on fixed/short-term contracts or to rely on temporary work agencies to avoid these difficulties in a context of economic uncertainty. It is also a means for them to assess the professional skills and abilities of the newly hired worker for a longer period of time than under the framework of a CDI (the probation period is up to a maximum of six months).

### **Incidence of precarious employment according to industry, occupation and space**

As far as fixed/short-term contracts are concerned, the highest proportions of employees working under these contracts are to be found in care services (13.4 per cent), education, health and social care (11.2 per cent), services to enterprises (7.3 per cent)

and retail trade (6.9 per cent), whereas the lowest rates were in the energy, equipment and car industries (DARES 2008b).

However, forms of fixed-term employment differ across economic sectors. In agriculture and tourism, fixed-term employment is linked to seasonal variations of activity, whereas in manufacturing industries the variability of the demand explains the extensive use of temporary agency workers. In retail trade or care services, precariousness is mostly associated with a high usage of female part-time workers in response to increasing needs for longer opening hours (including week-ends). Leisure industry, recreational activities, culture and sport, as well as the sector of counselling and assistance, also frequently rely on part-time work and short-term contracts to respond to seasonal activity or to management strategies. Service sector activities that combine a dramatic share of low-skilled women with high growth rates over the last 20 years – especially childminders, cleaners and domestic helpers - have also registered a high level of instability (Fagnani and Letablier 2005).

The size of the enterprise also matters. Small companies rely more often than large companies on fixed-term contracts, part-time work and publicly-subsidized jobs targeted at low-skilled young people. In 2005, 28 per cent of the 3 million employees working in small enterprises (less than 10 employees) worked part-time. Similarly, one employee in four (26.1 per cent) had a fixed-term contract, compared to only 7 per cent in enterprises with more than 10 employees. In addition, almost one out of three (31 per cent) employees working in small enterprises received the statutory minimum wage (SMIC) compared to 16 per cent of all workers (DARES 2007d).

The high expectations placed on the development of social care services as a means for reducing unemployment have contributed to the increase in precarious jobs in this sector. Most of these services have been subsidized by the state, either through tax deductions or social contributions reductions, in childcare as well as in elder care services. As a result of these incentives, along with the dramatic increase in the employment rates of mothers, the care service sector has become one of the fastest growing economic sectors over recent decades, at least as far as employment is concerned. Between 1990 and 1999, child minders and family helpers were among the occupations with the largest number of net new jobs (+106 per cent) (Fagnani and Letablier 2005).

Precarious employment also varies according to location: low-paid people holding precarious jobs are over-represented in outlying suburbs of large metropolitan areas and in remote rural areas, therefore reinforcing social segregation (Avenel and Thibault 2006; Maurin 2006).

### **Implications for categories of workers**

One of the most prominent features of the French situation lies in the fact that the negative consequences of flexibility in the labour market are concentrated on certain population groups, who are not only trapped in low-quality jobs but also lack access to mainstream protection rights. Even if qualified people may also be exposed to employment insecurity, employees coping with precarious jobs are mainly those who

are traditionally the most vulnerable categories in the labour market: low-skilled employees, women, young people and immigrants.

Young people entering the labour market are particularly affected by all forms of precarious employment. The difficulties encountered by the 16-25 cohorts in entering the labour market are a recurrent concern for policy makers, who regularly launch new schemes dedicated to assisting youth. However, the activity rate of young people remains low in France: 37.9 per cent compared to 44.0 per cent in EU27 in 2006 (European Commission 2007). Moreover, the unemployment rate is high, leading to an employment rate below 30 per cent. Young people leaving the education system every year face an unemployment rate twice the average for all workers in the labour force.

The share of young people (under 30 years) with fixed-term contracts and publicly subsidized jobs is two or three times higher than among other employees. According to a recent survey carried out by the European Employment Observatory, 19 per cent of young adults who left school in 2001 found their first job through a temporary work agency (European Commission 2006). However, temporary employment may also be a stepping stone out of unemployment, and a precarious job may be a 'bridge job' for young people. The various employment schemes designed to assist young people under 26 in their job search have not had the expected outcomes. Although the 'jobs for youth' program that was launched in 1997 resulted in the hiring of 400,000 young people by associations, local municipalities and in the educational sector, this program only focused on the non-market sector and mainly favoured more highly-qualified young people: only 20 per cent of the recipients had no qualifications. More recently,

incentives to take up a job have been reinforced: an emergency program was launched offering a tax credit of €1000 to young people taking up a job in a sector with economic difficulties.

In addition to employment insecurity, young people often have to deal with financial precariousness, since they are eligible neither for the minimum income (RMI) which is confined to those over 25 nor for the unemployment insurance benefit, which is calculated with reference to the duration of contributions and requires an extensive employment history. Several policy groups advocate a replacement income specifically dedicated to unemployed youth aged under 25, but opponents of this measure point to a risk of dependency on welfare and advocate instead a restructuring of the vocational training and apprenticeship system.

Women are also more likely than men to be exposed to precarious employment since they are concentrated in part-time work. In 2006, slightly more than 30 per cent of employed women worked part-time, compared to 5.7 per cent of employed men (see Table 9.1). Moreover, women are concentrated in precarious jobs in the social care sector. Personal services and paid formal care have always been strongly gendered in France, as in other EU countries. Moreover, dual-earner families are reluctant to hire a man to look after their children: 99 per cent of registered childminders are female and the staff employed in public childcare provision (collective childcare facilities like crèches) is female-dominated. This in turn reinforces the idea that caring for others is a woman's role. Therefore on one hand, the booming care sector has been providing new

employment opportunities for women and enhanced their economic security; on the other hand, it has been at the cost of often being trapped in precarious jobs.

Part time work, especially when it is imposed on employees, often means low wages, job insecurity and risk of unemployment, fixed-term contracts and poor working conditions (Milewski *et al.* 2005). Most part-time working women have jobs in cleaning, hotels and restaurants and social care – all sectors where hours of work are irregular or non-standard, which is hardly compatible with any commitment in family life. Among women involuntarily working part-time, lone mothers with dependent children are over-represented, especially lower-educated mothers (Eydoux *et al.* 2007).

Immigrants, especially immigrants from North Africa, encounter more difficulties finding a job than native-born workers. According to the labour force survey, the likelihood of a man from North Africa being unemployed was three times higher than for a native (Dominguez Dos Santos 2005). In addition, their work trajectories are segmented and insecure. Immigrants' children, especially those coming from North Africa, sub-Saharan countries and Turkey, fare little better in regard to employment. During the four-year period after leaving school, children with immigrant parents face a higher incidence of unemployment and are more often relegated to publicly-subsidized jobs than their native counterparts (Meurs *et al.* 2005).

## **MODERNIZING LABOUR MARKETS: TOWARDS A FRENCH PATH TO FLEXICURITY?**

For almost three decades, employment policies in France have been concentrated on measures aimed at reducing unemployment and social precariousness, but outcomes remain limited. The main debate is about ‘the modernization of labour markets’, and in particular how to reform the labour contract to bring it more in line with a modern economy, combining a high level of flexibility for employers and a high degree of security for employees (see Burri, this volume, on flexicurity in the Netherlands). To be in tune with the European employment strategy recommendation about implementing ‘flexicurity’ principles, the focus in France was mainly put on reform of the labour contract.

### **Difficulties in revisiting the labour contract**

Several proposals of reforms have been discussed in various arenas, including a proposal by two labour economists for a ‘single labour contract’ (Cahuc and Kramatz 2004). In their report, the authors consider the importance of securing a continuous professional trajectory and access to related social rights but warn against excessive labour protection in France, appealing for greater flexibility in the labour market. The authors consider that the current form of labour contract protects only those people who are already included in the labour market, that is, the insiders, leaving aside the outsiders. Their recommendations inspired the current French president, Nicolas Sarkozy, in his attempt to restructure employment policy. Several recommendations in the report directly address the balance of flexibility and security in occupational trajectories, trying to implement a life course perspective. The ‘single labour contract’ would be a permanent, open-ended work contract replacing all forms of temporary

contracts. In case of redundancy, employees would be entitled to a premium (the amount being calculated with reference to the number of years in the job). Employers would be obliged to pay a solidarity contribution aimed at guaranteeing the outplacement of fired employees. As the counterpart to these employee benefits, the employer would have more freedom to fire employees. According to the two economists, the 'single labour contract' would restrict inequalities that have arisen from an extensive use of short-term contracts. It would also simplify the labour contract while giving employers more room for manoeuvre in hiring and firing.

### **Alternative proposals**

As an alternative to these arguments, several contributors to the flexicurity debate pointed to the Danish case as a model combining flexible work requirements with a high level of security for employees (Boyer 2006; Barbier 2005b; Lefèbvre and Méda 2006). Indeed, the Danish model of *flexicurity* combines extensive flexibility for employers, who can easily fire employees with a short period of notice and low severance benefits, and security for employees, which arises from generous unemployment insurance benefits. Fired employees rapidly find a new job thanks to an 'active employment policy'. Public expenditure on training programs account for 0.54 per cent of GDP in Denmark compared to 0.31 per cent in France (OECD 2006). The low Danish unemployment rate (5 per cent) might be a positive outcome of these policy packages. However, this flexicurity is embedded in a welfare state system and institutional settings that differ from the continental welfare state system framing French social security. Moreover, 'social dialogue' is a longstanding tradition in

Denmark, whereas relationships between employers' representatives and trade unions in France have long been characterized by conflicts and ideological confrontations.

Another alternative suggestion for reform is the proposal by one of the main trade union federations, the *Confédération générale du travail* (CGT), for an alternative version of 'occupational social security' (Friot 2009). Suspecting the government of generalizing rather than reducing precarious employment, the CGT argues that additional protections are needed for all employees, especially against redundancies. Ideally, all adults would be insured with a labour contract that would provide social rights and replacement wages across the life course, irrespective of whether people are employed or unemployed.

### **Policy failure in reforming the labour contract**

The '*contrat nouvelle embauche*' (CNE) launched in 2005 was an attempt by the government to introduce a new employment policy targeted on the young unemployed. For the first time, the government attempted to reduce employers' reluctance to recruit by dismantling some of their difficulties in firing employees. The measure was targeted at small companies that, thanks to this new form of labour contract, could lay off newly hired employees without any justification during the first two years after the signature of the contract. As a counterpart to this, the employer breaking the contract at his initiative had to pay compensation to the employee. After the two-year 'consolidation' period, the employee had to be offered an open-ended contract. Despite its relative widespread take-up (DARES 2007f), the CNE attracted fierce opposition with huge

street demonstrations in 2006. A subsequent ILO decision (following the French Court decision in July 2007) stated that the CNE was not in conformity with the ILO Convention 158 (Termination of Employment Convention) because a two year period of probation before acquiring protection could not be seen as 'sensible'. The government then cancelled the initiative in February 2008

### **Exploring new ways of reform**

The government, under Nicolas Sarkozy's presidency, proposed to raise the employment rate to 70 per cent and decrease the unemployment rate to 5 per cent by using two instruments: law and collective negotiation.

The Law on Employment, Work and Purchasing Power (TEPA) that passed in August 2007 was presented as a tool used to increase the employment level and the purchase power of employees. By reducing overtime costs for employers and by making overtime more attractive for employees, the law aimed both at relaxing the constraints of working-time regulations and at increasing the purchase power of employees. The law also launched an experimental '*revenu de solidarité active*' (RSA) - an income supplement targeted at the working poor,<sup>2</sup> the unemployed and recipients of welfare benefits, in particular women provided with the lone parent means-tested benefit until their child reaches the age of three. The underlying assumption was that the financial incentives were not strong enough to encourage the working poor, despite their low income, to work, or work more. In fact, the jobs they are offered are mostly low paid and often associated with bad working conditions. Moreover, low-income mothers

living alone cannot always find an adequate childcare arrangement which fits with non-standard work schedules and therefore they are frequently not able to take up the jobs offered, in particular if they have to cope with spatial and time constraints (Eyedoux *et al.* 2007). The reform delivers an additional income, paid by the State and calculated on a family basis, to recipients of welfare benefits who take up a job, even part-time, allowing their families to move beyond the poverty threshold. This scheme has been criticized because it might increase the risk of precarious employment by encouraging more participation in low-paid jobs and/or short part-time jobs, though trade unions are more supportive of this program because they consider these incentives could prove to be efficient in helping the recipients in (re)entering the labour market (Gadrey 2007).

One important step forward is the general collective agreement on ‘modernizing the labour market’, reached in January 2008. After four months of negotiations on four topics (entry into the labour market, career, transitions out of employment and transitions back into employment), a national agreement on labour market modernisation was signed on 11 January 2008 by all employers’ organizations and four of the five representative trade union federations,<sup>3</sup> marking a step towards employees’ career security, a French path to flexicurity.

The agreement stipulates that the open-ended labour contract is the ‘normal and general form of the labour contract’ and that temporary contracts should be only used to respond to temporary needs. Among measures in favour of employers is an extension of the probation period for new employees, as well as new rules related to the breaking of the labour contract. From 2008, employers and employees can break off the contract by

mutual agreement. Fired employees remain eligible for lay-off allowances, and the number of years of employment experience required to become eligible for unemployment insurance benefits has been reduced. In addition, a new form of short-term contract would be created for professionals, which can last between 18 and 36 months with a strict restriction to the project mentioned in the contract. At the end of the contract, the employee is entitled to a premium amounting to 10 per cent of its total wage value. Finally, the agreement facilitates access to social rights for unemployed youth (aged under 25) who are neither eligible for unemployment benefits nor eligible for welfare benefits. A flat rate allowance is to be paid by the Unemployment Insurance Fund.

By giving more responsibility to social partners, this collective agreement represents a turning point in French employment policy governance. This has opened the way for a new industrial relations orientation in a country where all labour market reforms used to be managed by the state, mainly through laws.

## **CONCLUSION**

Compared to other European countries, France displays a high unemployment rates combined with a low employment rate, especially for low-skilled young people and older workers, generating high employment insecurity. At the same time, France offers extended protections for workers holding standard and stable jobs, which are considered by employers as a limit to the development of flexibility. This makes employers reluctant to hire, especially in small and medium-sized companies, because they fear

forthcoming firing difficulties, thus preferring to hire employees on fixed and short-term contracts, enabling more flexible organizational patterns.

Linked to significant vertical and horizontal segregation by gender in the labour market, women – in particular low skilled mothers and immigrants – are often affected by precarious employment. Over recent decades, the dramatic development of jobs in the caring sector (largely subsidized both by the state and the social security scheme) and personal services has enabled a large number of women to enter the labour market and to get access to social rights. On the other hand, the majority of such workers must come to terms with low-paid jobs and poor working conditions.

Slow economic growth and the huge diversity of programs corrode the efficiency of employment policies and reinforce the divide between the ‘insiders’ and the ‘outsiders’ (among which women are over-represented). In this economic and social context, debates and controversies on how to modernize the labour market and restructure employment policy have been very animated over recent years. Strategies for mitigating precarious employment have been discussed both in academic and political arenas, notably on the means of combining enterprises’ requirements with employees’ aspirations to employment security. The Danish model of flexicurity has drawn the attention of many experts, though others have pushed towards more liberal paths of reform.

## **NOTES**

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<sup>1</sup> In practice job insecurity is higher for employees with a temporary contract; 18 per cent are unemployed the year following the end of their contract compared to 4 per cent of employees with a permanent contract. The return to work rate after a fixed-term contract is low. In 2003, 70 per cent of new hires in medium and large enterprises (with more than 10 employees) were on fixed-term contracts (CEREQ 2007).

<sup>2</sup> According to the French National Institute for Statistics and Economic Studies (INSEE) definitions, the working poor are wage earners working at least one month in the year and living in a poor household (Lagarenne and Legendre 2000).

<sup>3</sup> Only the CGT did not sign the agreement, arguing that employers had received more benefits than employees in the negotiation.