

# FACTORS AFFECTING RETIREMENT



BOOK 5: FRANCE



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## 5.1 Summary

- Early retirement has been an important feature of the French labour market for three decades.
- Since the early 1990s the focus of public policy has shifted from early exit to the retention of older workers as the costs of early exit and the effects of population ageing on the funding of public pensions have been recognised.
- Later exit has been encouraged through a mixture of making it more difficult to obtain an old-age pension, incentives to make gradual retirement more attractive and measures aimed at increasing labour market flexibility.
- Nevertheless, employees and firms are receiving mixed message with support at firm and sector level for early retirement and the implementation of early exit schemes funded by the social partners.

## 5.2 The labour market situation of older people

As in other countries the French population is ageing. By 2010 it is predicted that over half the population will be aged over 40 (Reday-Mulvey 1996). According to Zaidman, Okba, Olier, Salzmann, and Savary (2000) by 2005 those aged over 50 will represent over a quarter (28 per cent) of the active population. There has been considerable growth in the numbers of women entering the labour force and a large increase in atypical forms of employment, albeit from a relatively low level (Reday-Mulvey 1996).

### Employment

OECD data show that among men in the 55-64 age group, employment/population ratios have declined over the last 20 years: from 67.0 per cent in 1979 to 37.9 per cent by 1998. Employment/population ratios among women in the same age group showed a decline between 1979 and 1990 (37.0 per cent versus 28.8 per cent), but have been stable over the last decade (OECD Employment Outlook 1996, 1999).

Roth (2000) reports that older people's occupations have changed significantly in the last 20 years. There are now considerably fewer older people in non-salaried occupations (for example, agricultural, manual and retail workers). The proportion of workers aged 50 or over involved in such activities fell from 29 per cent in 1982 to 19 per cent by 1998. On the other hand the representation of the over 50s in managerial and professional positions has increased, except among the 60-64 age group where the proportion in professional positions has remained stable.

A substantial proportion of women aged 55 or over work part-time. In 1997 they represented 36 per cent of all the positions held by women aged 55-59, 43 per cent of those held among the 60-64 age group and 57 per cent among those aged 65 and over. In the case of older men in these same age groups, the percentages were 11, 14 and 43 per cent respectively (Galtier 2000).

### **Unemployment**

Over much of the last two decades France has experienced relatively high levels of unemployment. The overall unemployment rate was 10.4 per cent in 1986 falling slightly in the mid-1990s before rising again to reach 12.4 per cent by 1997 (ILO 1999). Youth unemployment has been a matter of concern and public policies have been aimed at its reduction, particularly during the 1970s and 1980s. The emphasis has been on measures to facilitate older people's exit as a means of (supposedly) liberating jobs for younger people.

An increase in the rate of unemployment among older people had been noted in the literature at the beginning of the 1990s (for example, see Bourdon and Mouton-Benoît 1994 and Salzberg 1994). Unemployment tended to lead to early exit. This was more often the case among men aged 55 and over in the industrial sector (Salzberg 1994).

Older workers are over-represented among the long-term unemployed. In 1996 over three fifths (62.0 per cent) of unemployed people in the age group 45-64 were long-term unemployed (12 months or more), compared to 39.5 per cent among the 15-64 age group (OECD Employment Outlook 1998).

### **5.3 Social welfare and pension arrangements**

Social welfare is funded by contributions from employers, employees and the State in the approximate proportions one half, one quarter and one fifth respectively. Old age pensions account for almost half of the social welfare budget and are financed solely by contributions from firms and employees (Reday-Mulvey 1996). As in other countries the French pension system is based on three pillars. The first is the basic state pension, although this is earnings-related. Benefits are based on the best 10 years' earnings. This pension amounts to approximately 50 per cent of previous salary, although a limit is set. The second pillar consists of compulsory pay-as-you-go occupational pension schemes to which both employers and employees contribute. Such schemes are handled by two funds: AGRIC (the General Association of Pension Funds for Professional Personnel) and ARCO (the Association of Supplementary Pension Funds). Both these funds have operated huge deficits. Together pillars one and two replace approximately 75 per cent of the previous wage. The third, optional, pillar consists of private arrangements. Reday-Mulvey states that the latter pillar is set to grow in importance. In 1993 the average monthly income of pensioners exceeded that of working households by around five per cent.

In 1997, the Plan Juppé aimed at introducing changes to the social welfare system in France. According to Bonoli and Palier (1998) the reform had two main objectives: first to make savings in the overall social security budget and second to modify the structure of social security with the effect of increasing state control of the system (p. 325). One area of reform was public sector pension schemes. It was met with considerable resistance, which eventually led to the plan being temporarily suspended (p. 326).

### **Retirement age**

A key difference between France and other countries is that, since 1983 the age at which an individual can draw the basic pension has been 60 years of age (Guillemard and Argoud 1999). Additionally, according to Reday-

Mulvey while the official age at which it is possible to draw a supplementary pension is 65 it is in fact possible to draw a pension earlier if sufficient contributions have been made.

According to Reday-Mulvey (1996) the lowering of the normal social security retirement age in France only accelerated an existing trend towards early exit among older workers. She adds that the gap between the official age of retirement and the actual age is two years in manufacturing and construction while in the tertiary sector some professional groups exit at the age of 65. In the latter full retirement has been the norm whereas in the former early and gradual retirement have been the norm. The self-employed retire later and reduce their hours gradually. Early exit has been most used by larger organisations in manufacturing and construction (INSEE 1995; Salzberg 1994).

France can also be distinguished from other countries in terms of its use of various measures supporting early exit managed by its Unemployment Compensation Fund, rather than relying on a mixture of routes such as disability and pension funds (Guillemard and Argoud 1999). Individual firms have played a limited role in funding early exit, although this is increasing in importance. Rather, the State and the social partners have been the main founders of early exit (Reday-Mulvey 1996). Guillemard and Argoud argue that increased unemployment compensation for older workers who have lost their jobs has coincided with the removal of restrictions on their dismissal. This means that older workers who are better 'protected' against the effects of unemployment are more likely to be targeted for early exit.

#### **1975 - late 1980s**

The main thrust of public policy between 1975 and the late 1980s was towards early exit, when there was a strong consensus among Government, business and trade unions that early exit was a legitimate approach to tackling rising unemployment (Guillemard and Argoud

1999; Reday-Mulvey 1996). Early on workers aged over 60 were targeted and then workers aged 55 or over. In some organisations schemes targeted those aged 50 or over. Often the age of the individuals in question was in fact the main and only criteria (Gauillier 1993). For the business community pre-retirement meant that what was considered to be a workforce surplus could be reduced at minimal cost (Gauillier 1993).

Programmes for compensating workers exiting prematurely were funded from two sources (Guillemard and Argoud 1999; Reday-Mulvey 1996):

- The UNEDIC (National Interprofessional Union for Industrial and Commercial Employment) unemployment insurance fund which is managed by the social partners
- 'Pre-retirement' agreements between the Government and the firm which are paid for out of special public funds; for example, in the late 1980s the 'National Employment Fund' provided a specific allocation of funds (AS-FNE) for 'pre-retirement' at the age of 57 years and two months for any person made redundant from any organisation that had signed an agreement with the State.

#### **Late 1980s - present**

Since the late 1980s however, policy making has moved against early exit, driven by concerns about the cost of the pre-retirement system and the need to reform the public pension system because of population ageing. The costs of early exit have been huge. According to Reday-Mulvey (1996) since 1984 the annual cost has been 50 billion FF, which has exceeded the cost of unemployment benefits in some years. The Government has taken steps to reduce early exit, to reform the pension system and has provided employers with incentives to employ older workers (Guillemard and Walker 1995).

The thrust of public policy has been towards greater flexibility in retirement coupled with attempts at increasing flexibility in the labour market. First, in 1987 early retirement was made less attractive with an increase in the costs to an employer of laying off a worker aged 55 or over. In 1992 the cost of the employer contribution to the unemployment benefit of workers aged over 50 was also increased. Additionally, the age at which workers who had been laid off were entitled to early retirement benefits was raised from 55 to 57 years (Reday-Mulvey 1996).

Around the same time, in 1988 an early attempt was made to promote gradual retirement. A new law allowed employees age 60 who had enough pension contributions to work part-time while receiving a partial pension with no limit on the date of full retirement. Complex regulations and a lack of publicity for the scheme led to poor take up. Subsequent legislation in 1992 simplified the process and allowed workers aged 55 or over the option of working between 40-50 per cent of their previous hours. Also rigid workforce replacement rules were replaced and firms were given the option of making a financial contribution to the gradual retirement scheme or by taking on job-seekers from certain priority groups, which included older workers. In 1992 a new regulation provided employers with a one-third reduction in their contribution where gradual retirement led to the creation of additional posts (Reday-Mulvey 1996).

Subsequent legislation in 1993 also made it possible for gradual retirees to work between 20 and 80 per cent of their previous hours provided that this averaged 50 per cent over the period the gradual retirement benefit was drawn. The worker received a benefit equivalent to 25-30 per cent of their previous wage which meant that they could earn up to 80 per cent of their previous wage (Reday-Mulvey 1996).

According to Reday-Mulvey neither the first nor the second pillar schemes penalise a reduction in working hours at the end of career. Also, under the terms of many agreements on gradual retirement currently in force, employers continue to pay pension contributions as if the individual was still employed full-time.

In 1993 eligibility conditions for early retirement were tightened still further as state funding for early retirement was reduced. Additionally, the number of contribution years required to receive a full basic pension was increased from 37.5 to 40 years (Reday-Mulvey and Jolivet 2000) and calculation of the average annual wage was changed from being based on the best 10 to the best 25 years (Reday-Mulvey 1996). According to Reday-Mulvey the effect of increasing the number of contribution years will be that many people will need to work well beyond the age of 60 in order to be eligible for a full basic pension.

Another element of Government policy has been to promote part-time employment in order to prevent early exit. In 1989 a Decree promoted part-time employment as a substitute for lay-offs by providing the worker with a benefit equivalent to 40 per cent of their wage in the first year, falling to 20 per cent in the second. A law of 1992 changed the status of part-time employment providing such workers with the same rights as those in full-time jobs.

In 1998 the Government further restricted access to early retirement. Public subsidies for early retirement were reduced to almost zero and only used in cases where firms were in serious difficulty (Reday-Mulvey and Jolivet 2000). Even so, according to Reday-Mulvey and Jolivet early retirement remains a popular option for two reasons. First, a number of large organisations have created and funded their own early-retirement schemes. For example the automotive industry's agreement of July 1999 will target workers aged 55 or over and, it is estimated, involve 23,000 employees over a five-year period.

Second, a scheme known as ARPE (Allocation de Remplacement Pour l'Emploi) was introduced in 1995 in collaboration with the social partners and was recently extended to July 2000. This enables workers who have reached 58 years of age and who have a 40 year contribution record to retire on generous terms. ARPE schemes have paid pensions to 52,000 older workers and replaced them with 45,000 unemployed people, two-fifths of whom were younger people. Since 1996 ARPE schemes have been the most popular pre-retirement route. Guillemard (2000) points to a contradiction in public policy, with Government on the one hand promoting the employment of older workers while on the other introducing ARPE schemes which encourage the continued use of early exit by firms.

#### **5.4 Impacts on labour market and retirement behaviour**

##### **Decline in labour force participation among older people**

Given the strong emphasis on early exit in France in the last three decades it is perhaps not surprising that, along with the Netherlands, it has the lowest economic activity and employment rates among the 55-64 age group in Europe (Reday-Mulvey 1996). The largest fall in economic activity rates among workers aged 55-64 took place between 1971 and 1985 when rates fell from 73.0 per cent to 46.7 per cent. Since then the decline has been less steep - from 43.9 per cent in 1987 to 38.4 per cent by 1997. This represents a substantial decline in activity rates among older workers since 1971 to 47.4 per cent (Guillemard and Argoud 1999).

Gender and age differences are important. The last two decades have seen a significant reduction in the participation of older men in the labour market. Fifty per cent of men aged 50 and over were economically active in 1976, falling to 34 per cent by 1998. Age group variations are also important. Among the 50-54 age group activity remains very high - 91 per cent in 1998. However, activity rates have declined among the 55-59 age group from 83 per cent in 1976 to 67 per cent in 1998. Among the 60-64 age group the reduction is considerable - down to 15 per cent by 1998 from 52 per cent in 1976. Among the 65-69 age group only four per cent of men were still economically active in 1998 compared to 22 per cent in 1976 (Roth 2000).

Economic activity rates among women aged 50 or over declined only slightly between 1976 and 1998 (from 24 to 23 per cent). However, there were differences according to age group over this period. There was an increase in economic activity from 52 to 73 per cent among women aged 50-54 and from 45 to 49 per cent among those aged 55-59 years. However, activity rates fell from 28 to 14 per cent among those aged 60-64. Among those aged 65 or over economic activity declined from 11 per cent in 1976 to two per cent by 1998 (Roth 2000).

Choffel (1994) (see also Marchand 1994) has examined the evolution of women's participation in the labour market. Choffel reports a very gradual increase since 1962. Women's participation does not seem to be affected by age, family situation, social class or area of residence but the increase 'masks' a trend towards early retirement among older women. Marchand (1993) notes that when women work after the age of 60 this is a consequence of career interruptions or because of the brevity of their career.

### **Early retirement**

According to Reday-Mulvey (1996), from the late 1970s 1.3 million individuals had been in receipt of early retirement benefits. However, reforms aimed at restricting early exit may be having an effect. In 1984 there were 685,000 individuals receiving benefits under publicly-funded early retirement schemes (Reday-Mulvey 1996) but this had declined to 100,000 by 1997 (Reday-Mulvey and Jolivet 2000).

### **Gradual retirement and gradual pre-retirement**

Evaluations of the various arrangements find that the original schemes were largely unsuccessful. Gaullier (1993) points to a lack of interest among both employers and employees for the gradual retirement in its earlier forms. Employees did not see any financial advantage and wanted to opt for the full-time retirement option. Additionally, employers found it difficult to introduce the necessary changes because: they required work reorganisation, there was a low level of interest among employees and they were required to retain the older workers. Crespo (1999) argues that in some cases, gradual retirement has been used by firms as a first step towards early exit among older workers.

In 1995 the number of individuals entering full pre-retirement (AS-FNE) was exceeded by individuals entering part-time pre-retirement (Guillemard and Argoud 1999). According to Reday-Mulvey and Jolivet (2000) employees from a range of sizes of firm and sectors

have been involved. In 1998 gradual retirement accounted for 80,000 individuals in all with 16,700 new entrants that year. In terms of sectoral coverage half of the organisations adopting gradual retirement were in manufacturing, two-fifths in services and five per cent in construction. In terms of size, over a third of firms (35 per cent) had more than 500 employees, one fifth (20 per cent) between 200 and 500 employees, just under a quarter (23 per cent) between 50 and 200 employees, 13 per cent between 10 and 15 employees, and seven per cent less than 10 employees.

Galtier (2000) analyses the current situation regarding part-time arrangements and end of career measures. Measures include la préretraite progressive (partial/part-time early retirement for workers aged 55 and over in the private sector), cessation progressive d'activité (partial/part-time early retirement for workers aged 55 and over in the public sector); and après l'âge officiel de la retraite (gradual retirement for those aged 60 and over). The number of people using the gradual retirement route is low, partial early retirement in the private sector has reached a larger number of people, and the use of partial early retirement in the public sector has fluctuated. Galtier indicates that obstacles to the success of these part-time arrangements are that they are not flexible enough and the existence of full early exit measures which are more attractive (p. 190).

### **Early retirement and the life course**

Guillemard and Argoud (1999) describe the last phase of the life course as now being 'unforeseeable and uncertain' and no longer offering a 'fixed age of entitlement to rest'. They argue that inactivity, retirement and old age no longer occur together and that there is no longer a 'unifying principle bestowing a homogenous, coherent meaning on the third stage of life'. They add that the recent move to increasing the number of years of contributions required to be entitled to receive a pension from the Old-age fund from 37.5 to 40 years is only increasing the level of confusion. They suggest that early retirement has re-shaped the lifecourse in several ways.



First, it has meant that only a small minority of individuals now pass from employment into full retirement. Second, it has left workers in the 50-59 age group 'ever more vulnerable to joblessness'. Third, its effects have not only been limited to those nearing retirement, with those not yet eligible for early retirement being viewed as nearing the end of their careers. As a result they are not considered as good candidates for promotion or training. Fourth, the process of exiting the labour force has often been taken out of the hands of the retiree and placed in the hands of the employer. Also, early retirement in France brings with it a particular status which is neither that of being unemployed or retired. Similar points have been made by other authors (for example, Gaullier 1990, 1993; Gaullier and Goldberg 1993; Kershen 1994).

Previously in France a few individuals both worked and claimed a state pension which was allowable. However, the role of the Unemployment Compensation Fund in early retirement has meant that early retirement is incompatible with employment. As a result there is virtually no employment after the age of 60 (Guillemard and Argoud 1999; Reday-Mulvey 1996).

### **5.5 Role of human resource policies in influencing the labour force participation of older workers**

#### **Employers' policies, attitudes and practices**

Analysis of data collected in 1992 from organisations with 500 or more employees found that early exit policies (for example, enforced retirement) were more likely to be identified by managers as means of tackling workforce ageing than policies based on the integration of older workers (for example, re-organisation of working practices). The most popular solutions were enforced retirement (47.4 per cent of respondents) and incentives for early exit (37.8 per cent). Additionally 12.7 per cent of respondents stated that dismissal would be their preferred response. By contrast only 22.5 per cent of respondents stated that their approach would be an internal reorganisation of working practices (Guillemard, Taylor and Walker 1996).

Respondents were also asked what the consequences of an ageing of their workforces would be. Almost two-thirds (62 per cent) saw workforce ageing as being beneficial in terms of the maintenance of corporate memory. Over two-thirds of respondents saw benefits in terms of knowledge transfer between generations as being certain (29 per cent) or probable (42 per cent) while almost two-thirds saw a more experienced workforce as being certain (37 per cent) or probable (27 per cent). However, respondents were less certain that workforce ageing would bring with it a better mix in teams. Only 14 per cent of respondents were certain that this would be the case compared to 41 per cent who thought this outcome was possible.

On the other hand respondents also expressed negative opinions concerning workforce ageing. Thus, 44 per cent were certain that workforce ageing would bring with it an increase in wage costs while 28 per cent felt that this would perhaps be the case. Additionally 27 per cent saw increased resistance to change as being a certainty, while 48 per cent thought that this might perhaps be the case. One fifth (22 per cent) of respondents saw little enthusiasm for new technology as

being a certainty while 48 per cent thought that this might be the case. Also, one fifth (21 per cent) felt that blockages to the careers of younger workers would also occur, while 35 per cent felt that perhaps they might occur. Finally, while 12 per cent of respondents felt that workforce ageing would lead to a drop in productivity and 30 per cent thought that this might occur, almost as many respondents (10 per cent) were certain that a drop in productivity would not occur and 43 per cent did not think it would occur.

However, more detailed analysis indicated that views varied depending on the estimated number of older employees present in the responding organisations. Thus, organisations with a larger proportion of older workers were more likely to respond that workforce ageing would bring with it: increased wage costs, increased resistance to change, less enthusiasm for new technology, blocks on the careers of younger workers and lower productivity. In most cases the differences between responding organisations with higher and lower proportions of older workers were substantial. Thus, in terms of productivity, eight per cent of organisations with a 'low' proportion and seven per cent of organisations with an 'average' proportion of older workers felt that workforce ageing would lead to a reduction in productivity. However, 23 per cent of organisations with a 'large' proportion of older workers felt that workforce ageing would lead to a drop in productivity.

Respondents were also asked what their response would be to labour shortages. Regarding strategies they already had in place few firms were targeting policies at the employment of older workers. Only three per cent of firms were seeking to recruit more older workers and no respondents were encouraging later retirement. Similarly only 10 per cent of responding organisations were retraining older workers. On the other hand almost two-fifths (19 per cent) of organisations were utilising partial retirement. The status of older workers can be gauged by reference to other groups. To combat labour shortages 14 per cent of organisations were making use of foreign

labour while almost a third (31 per cent) were recruiting more women.

Also, when asked to contemplate strategies they might adopt in the future older workers come low on the list of policy options. Recruiting older workers and encouraging later retirement were favoured by nine per cent and 12 per cent of respondents respectively. Interestingly partial retirement was favoured by 35 per cent of respondents. This would suggest that partial and later retirement are not seen as synonymous and would seem to confirm the view that partial retirement is treated as another form of early exit in many organisations. Retraining older workers was an option that almost a quarter (24 per cent) of respondents favoured for the future.

Recruiting or retaining older workers was a little used strategy across all sizes of firm and this did not vary between sectors. Some sectoral differences did emerge however. For example, gradual retirement was more likely to be considered as a strategy for the future in building and public works organisations than in other sectors.

These data were collected as part of a larger survey of attitudes and practices towards older workers. In the main survey 9,000 establishments with more than 10 employees were surveyed. The response rate was low. According to Guillemard et al this may be partially accounted for by the length of the survey instrument and that the questionnaire was not posted to specific persons in the organisations surveyed.

Le Minez (1995) reports findings from the same study but her analysis is based on the full sample and explores other areas. According to Le Minez employers were making few efforts to retain older workers. For example, they had less access to training, particularly in small enterprises. Concerning early exit, this study reports what others have also suggested; that early retirement is essentially happening in larger enterprises

with older age profiles. Le Minez argues that enterprises are choosing the exit of older workers more because of their economic difficulties than because of negative attitudes towards this group. There is not a clear link between negative attitudes and employers use of early exit routes).

Teiger (1995) suggests that in work, age is perceived as being 'an individual and social handicap' (our translation). On the other hand age has different meanings in different settings. Thus employees in the IT sector can be 'older' at a young age (Cailloux-Teiger 1990). Teiger also points to a lack of knowledge about ageing and older workers in enterprises. This ignorance concerns physiological, medical, social and cultural dimensions and ergonomic considerations.

In addition to large-scale studies, the results of which have been summarised above, researchers have also used qualitative methodologies. For example, Godelier (1994) carried out a case study of the steel industry, concerning management actions following the massive exit of older workers in the late 1980s. When management reversed policies of early exit they found that staff were demotivated because they would have to remain in post longer.

Schmidt (1995) conducted cases studies in six enterprises and found that, with regard to the recruitment of older workers, where temporary workers were required, age was not considered a barrier. Among permanent staff, lateral job moves were seen as a potential solution to stagnation and demotivation among older employees. However, employers observed obstacles to mobility - functional and geographic - among their older staff. In addition, in terms of upward mobility, age was a key factor in decision making, usually to the disadvantage of older people.

### **Training**

Schmidt's (1995) analysis shows that age is used as an eligibility criterion by line managers in decisions about training. Age thresholds for training varied among enterprises - between 47 and 55 years of age.

The question of obsolescence of skills is important when considering the employability of older workers. Few studies have addressed this issue, perhaps because so few older workers participate in training (Paumès and Marquié 1996).

Research carried out at the beginning of the 1990s found that a very low percentage of people aged 50 or over had access to training (Gauillier and Goldberg 1993). Avenir (1994) also reports the findings of a study which showed that very few employees aged 45 and over had received any form of on-the-job training from their employers. Only 29 per cent of men and 24 per cent of women in this age group had taken part in training activities. According to Volkoff (1996) older workers often face difficulties in accessing training including a lack of time and problems with work schedules, which means that they are likely to avoid training activities.

### **Early exit: the role of employers**

As mentioned above, studies have shown the inclination of employers to continue to promote early exit. The use of programmes of early retirement has allowed enterprises to carry out major programmes of restructuring (Gauillier 1993, Guillemard 1994). Larger establishments have more extensively used early exit as a management tool (reported in Reday-Mulvey 1996). Also, one recent study found that two-thirds of those who had taken early retirement were from the industrial sector (INSEE 1995).

Huet (1994) discusses how enterprises have reacted to changes to the UNEDIC early retirement packages. They have accepted that rules are now stricter but many still show a preference for targeting older workers for redundancies. Le Minez and Baktavatsalou (1994) report further findings from the INSEE study referred to above. Among managers, retention was envisaged mainly for the group aged 45-54 but not above this age. It is also interesting to note that knowledge of Government programmes aimed at the re-integration of older workers was limited.

Weber, Whitting, Sidaway and Moore (1997) state that enterprises are still using early retirement because of pressures upon them: economic context, downsizing and in order to avoid large scale redundancies. They add that there would be resistance to attempts to protect older workers: 'Employers sought to avoid measures making it harder for them to make older workers redundant and there was evidence of hidden discrimination in recruitment as well as training practices'.

The impact of early exit on enterprises is frequently mentioned in the French literature. For example, the use of early retirement, accompanied by a halt to recruitment, in the 1980s and 1990s led to imbalances in age profiles of many organisations (Guillemard 1996). This was not anticipated. Such imbalances have also created problems in terms of intergenerational knowledge transfer. Large scale early exit schemes have also resulted in a loss of motivation among those remaining in post. These negative consequences have led to the development of some best practice initiatives.

### **Age-aware human resource policies**

According to Guillemard (1996) and Guillemard and Argoud (1999) age-aware HR policies are not being developed or adopted by many companies, and are mainly restricted to larger enterprises. However, Reday-Mulvey and Jolivet (2000) detect an increasing trend towards the adoption of such policies. Mainly large firms have been implementing policies on ergonomics and career planning in order to retain workers up until the official retirement age. For instance, l'Aérospatiale and Renault (see also Volkoff 1996) amongst others are organisations that have focused on best ergonomic practice in the design of their workplaces, with success in retaining workers up to retirement age. Another trend Reday-Mulvey (1996) identifies is the development of career plans for workers in the 40-45 age group, which review skills, experience and career prospects and identify opportunities for development in the final third of the individual's career. Renault is an example of a company taking such an approach. Reday-Mulvey and Jolivet (2000) also state that many trade unions too now see that end of career management is more than simply an issue of early retirement and requires the development of appropriate HRM policies.

### **5.6 Older individuals' orientations to work and retirement**

Roth (2000) reports findings from a 1995 survey which asked full-time workers if they would prefer to work part-time with a corresponding salary reduction. It was found that older men wanted to work part-time in larger numbers than younger men (19 per cent of men aged 55-59 would have preferred working part-time compared to eight per cent of those in the 25-49 age group, p. 145). The situation was different among women. Interest in part-time employment declined with age (26 per cent of all adult women compared to 22 per cent of those aged 50-59 would have preferred working part-time).

According to Reday-Mulvey (1996) French people are strongly attached to the notion of retirement at the age of 60, something which is considered to be a sign of social progress and a 'right' (Gaullier 1993). She cites research which she points out is not recent which provides evidence of divergent views on the virtues of early retirement. Among workers in blue-collar jobs early retirement is viewed as a liberation. Among white-collar workers on the other hand, there is evidence that the majority would have preferred not to have retired at all or to have retired gradually.

There also appear to be gender differences. Pennec (1993) reports the findings of a study which showed that self-employed women working in agriculture and commercial sectors remained economically active for longer than those working in other sectors. Single women also remained economically active for longer.

### **5.7 Role of labour market policies and collective agreements in extending/contracting working life**

As is the case in other countries older workers are under-represented in vocational training. In 1997 a third of the labour force were aged 45 or over but only just over a quarter had participated in training (Reday-Mulvey and Jolivet 2000). Alongside new pension regulations in 1993 the Government also aimed to promote vocational training among older occupational and professional groups through a Five Year Employment Law. This gives employees the right to leave specifically for training purposes. However, it would appear that the scheme has not benefited the least skilled, and reforms aimed at tackling this issue will be implemented in 2001 (Reday-Mulvey and Jolivet 2000).

Reday-Mulvey and Jolivet (2000) state that a significant debate around the issue of end of career management is yet to emerge in France. Since the Jospin Government came to power in 1997 the main focus of debate has been on pension reform. In 1999 three reports considering the future of pensions and end of career patterns were produced. The Rapport Charpin recommended a gradual increase in the pension age and that the contribution period should be extended from 40 to 42.5 years.

A report on gradual retirement titled *Retraites Choisies et Progressives* from the Conseil d'Analyse Économique made two recommendations. First, employees under the age of 60 should on their own initiative be able to opt to retire gradually, drawing a part-time wage which would be subsidised by funds presently allocated to full early retirement schemes. At the same time, such workers would be allowed to make pension contributions. Second it is recommended that a 1988 rule which forbade drawing pension benefits and employment income be amended: 'The scheme would be improved in order to enable wage-earners over the age of 60 to receive end-of-career payments and above all, in conformity with the principle of actuarial equivalence, to accumulate supplementary pension rights as long as they pursue their professional activities'.

The third report - Rapport Teulade - argued that GDP growth would compensate for problems in financing the pension system. This report has been much criticised.

Reday-Mulvey and Jolivet (2000) also state that the move to a 35-hour week which is beginning in 2000 for companies with more than 20 employees may begin to stimulate debate about the employment of older workers. Workplace agreements on the 35-hour rule have often included the setting up of work-time savings accounts, which allow the worker to accrue paid leave entitlements. In some instances agreements allow unused training time to be converted into extra leave prior to retirement.

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