

# Recent Trends in Education and Labour Market Policy for School-to-Work Transition of Secondary Education School Leavers in France

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## 1. Introduction

School-to-work transition is a long lasting issue in France and has been a recurrent topic in social and political debates over the last 30 years. More recently, various social events such as riots in suburban areas in November 2005 and students protests against the introduction of a new employment contract in April-May 2006 have put on the fore distinctive problems the young generation has to face nowadays in France. Roughly speaking, a part of the young population, the least qualified one living in deprived areas, suffer from a lack of perspectives, facing severe exclusion from employment and missing decent living standards and career prospects. Another part of the young population, going through long-term higher education, face precarious employment and low wage jobs when they enter the labour market.

Both groups actually experiment crucial changes in labour market functioning that entails prolonging transitions from school to work and access to stable jobs. Paradoxically, the French society needs to integrate young people into the employment system in order to counterbalance the demographic effect related to the retirement of the “baby-boom” generation that is not supposed to have a mechanical impact on the unemployment level. Over the last three decades of profound restructuring of the productive system, changes in employment structure have involved a shift from industrial to tertiary activities and an overall skill upgrading without a drastic decrease in the employment volume. In this context, the arrival of highly trained new generations should participate in the emergence of the knowledge-based society claimed by European councils as being the goal of economic growth and political reforms in Europe. However, young people entry on the labour market also participates in the renewal of employment forms and work organisation towards a more flexible employment system.

Major changes in the French educational and vocational training system over the last decade, are outlined in the next section (Section 2) of the paper focusing on secondary education. These include: a prolongation of education time and an increase in levels of certification; an extension of vocational training in terms of the diversity of curricula and the extension of the higher education sector. These trends have been stabilised in the late 1990s, and the issue is to assess to what extent they have changed the French education regime.

Section 3 of the paper provides insights on conditions of entry into the French labour market for secondary education school leavers. This section uses different indicators to emphasize the specificity of young school-leavers when they become part of the labour force: features include the selectivity of access to jobs, vulnerability to unemployment, and polarisation in flexible employment forms and specific activities. Using longitudinal observations on the trajectories of school leaver cohorts, some regular patterns of school-to-work transition have been found; however trajectories of school leavers are all but homogeneous; qualifications and gender as well as characteristics of the first steps within

employment systems are major factors of differentiation across these trajectories.

Section 4 of the paper examines how labour market policies have been playing a major role in transitional arrangements since the mid-70s in France. From a comparative view point, the defining feature of the French transition system is the scale of public intervention leading to a variety of schemes targeted towards young people (Ryan, 2001). Successive adjustments of older schemes and the creation of new ones, often made when governments change, have generated a myriad of possible trajectories for school leavers with low qualification levels. Although numerous, these schemes have not been so far associated with evaluation procedures, the overall effects on the youth labour market are unclear and micro-level evaluations reveal great diversity in outcomes for young people going through labour market programmes. However, transition schemes have come to concern a large part of youth labour force. As a consequence, there has been a progressive construction of a structured and institutionalised space between school and work through the implementation of devices and local institutions that both orientate young people towards employment and act as social resources providers.

## **2. Evolution in the French Educational System: “Massification”, Diversification and the Rise in Educational Levels**

### **2.1. Organisation of the French Secondary Education**

From the 1960s until the mid-1990s, the French educational system experienced major growth as a result of the extension of the length of the schooling period, a massive influx into secondary education and then into higher education. Nowadays, nearly all the individuals of a school age group reach the first stage in secondary education, twenty years before it was the case for two young people out of three. In comparison with other European countries, the French education system displays several specific features: the principle of the “single college” for lower secondary school without differentiated tracks since 1975; a single teaching body managed at the national level for lower and upper secondary school (college and lycées); an identical syllabus and very similar teaching methods for vocational and general training paths; the norm of full time education<sup>1</sup>. The dual mission and also the difficulty of this unified compulsory education model is to offer a high standard of education to everyone, whilst at the same time integrating the diversity of individual situations for 5.5 millions of pupils in secondary education (Figure 1).

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#### **General structure of secondary education in France**

##### **- Lower Secondary School :**

**The collège** admits all pupils having finished primary schools and at 12 years old at the latest. Schooling lasts four years and corresponds to the classes of 6e, 5e, 4e and 3e. The lower secondary school education programmes are standard throughout France; specific sections in 4e and 3e welcome 15% of disadvantaged young people, the remaining part going through general 4e and 3e class.

The vocational guidance cycle in the class of 3e (pupils 15 years and more) is organised through a consultation

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<sup>1</sup> The expected number of years schooling for a 5 year-old child in 2000 was 16.5 years full-time and 0 year part-time in France; 14.6 years fulltime and 4.3 years part-time in the UK (OECD, 2000). Although the share of pupils occupying jobs while studying is growing and concerns nowadays more than 10% of young people into secondary education, the combination of training and employment out of apprenticeship programmes is concentrated on higher education students (Céreq, 2005).

between pupils' family, school administration and the teaching staff; the result in terms of chosen orientation is decisive both for the upper school career and professional future.

**- Upper Secondary School :**

Two broad paths are open depending on the intended qualification resulting from guidance:

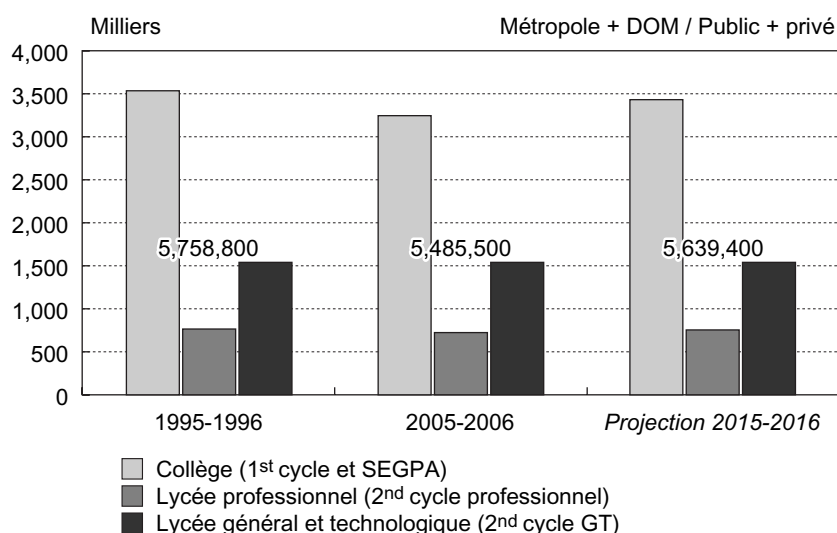
- **General and technological lycées** prepare pupils in three years (classes of “seconde”, “première” and “terminale”) to sit a general baccalaureate, a technological baccalaureate or a “brevet de technicien” (vocational training certificate) that gives access to higher education studies.
- **Secondary vocational training (vocational lycée)** combines general education with a high level of specialised technical knowledge. Secondary vocational qualifications are:
  - The “Certificat d’Aptitude Professionnelle” (**CAP or vocational aptitude certificate**) and the “Brevet d’Etudes Professionnelles” (**BEP or diploma of vocational studies**) are both taken in two years .
  - The “Baccalauréat Professionnel” (**BP or a vocational baccalaureate**) for pupils having passed BEP and wishing to pursue education at school, is taken in two years and gives access to higher education studies.

Vocational diplomas can be prepared for in academic programmes organised in Lycées and through apprenticeship programmes organised into CFAs (Centres de Formation des Apprentis–Apprentice Training Centres) and local training centres under the pedagogical control of the education system. Schematically, apprenticeship programmes are oriented towards arts and crafts while academic vocational programmes have a more industrial orientation.

Pupils and Trainees in Education in 2005-2006	15,020,000
Primary Schools	6,626,000
Collèges	3,250,000
General and Technical Lycées	1,745,000
Vocational Lycées	724,000
Trainees in Apprenticeship	400,000
Higher Education	2,275,000

Source : Ministry of Education (<http://www.education.gouv.fr>)

**Figure 1. Evolution of the Number of Pupils in Secondary Education**



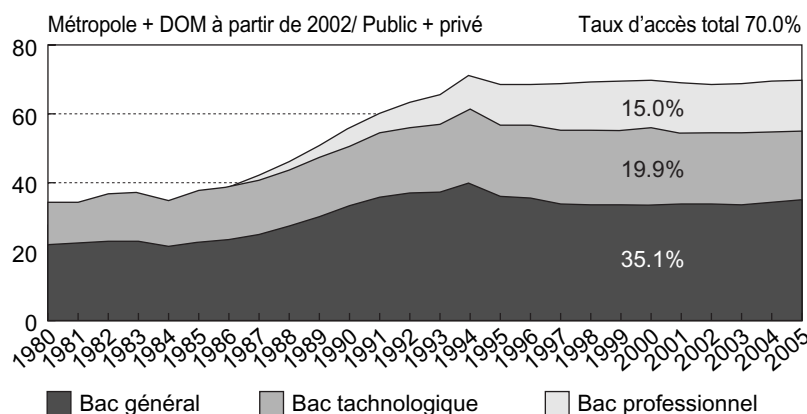
Source : Ministry of Education, <http://www.education.gouv.fr/cid4111/le-second-degre.html>

The first growth phase in education occurred during the mid-60s and the second phase in the mid-80s. Both are related to political decisions to establish education as a national priority and to promote equal opportunity of access, to support growing demands for education from individuals, families, professional organisations and enterprises (Béduvé and Germe, 2003). The July 1989 Guideline Act (*Loi d'Orientation de Juillet 1989*) establishes two major objectives : to provide young people with a minimum training level, and to advance 80% of pupils to baccalaureate level<sup>2</sup>. Several major reforms in the educational system were taken place since 1985 to increase the supply of education and training, to diversify training paths and credentials, especially vocational ones; and to develop an expanded higher education system.

Since the mid-1980s, three school segments in secondary education—general, technological and vocational—have grown in parallel and all lead or can lead to the *baccalaureate*. Actually, the rise in the number of pupils accessing the level of *baccalaureate*, accounting for 70% of a school age group since the mid-70s, is mainly due to the development of the vocational segment (Figure 2). The *baccalaureate* has, therefore, become more diversified: it is no longer just an academic qualification covering traditional secondary education but includes a group of diploma covering various segments of the second stage of secondary education.

The hierarchies between educational segments and within these segments, between series or specialisations, are however, highly differentiated reflecting several levels of prestige. The general academic segment is still considered as the most prestigious and the main way in which to gain access to university degrees. The vocational school segment is frequently taken as a second-best option. It offers alternation between periods of school study and periods of on-the-job training at a company. The strong movement towards “vocationalisation” of basic education at secondary school level has also reached higher education in the form of vocational degrees (for instance “licence professionnelle” or master degrees delivered by universities and including on-the-job training).

Figure 2. Access to Baccalaureate Level of Education, 1980-2005



Source : Ministry of Education, <http://www.education.gouv.fr/cid4111/le-second-degre.html>

<sup>2</sup> *Baccalaureate* is used for the French term “baccalauréat” that define the second stage of secondary school certification.

The school form of vocational training through apprenticeship was introduced in 1945 and has been through cyclical evolution, with a steady decline from the mid-60s till the beginning of the 1990s. Whereas it used to just relate to the second stage certification in secondary school (CAP-BEP), its usage started to diversify in the 1990s, especially under the 1993 Employment Act<sup>3</sup>. All forms of technical and vocational education can now, in principle, be studied for under an apprenticeship which can also be used to obtain a university diploma, engineering qualifications and equivalent qualifications. All in all, 20% of 2001 school leavers went through apprentice programmes, 47% for school leavers with first level vocational qualification and 24% for school leavers with technical or vocational baccalaureate. Two-third of apprenticeship training are in industrial series, one-third in services field. Apprenticeship programmes in the French transition system have the dual mission of training, the training part being integrated into the education system, and integration into work, thus the apprenticeship contract is also considered as a device of labour market policies to improve young people employment rate (see Section 4 in this paper).

## 2.2. Figures and Trends in Educational Qualifications

After decades of continuing progress therefore, the trend of increasing education appears to have stopped: the increase in pupils and student population has declined firstly, because of a demographic decline in the school age population, however qualitative shifts are operating as well. Nowadays, almost all the school age generation complete secondary school, the average age of leaving education is 21, but the proportion of pupils going on to take the baccalaureate has remained stable since 1995. Access by a school age generation to the level of *baccalaureate* or equivalent doubled between 1980 and 1994; in recent years it remains at around 70%.

However, the structure of qualifications for school leavers cohorts displays some significant changes since the middle of the last decade (Figure 3). Since 1994 onwards, nearly one quarter of pupils leaves school with *baccalaureate* qualification and one fifth of pupils leaves school with the BEP-CAP qualification (second stage vocational qualifications). The share of higher education qualifications increased from 30% in 1990 to 36% in 1994, it remained stable till 2000 and then improved up to 42% of a school generation in 2004. Actually, despite the rise in access to the *baccalaureate* level which is the compulsory credential to enter tertiary education, a growing proportion of pupils passing the vocational *baccalaureate* do not intend to or find it difficult to pursue higher education. The drop out rate from tertiary education is quite high: 25% of students leaving higher education in 2001 do not succeed in passing a higher degree<sup>4</sup>.

At the opposite side of the spectrum, the category of school leavers with no qualification declined from 30% in 1990 to 17% of the school leavers cohort in 2004. This category includes two distinctive groups: 8.5% are early school leavers (dropouts prior to completing secondary school) and 8.5% are pupils who completed secondary education without obtaining a qualification. The first group concerns young people who are said not to have the minimum training level defined by the 1989 guideline Act, it represents a stable proportion of 8 to 9% of school leavers over the last decade. Thus, despite considerable progress in recent decades, the French education system has not eliminated the hard core of school failures which often occur as early as primary school.

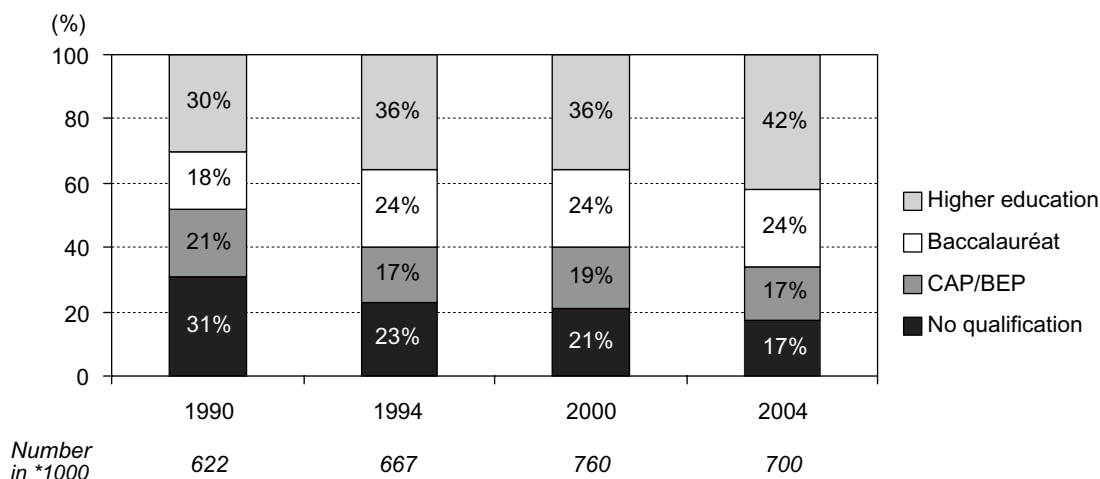
A plan to boost priority education and further reduce the school dropout rate was presented on February 2006 with measures targeted to the most disadvantaged pupils and

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<sup>3</sup> More recently, the French government reaffirms the target of 500,000 trainees in apprenticeship in 2009. Registered apprenticeship contracts were up to 360,000 in December 2004, see Section 4.

<sup>4</sup> In 2001, one out of ten school leavers is out of higher education without a higher qualification (Céreq, 2005).

Figure 3. Qualifications of School Leavers Cohorts France, 1990-2004



Source: French Ministry of Education, DEPP.

establishments, including professional discovery programmes and specific schemes to assist pupils who are at risk not mastering basic skills. Newly introduced and highly debated, the definition of a “common knowledge base” presenting a list of specific and transversal skills for lower secondary education was adopted to enable the education system and pupils to set targets and be assessed.

### 3. Conditions of Entry into the Labour Market for Young People

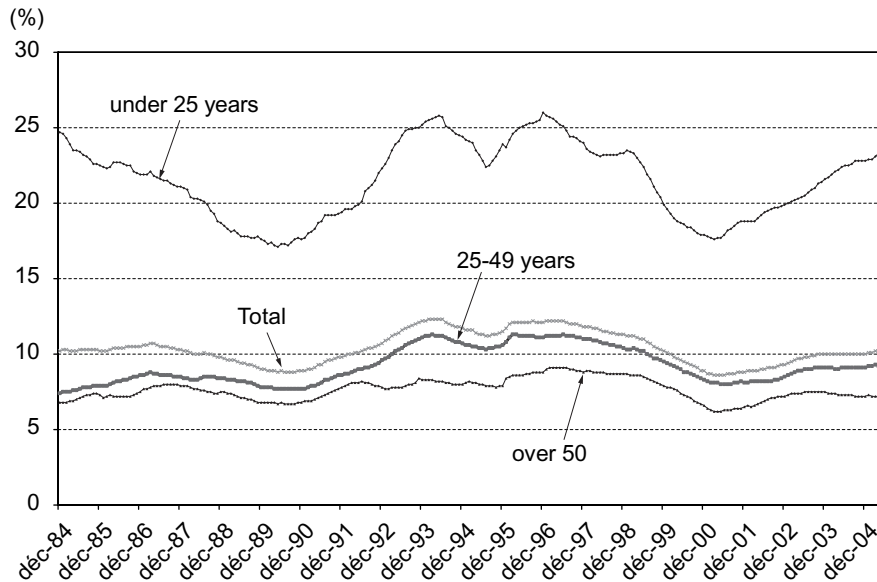
The French employment model is sometimes presented as a division of employment amongst generations following a pattern of “one single generation works at a time” (Elbaum and Marchand, 1994). Maintaining employment for the 25-50 age group was considered till recently to be the priority and managing imbalances was carried over by public intervention for the extreme age groups, young and old workers, two groups progressively excluded from the labour market over the last three decades. Because of financial difficulties over pension funding, there is presently an incentive to increase activity rate amongst people over 50s with the aim to reach targets established at the European level in the frame of the European Employment Strategy. For young people are new entrants on the labour market, the youth labour force is particularly sensitive to changes in the labour demand and to transformations in the structure of employment systems.

#### 3.1. Selectivity and Vulnerability to Changes in Labour Demand

For over twenty years, the rate of youth unemployment has been twice as high as for adults (Figure 4). In January 2005 the unemployment rate was 22% for the working age population under 25 and 10% for the whole of the working age population (INSEE, 2005). However, youth unemployment has its specific features that distinguish it from adult unemployment. Youth unemployment is generally rotation unemployment, there are high turnover rates in the youth labour market and although youth have higher rates of unemployment they are more likely to find a job. The probability of youth leaving unemployment and then becoming employed are higher than for adults (Couppié and Mansuy, 2004).

The rate of unemployment is completely segmented by the level of education of young people, and those with low levels of qualification accumulate disadvantages in the labour

Figure 4. Unemployment Rate by Age Group, 1985-2005



Source : INSEE.

market. As early as the 1970s, young people leaving school without qualifications were the first to be affected by the rise in unemployment. Young graduates who saw their advantageous labour market prospects deteriorate between 1993 and 1997 were the first to benefit from the effects of the economic upturn and the improvement of the insertion conditions from 1998. Over the last decade, the unemployment rate for unqualified young people has always remained three to four times higher than for young people with a degree above the *baccalaureate* level.

However, this cyclical sensitivity of youth employment is also related to the nature of the jobs now offered to youth, especially temporary contracts, unskilled jobs and posts in sectors characterised by high levels of staff turnover. The last youth cohort surveyed by the Céreq in 2004 has three years experience in the labour market. They were confronted with an economic downturn that pushed up unemployment rates for youth close to the rates that existed when this cohort entered the labour market in 2001. This downturn affected primarily young male workers on temporary jobs in secondary industry. A reflection of this was that in this survey there was no longer a gap between male and female unemployment rates (Marchal, Molinari-Perrier, and Sigot, 2004).

A high level of qualifications also means reduced vulnerability to economic fluctuations since the most skilled jobs are less sensitive to these fluctuations and the most qualified people have better positions in the job queue (Fondeur and Minni, 2004). During periods of job shortage and high unemployment, reduction in job opportunities entails changes in the job queue with selectivity of recruitment leading to a chain deterioration in employment access levels and a downgrading for skilled jobseekers into less skilled jobs and a consequential eviction effect for the less skilled jobseekers. Thus, the level of downgrading in first jobs is quite high for new entrants in the labour market: three years after leaving school, 40% of young people hold a job corresponding to a skill level lower than their school qualification (Couppié, Giret, and Lopez, 2005).

### 3.2. Specific Entry Places in the Employment System

In comparison with the active population as a whole, youth employment has been traditionally concentrated in activities with high turn-over and low skilled jobs. Typically,

young people find their first job in retail activities, in a small or medium size enterprise, and as a service employee or manual worker. The situation is very different for those graduating from higher education where three out of four are recruited in business services as executives or in an intermediate profession.

Typically, youth wages at the beginning of a career are closely correlated with levels of basic education and rise according to the occupational positions obtained, differences in wages between qualification levels widening with age and seniority. In addition, young women with the same standard of education systematically earn less than young men, the higher the level of qualification, the higher the gender wage gap on the first job (Céreq, 2005).

The main characteristic of youth employment and the most important change in school-to-work transition is the high proportion of precarious jobs: three-quarters of young people educated with a *baccalaureate* level or a lower level enter their first job with a fixed term or temporary contract, this is also the case for more than half of young people with university degrees, whereas around 10% of total employment is covered by this type of employment contract. Employment on fixed term contract is the norm for new entrants on the labour market and it remains at a high level three years after entering the labour market: more than half of young people with no qualification in employment at this time are on precarious job, the proportion is as high as one third for school leavers with secondary qualifications, and one quarter for the working cohort as a whole. Seven years after leaving school, the access to stable jobs is dominant, even for low qualified young people as less than 20% out of them are employed on temporary jobs. It seems that experience on the labour market pays off in term of access to internal labour markets with stable jobs.

Another specificity of youth employment relates to the high level of part-time work, 30% of women and 8% of men being out of the secondary school education for less than 4 years and in employment, work on part-time jobs. In two cases out of three, part-time work is not a choice. Hence, the rate of “under-employment”, calculated as the share of people in part-time job wanting full-time job, culminates at the level of 10% for the young working population being out of the secondary school education for less than 4 years; and it is as high as 20% for women within this group.

### 3.3. Diversity of School-to-Work Transition Patterns for Secondary School Leavers

This section focuses on trajectories of secondary education school leavers using data from the Céreq surveys on Generation 1998<sup>5</sup>.

Diversity in school-to-work patterns is a prevalent characteristic of youth transitions in France and is demonstrated for through several indicators. A first dimension concerns the evolution of the distribution amongst situations (employment, unemployment, inactivity) that informs about the individuals’ position towards and on the labour market. Thus it appears that the participation rate in employment is as high as 70% for young people with no qualification, that is to say 15 points lower than the rate for the secondary education school leavers cohort as a whole (Figure 5). Conversely, unemployment concerns 20% of school leavers with no qualification seven years after they left school, this level being more than twice than the unemployment level for the whole cohort.

A second dimension focuses on mobility between employment and unemployment and the progressive access to durable participation in employment, i.e. being in employment during 12 months over a year. These two indicators clearly separate school leavers with no

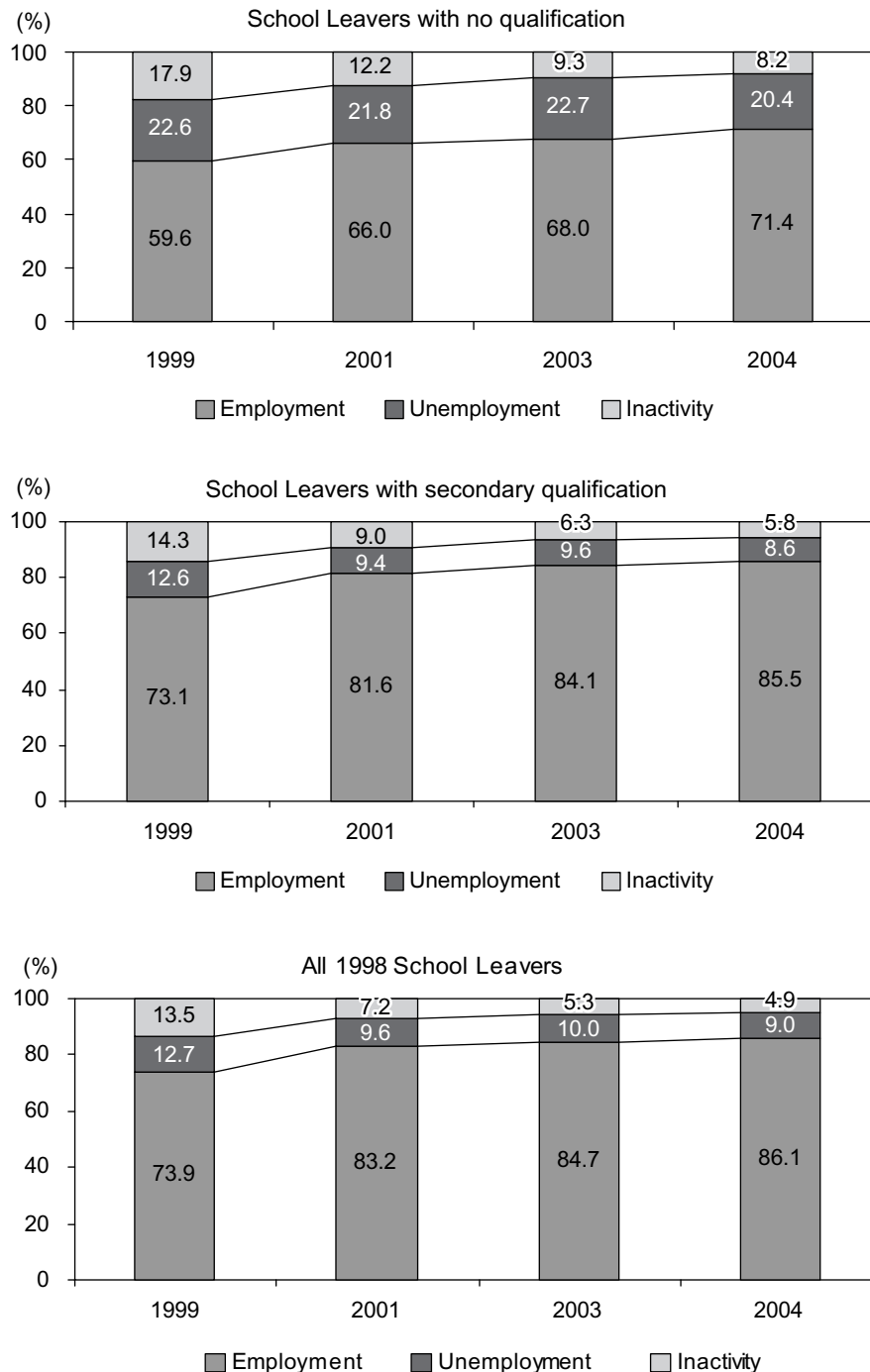
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<sup>5</sup> *Génération 98* is a survey that was carried out by Céreq amongst a representative sample of 55,000 young people who left the educational system in 1998 and who were questioned in 2001, 2003 and 2005. Main results out of this survey are available in Céreq (2002, 2006), some of them are downloadable on the website : <http://www.cereq.fr>.



qualification from those with secondary education qualification (Figure 6). This latter group presents a profile very similar to the cohort as a whole, whereas young people with no qualification do not achieve durable employment and transition rate remains quite high after seven years on the labour market: in 2004, mobility from employment to unemployment concerns 20% of the school leavers with no qualification and 10% of the cohort as a whole.

Figure 5. School-to-Work Transitions for the 1998 School Leavers Cohort



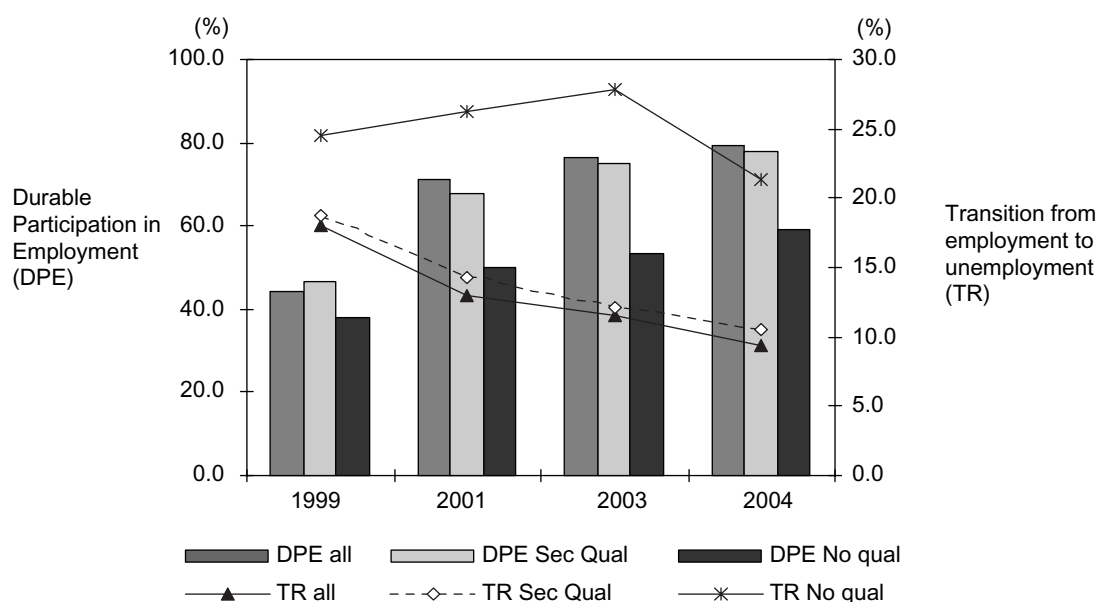
Source: Génération 98 Survey, Céreq.

Figures on employment status confirms the polarisation of young people with low qualification on precarious job involving high mobility: seven years after leaving school, one third of employment for young people with no qualification corresponds to fixed-term contracts, this level being two times higher than for the cohort as a whole.

Finally, situations on the labour market and employment status are used to typify trajectory patterns of school leavers (Cereq, 2006)<sup>6</sup>. Four main patterns of trajectory during the first seven years the labour market are characterised (Figure 7):

- **Direct access to open-ended contract** (53% of the cohort): this group of school leavers has got access to stable employment either directly after leaving school or after one or two years of having been employed on fixed-term contract. Less than half of them hasn't changed employers during the first seven years. Amongst secondary school leavers, this pattern accounts for 30% for those with general baccalaureate and up to the average rate for vocational or technical baccalaureate. Only one third of young people with no qualification follow this type of trajectory.
- **Late access to open-ended employment contract** (15% of the cohort): trajectories are marked by the first three years spent in temporary contracts, some breaks from employment and an average 6 months period spent in unemployment, before ending on a stable employment. This type of trajectory is more frequent for school leavers with vocational qualifications.
- **Precarious employment** (19% of the cohort): a pattern characterised by persistent employment under open-end contract with high turn-over or a break from stable employment followed by long-term unemployment and rotation between precarious jobs. One quarter of school leavers with no qualification enter this type of trajectory

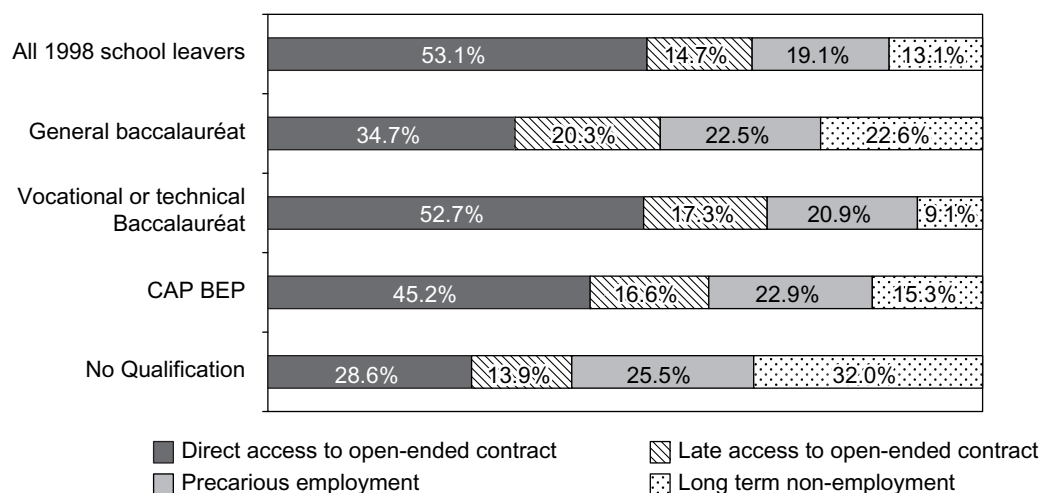
Figure 6. Transition and Participation in Employment for 1998 School Leavers



Source: Génération 98 Survey, Céreq.

<sup>6</sup> Patterns correspond to the classes obtained out of hierarchical classifications that use calculation on monthly situations during the first seven years after leaving school. Individuals are grouped according to minimum distance between their situation for each month.

Figure 7. Types of Trajectories for 1998 Schools Leavers during Their First Seven Years on the Labour Market



Source: Génération 98 Survey, Céreq.

and one fifth of school leavers with secondary qualifications.

- **Long term non-employment** (13% of the cohort): this category includes two distinctive patterns of trajectory: a pattern with long-term inactivity spells (including very few returns to training) and late access to a first job for, and a pattern with recurrent spells of unemployment and short duration jobs on precarious contract. Nearly one third of school leavers with no qualification displays this type of trajectory, and one fifth of leavers with general baccalaureate.

Distribution across the four patterns of trajectory is correlated with educational levels and with fields of education: the figures for those who quickly find a long term job are higher for those leaving industrial training segments than for those leaving training in administrative and service specialities.

Gender and social origin also have an influence on the path that young people follow after leaving basic education. Women more often enter trajectories marked by unemployment or inactivity (17% of female school leavers and 9% of male school leavers); they are also more likely to enter a precarious employment trajectory (one out of fifth female school leaver). With regard to social origin, being from an executive family provides young people with a relative degree of protection from the more difficult transitional paths. Young people with a “migrant” origin are more frequently confronted with unemployment and inactivity than those from non migrant families.

Finally, geographical factors also have an influence on the patterns of school to work. Transition. Young people educated in the Paris area, Alsace or the Rhone-Alpes areas insert themselves more easily into the workforce than those living outside of these areas. A higher number of young people educated in Northern and Southern parts of France experience a transition route marked by unemployment or inactivity.

Transition patterns are thus highly diversified under the influence of individual and local variables. Others factors also play a role in the access to stable employment, including the type of the first employment contract and the size or activity of the company where young people get their first job (Lopez, 2004; Mansuy and Minni, 2004). Young people entering highly capitalistic activities, such as energy, shipping and air transport, banking and financial activities, are more likely to get a stable first job and stay in the same enterprise than young

people entering catering, retailing or traditional manufacturing activities (food, textile).

#### **4. Development in Labour Market Policies and Integration Programmes**

Youth transition from school-to-work has become a long and complex process, at least for the half part of a generation that does not access directly stable employment. Transitions result from the interplay between different actors: young people, their families, teachers, companies, local authorities and professional organisations. Successive governments have been major players through the development of labour market policies targeted towards young people. A short history of these policies reveals a constant swing between different logics of public intervention: “social treatment” as a remedy to youth unemployment; the development of training and skills and the implementation of specific employment status. Most frequently, labour market policies mix these different goals.

In the mid-1970s, when youth unemployment grew sharply, the very first programs were developed with the objective to improve matching between training and jobs. Between 1977 and 1981, three agreements concerning youth employment materialised; this period marked the beginning of large-scale public intervention strategies in the youth labour market. In the early-1980s, labour market policies were predominantly aimed at developing employment-cum-training contracts for young people. However, integration programmes were also developed at this time to act on guidance and various social dimensions of youth transition from school to work (housing, health, financial difficulties) through local structures that were established in addition to the public employment services (*Missions Locales*: local youth employment agencies ; *PAIO* : reception office for information and guidance ).

The main innovative action of the last socialist government was to develop subsidised public jobs (“*Nouveaux Services - Emplois Jeunes*” : New services–Youth Employment) on a large scale in the late 1990s in order to counterbalance growing unemployment amongst qualified young people. The current government has experimented with several forms of subsidised employment and has renewed training-cum-employment contracts, but with no major changes to the logic of public intervention in the labour market, albeit a reinforced social control on youth unemployed people is currently implemented.

Finally looking at public policies over the last three decades, it appears that labour market programmes targeted to young people have been largely experimental as several schemes have been extended to the whole working population.

When presenting labour market programmes and considering the impact of policies on the youth transition from school-to-work, it is worth distinguishing between two forms of public intervention in the youth labour market: those schemes that are implemented through the employment contract; and those that do not involve creation of a specific employment contract and focus on guidance and advising actions.

##### **4.1. Labour Market Policy Schemes Creating Employment Forms Specific to Young People**

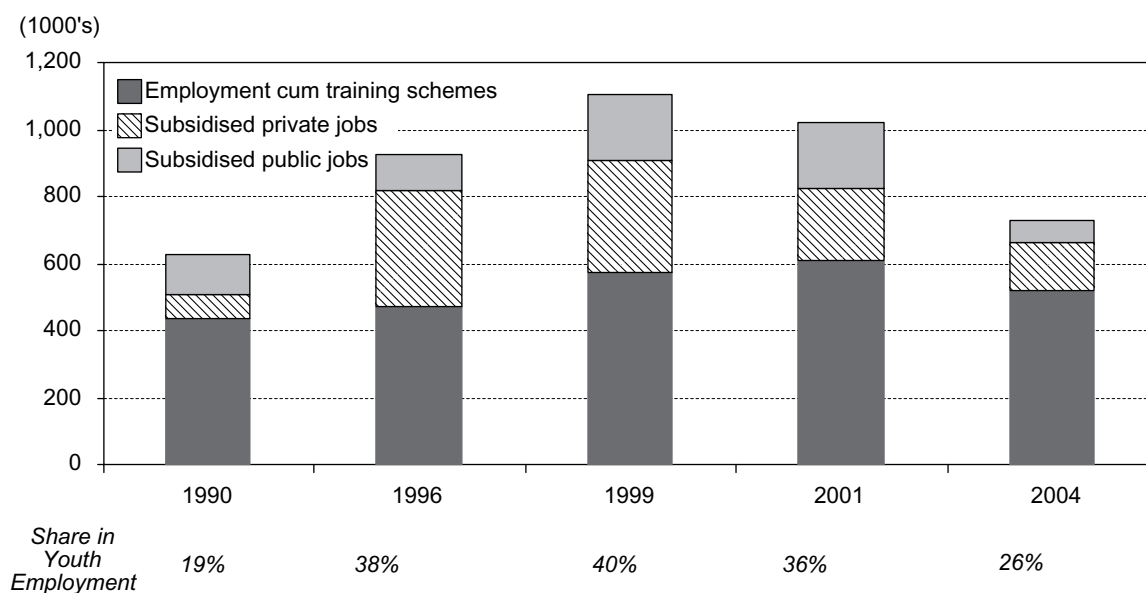
Forms of employment introduced by labour market policies run specifically for young people, (the 16-25 age group), are typically employment contracts with specific rules in terms of wage determination, working time regulation and training provisions. They include labour cost reductions and/or subsidies for the employers. According to the *Génération 98* survey, 15% of the school leavers went through “subsidised employment” at least once during their first three years of working life<sup>7</sup>.

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<sup>7</sup> The level of participation in labour market schemes is clearly underestimated in the *Génération* survey as it results from interviews of individuals who sometimes do not declare, or are simply not aware of, being hired through a specific scheme, especially when this scheme does not involve a training time.

Three main categories of employment schemes account for one quarter of young people employment in 2004, those schemes represented up to 40% of youth employment by the late 90s (Figure 8).

Figure 8. 15-24 Years Old Employment in Labour Market Programmes



Source : DARES, Ministry of Employment, 2004.

### ***- Employment contracts cum training***

Accounting for 550,000 young people in 2004, employment cum training contracts represent the largest device of public intervention on the youth labour market. They correspond to employment contracts including training sessions and they aim to address the transition adjustment between training and employment. In some cases, and mainly for apprenticeship contracts, they are the best program for completing schooling, being available to all young persons. The main types of training cum employment contract and their uses are described in Box 1 below.

### ***- Subsidised private jobs***

This category relates to employment contracts providing for subsidies and exemptions from national insurance contributions. The subsidies are related to the nature of the job (part-time, first recruitment and other various job specifications in terms of activities, company size), or to individual characteristics of the worker (age group, level of training, duration of unemployment) without any compulsory training component. 130,000 young employees were involved in this type of scheme in 2004. The “Contrat Jeune Entreprise” (CJE - youth employment contract in business) is the main recent device and is described in Box 2 below.

### ***- Subsidised public jobs***

Public jobs have been cyclically developed to fight unemployment. The most frequent form targeted to young people was the programme “New services-youth employment” operating from 1997 to 2004 and covering more than 150,000 young people in employment in 2001. It was a private contract signed with public bodies for either a fixed term period of 5

years max or an open-ended period with in both case subsidies covering up to 80% of the labour cost limited to a five years period. Most of the young people who entered this type of contract were qualified school leavers with at least the baccalaureate level of qualification, the vast majority of these contracts concerned jobs in non-profit organisations and foundations, public administrations and territorial public agencies, schools and colleges.

Since the end of this programme in 2004, no new scheme specifically targeted to young people employment in the public sector was developed but recent reform enables public bodies to sign employment cum training contract (professionalisation contract).

#### **Box 1 : Two main types of employment-cum-training contracts**

##### **The Apprenticeship contract**

Apprenticeship contracts have doubled in 15 years; they continued to rise in a manner that is generally independent of the economy - whereas other alternating contracts promoted through labour market policies for young people followed the general labour market very closely. Apprenticeship contracts constitute the most numerous type of alternating training schemes (360,000 trainees in 2004), concerning more particularly secondary school leavers. As there is a growth in the number of pupils studying for the vocational *baccalaureate* and technical diplomas through apprenticeship schemes (33% of all apprentices in 2001), the level of basic education on entry into apprenticeship is also rising: nowadays 75% of the trainees have already reached a level equal to the first stage secondary school level when they enter apprenticeship (Arrighi and Brochier, 2005).

Formal training is provided by Apprentice Training Centres (*CFA : Centres de Formation des Apprentis*) that are partly included in the national education system and mostly managed at local level by trade boards. On-the-job training is supervised by a skilled worker with certified qualifications. One-third of trainees do not pass their exams, essentially in services sectors (retailing, catering, tourism industry). Depending on the field of training, 20% to 30% of apprenticeship contracts are broken before the term.

Apprenticeship contracts offer variable wages (from 25% of the minimum wage during the first year for trainees under 18, up to 78% of the minimum wage during the last year of the contract for above 21 year-old trainees), and provide employers for exemptions of national contributions, with national and regional subsidies, and a flat rate tax credit since January 2005.

Apprenticeship is concentrated in some areas of activity: manufacturing sectors with the highest degree of craftsmanship (22% of contracts in 2004 were signed in manufacturing, 20% in building, and 68% in services industries) even though the relative share of some traditional crafts sectors is slightly decreasing. Similarly, small enterprises still form the preferred area for apprenticeship: 65% of contracts are signed in companies with less than 10 employees. However, the rise in apprenticeship is greater in new sectors than in the traditional ones, and it supports upper level training in large or medium-sized enterprises in capital goods, intermediate goods and business services.

##### **The *Contrat de Professionalisation*—professionalisation contract**

Since October 2004, the professionalisation contract has progressively replaced the *Contrat de Qualification (CQ)*, and the *Contrat d'Adaptation (CA)* both introduced in the early 1980s, targeted to the 16-25 years old and then extended to over-26s with low level of training. The professionalisation contract can be an open-ended or a fix-term contract, the training period covers between 15% to 25% of the total time of the contract and can be organised either in a training centre or directly by the enterprise. The training is meant to result in a vocational certification (diploma in technological or vocational studies, or a qualification approved or recognised under a sector agreement). The contract provides tax exemptions for the employers and a wage for the trainee up to 55 to 85% of the minimum wage.

Young people entering this kind of employment cum training contract are usually more qualified than

those entering apprenticeship, they come more frequently from unemployment than from initial education and training. Less popular than the two previous contracts (155,000 *contrats de qualification* and *contrats d'adaptation* signed in 2004), 80,000 professionalisation contract were signed by young people in 2005, for shorter terms and including reduced training periods than the previous alternating contracts. Three quarters of the contracts are signed in services industries and 23% of the contracts are signed by small sized companies.

#### **Box 2 : Subsidised private jobs for young people**

*The Contrat Jeune en Entreprise* (CJE–youth-in-market sector) is the main device, with 115,000 young people engaged in 2004. It entitles employers to a further reduction in employer contributions compared with existing contracts. Half of young people hired in CJE had left school without any qualification, one-quarter were unemployed before being hired, and one in six had reached the end of a combined job/training contract. Data available to assess the CJE show that this contract is mainly used by small size businesses in traditional youth employment activities (catering, building, retailing). More than 70% of the CJE do not go to the end, the contract being interrupted after few months following resignation in three cases out of four.

**There are other labour market policy schemes** that reduce labour cost in the private sector but are not specifically targeted to young people. However, these scheme indirectly have an influence on youth employment as they provide progressive reduction in labour costs for wage levels up to 1.8 time the minimum wage, and as such they impact on youth employment since this is the waged segment where the majority of jobs dedicated to young people are concentrated. These subsidised private jobs are not included in data related to labour market policies as they are not age dependent, and hence there is an underestimation of the share of subsidised private employment for young people.

#### **4.2. Labour Market Policies with No Creation of a Specific Employment Contract**

The “decentralisation” or “territorialisation” of labour market and training policies has broadened and diversified the participants in the school-to-work transition process. One of the major changes over the past twenty years is the appearance of new participants within policy programs to address youth issues including local structures, regional councils, local authorities and local employment services. Organised within local networks, these new participants develop programs that are targeted to young people with severe difficulties in the labour market (see Box 3 below) and are managed by local social structures (*Missions Locales*: local youth employment agencies; *PAIO* : reception office for information and guidance) and with subcontracting to private operators which provide young people with advice, training and work experience as trainees.

As young people under 25 in France are excluded from any social minimum income scheme (such as RMI : *revenu minimum d'insertion*), some of the services provided by these local structures are very similar to the ones included in broader social policy schemes, such as housing subsidies or health support. Moreover, eligibility for unemployment benefits is conditioned in France by an employment qualification period of 4 months minimum<sup>8</sup> (i.e. being in employment for at least 4 months). Those young people who haven't been in

<sup>8</sup> In June 2004, 44% of unemployed young people were receiving unemployment benefit, this rate was up to 61% for the total unemployed population (Unemployment agency statistical data: <http://www.assedic.fr/unistatis/>).

employment long enough, or who have accumulated short term contracts, are thus compelled to participate in integration schemes managed by local social structures. Integration networks are an important support for young people with low education level but they also deal with qualified young people when looking for their first job.

One of the first device developed in the framework of integration policies, called CFI-jeunes (*youth individual training credit*) was introduced in 1989 and proposed a right to individual path towards training including three steps: stage one as a starting phase, stage two as a pre-skilling phase and the third stage with access training session or employment cum training contract. In 1990, 270,000 young people under 26 entered this scheme managed by local youth employment agencies and PAIO. The assessment of the CFI programme displayed limited success in term of access to qualification and employment for disadvantaged youth who frequently didn't manage to reach stage 3. Various schemes were successively developed with the objective to improve individual guidance and to provide young people with enlarged support including housing, health, etc... (introduction in 1992 of the PAQUE programme-preparatory programme for qualification and employment, replaced in 1998 by the TRACE programme, replaced in 2004 by the CIVIS scheme—see Box 3 for presentation of TRACE and CIVIS).

Finally, in June 2005, the emergency employment plan launched a drive for the National Employment Agency and the local youth employment agencies to see the 57,000 young people who had been unemployed for at least one year. The operation held 76,294 interviews for 71,553 jobseekers, the interviews far exceeding the initial target since the mobilisation initiated by this plan drove a move to see other young people. By the end of September 2005, 72% of the young long-term unemployed concerned had signed off from unemployment or had worked short time in the preceding months. Less than 60% of the young people seen had held a job from June to October 2005 and only one-quarter of these were still in employment in mid-October 2005. Most of the young people seen are unemployed again, but have had a period of wage-earning work.

### **Box 3 : Two main programmes for Youth integration**

#### **The TRACE programme, 1998-2004**

This scheme was targeted towards young people under 26 with low qualification level and difficulties on the labour market who signed a contract with a local agency to benefit from individual guidance and support for accessing training and employment during 18 months. Training and employment spells occurring during the scheme, mainly in subsidised private and public jobs, were supposed to boost employability level of trainees. In 2003 86,400 young people were engaged in a TRACE scheme, and when they enter the scheme half of them have a minimum education level, 20% of them are early-school leavers and 30% of them have a vocational secondary education level (BEP/CAP).

#### **The CIVIS programme, 2004 onwards**

Taking up TRACE succession, the *Contrat d'Insertion dans la Vie Sociale* (CIVIS— social integration contract) is nowadays the main framework for this assistance provided by the local youth employment agencies and the reception offices for information and guidance. This contract is concluded for a period of one year. From may 2005 to April 2006, the contract took in 200,000 young people, nearly half of whom had no qualifications or skills. The act of 21 April 2006 reformed and improved this measure. Eligibility for CIVIS was extended to young higher education graduates particularly removed from the labour market. A “pathway to working life” must be proposed to the young people within three months of concluding the contract. To stabilise the young person's integration into the world of work, the assistance can continue for a year after finding a job. The young people on CIVIS contracts are covered by the



welfare system and, when they reach their majority, are entitled to a benefit during the periods when they receive no other income or allowance (€900 maximum per year and €300 maximum per month).

### **4.3. The Impact of Labour Market Schemes on Youth Trajectories**

As for other types of labour market policies, assessment of the impact of youth programs in terms of job creation is very difficult to carry out because of the interaction between several effects such as dead-weight or windfall effects and changes in cyclical conditions in the labour market. The schemes available to young people have an overall effect on transitional rates of successive cohorts entering the labour market for the first time, they have the effect of reducing the rate of youth unemployment in the initial transition stage, although the long-term effects are very differentiated according to the type of scheme. Hence, the results of a survey on young people entering programmes in 1999, show that employment rate is as high as 82% two-years after the end of an apprenticeship contract but the situation is very different for young people who went through the TRACE programme: less than half of them were in employment two years after leaving the scheme, 38% of these young people are unemployed.

At a micro-level, a recent research program by Giret and Lopez (2005) using panel data provides a complete evaluation of the impact of labour market schemes on school-to-work transitions for young people with secondary level education.

Seventy-two percent of young people who left secondary school in 1994 went through at least one labour market scheme. Entry into schemes occurred quickly after leaving school as these schemes are directly targeted to the job search period. However, 43% of those who have experienced one scheme will enter into another scheme within a few months.

When comparing young people going through public programmes and those with similar qualification levels who do not enter these schemes, the rate of long-term employment is slightly lower for the first group, but there is no visible difference in terms of access to skilled jobs. However, within the population going through public schemes, there are important disparities in terms of access to stable and skilled jobs and there is clear cut segmentation between schemes with and without employment contracts that do not address similar populations. Roughly, it is more difficult for female trainees who went through service training and/or entered schemes with no employment contract to access skilled jobs afterwards. Overall, there is a positive impact of public schemes in terms of improved employment prospects. However, in terms of their impact on school-to-work transition, the best schemes benefit those young school leavers who may have not needed them anyway in order to find a job.

Similar results are put on the fore by Gasquet and Roux (2007) developing a micro-level analysis on young people with no qualification entering the labour market in 1998 and having been through at least one scheme over the following seven years. Showing that public schemes are a structural component of low-skilled young people trajectories, the research reveals the diversity in outcomes, depending on the level of initial training and school trajectory, the type of individual as well as the type of scheme and employment obtained.

## **5. Synthetic Overview on Recent Changes in School-to-Work Transition in France**

This last part of the paper aims to provide a more analytical viewpoint on changes in the French transition system defined as the institutional arrangements and societal effects that create different paths for young people entering the labour market (Detzel and Rubery, 2002).

Following an institutional approach, a analysis in terms of transition system articulates several dimensions to describe national or typical models (educational institutions and their relatedness to the labour market, labour market regulation, social and labour market policies, family and gender relations) and is frequently used to produce cross-national studies and typologies that prove to be useful in clustering groups of countries (OECD, 2000; Ryan, 2001; Muller, Gangl, 2004). Focusing on France, we would like to shed light on processes of changes in order to question the consistency of a national model that has been confronted with the challenge of persistent high levels of youth unemployment. More precisely, the focus is on transformations that occurred in two of the main spheres participating in the institution of the transition system: education system and labour market policies targeted to young people.

Despite numerous reforms over the past decades, the direction for change in the French school-to-work system is still not clear. Verdier (2001) suggests that the education reforms over this period have not entailed a structural change of the system, both in terms of equity and efficiency.

In terms of equity, reforms in education did not reduce social inequalities. The outcomes from education remain highly dependent on social origins. The considerable rise in the standard of teaching has undoubtedly benefited children from all spheres and the option of entering higher education is available to over half of the younger generation. Despite this democratisation of education, there are still many social inequalities. For example, 20% of children of manual workers achieve a higher education diploma compared with 80% for children of managers or professionals. Differentiation and hierarchy amongst training paths, both in terms of level and speciality, are still very pronounced and influential in determining access to higher education and employment. Reforms postponed the selectivity stage for progression into the educational system, thus enabling scholars to stay longer at school after the compulsory age (16 years); however, access to certification is still dominantly based on a “pass or fail” system, as opposed to credit system, and this maintains a strong “meritocratic” logic.

Other disparities in school trajectories are gender-related with boys and girls following different paths in education that impact on trajectories from school to work, access to employment and quality of jobs. Differentiations at school are translated in inequalities on the labour market.

In terms of efficiency, Verdier (2001) underlined several limitations confronted by the new educational system. Overall there has been an increased role for credentials as signals to labour market, even if they are not a total protection against unemployment. Labour market outcomes depend on both the level of education and the training speciality or segment followed. Moreover, the value of vocational qualifications and certifications within the labour market remains limited since there is still no strong institutional support for an occupational labour market arrangement (especially because of the weak involvement of social partners, i.e. employers and trade unions, in the development of vocational training still dominantly managed by the State education system). Secondly, the downgrading process through which qualified young people enter low skilled jobs, can be characterised as a response to an over production of qualified young people in relative to the skill composition of the employment structure. High rates of unemployment contribute to increased job competition and the rise in credentialism has not influenced the high vulnerability of youth employment to economic downturn. Competition in the labour market has increased between more qualified school leavers and more numerous experienced workers who change their jobs.

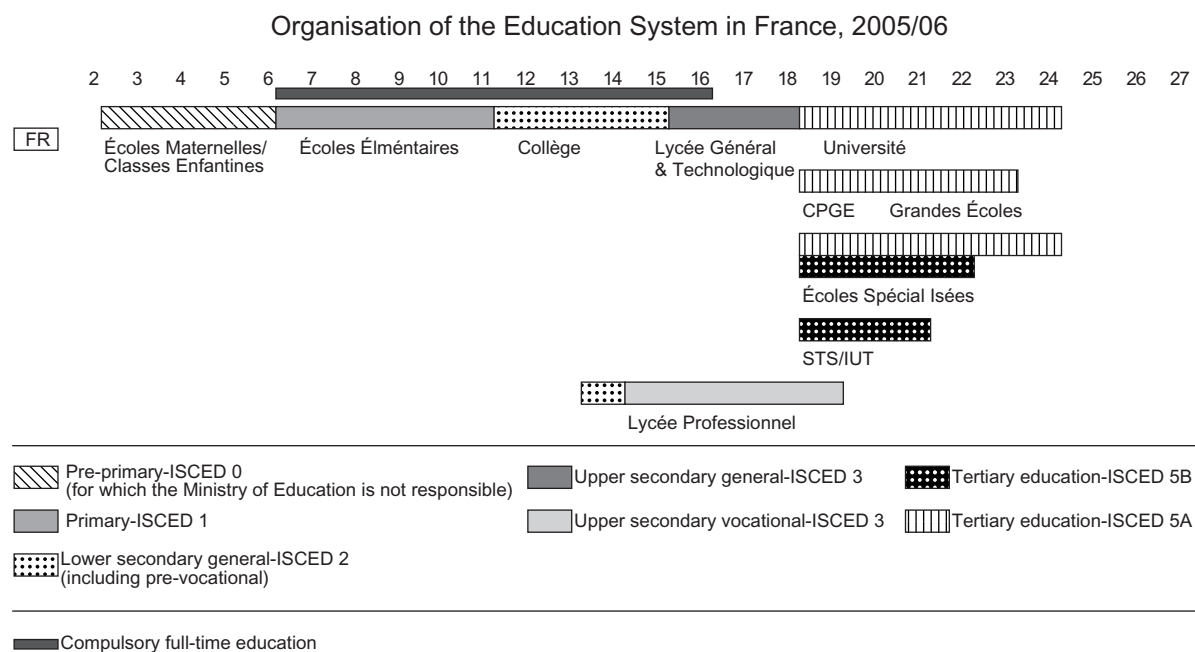
Labour market policies targeted towards young people appear to be successful in reducing unemployment for an important component of school leavers. However, their success is very selective and promotes recurrent spells of unemployment and protracted transitions for a part of the youth. Unemployment remains an experience for a minority in the youth labour market. Out of 740,000 young people who left school in 1998, over half had never been

unemployed during the first three years of their working lives (Céreq, 2002). The figure is similar for school leavers entering the labour market in 2001 and surveyed in 2004 (Céreq, 2005). For some young entrants into the labour market, access to employment seems particularly difficult; despite reaching secondary school level of education and intensive job search activity, access to employment tends to finally occur after a period of long term unemployment. However, the transition for this group is largely too precarious and restricted to part-time jobs (Mora, 2004). The dominant feature is one of diversity in school-to-work trajectories, reflecting social segmentation related to gender, social origin and geographical location.

It is difficult to conclude that there has been a structural change in transition processes for youth as a result of labour market policy development. Adversely, integration schemes clearly participate in changes in the French employment system as a whole: these schemes act on the labour force mobility and renewal through the organisation of school-to-work pathways while conciliating with flexibility and reduction of labour costs that are supposed to favour job creation. This hypothesis fits quite well with the well-known polarisation of the youth labour force into specific segments of the labour market.

The selective processes operating on the labour market are still strongly biased towards the traditional model of “a generation works at a time” and the school-to-work transition period remains highly sensitive to economic evolution. Youth unemployment results from a set of mechanisms that relate more particularly to those of job shortage or excess labour supply. However, the nature of the jobs held by young people when they enter the labour market, and more specifically the use of temporary contracts for recruitments, also create more flexibility and mobility for this labour force. One could formulate the hypothesis that school leavers participate in the renewal of the labour force when they enter the labour market, but they also contribute to the re-definition of the standard employment relation towards more flexible forms (Lefresne, 2003).

Finally, public labour market policies have had a countercyclical effect but are unable to cope with the selectivity of the labour market and the precarious employment arrangements for many young people. It seems that an internal labour market logic still operates dominantly in France, at least in relation to entry selection mechanisms and occupational mobility patterns for young labour force (Germe, 2001). Recent developments in the access to employment for young people tend to reinforce typical features of the school-to-work transition system in France and, at the same time, to reflect some structural transformations of the employment system, more particularly the experience of atypical forms of employment. However, tensions in the transition system are also related to the destabilisation of the internal labour market (Gautié, 2004): job instability, decreasing role of tenure and of specific skills in wage determination, decline in internal career structures. In any case, youth difficulties in transitions from school to work in France are highly dependant on societal specificities: an educational system based on a normative relation between school, training and employment that has been destabilised by a high level of unemployment. From a life course perspective, it is clear that school-to-work transitions will impact on future career prospects. Stabilisation, wage progression and promotion perspectives that were traditionally characteristic of adult workforce trajectories, are not easily predictable for new generations entering the labour market.



Source: Eurydice.

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