

TRAINING THE WORKFORCE OF THE 21st CENTURY

Conference-debate on July 11th, 2017

■ SPEAKERS

- Christophe Alix, business journalist at *Libération*
- Paul Allibert, managing director of Institut de l'entreprise
- Yannick Alléno, thrice-Michelin-starred chef
- Kyril Courboin, chairman of J.P.Morgan France
- Joe Dromey, senior research fellow at the Institute for Public Policy Research (IPPR)
- Henri Lachmann, former chairman of Schneider Electric
- Chauncy Lennon, managing director and global head of workforce initiatives, J.P.Morgan Chase Foundation
- Jean-Jacques Salaün, managing director of Inditex France and member of the board of directors of Institut de l'entreprise
- Marc Teyton, chairman of the National Federation of Production Schools (FNPEP)
- Anne Tézenas du Montcel, journalist, author of the report "Training the workforce of the 21st century"
- With a written statement by Stéphane Lardy, deputy cabinet director of the Minister of Labor Ms Muriel Pénicaud, in charge of training, apprenticeship and working conditions, read by Natasha Pouget, development director of Institut de l'entreprise



With 1.8 million 15 to 29 year-olds not in employment or training and without any qualification, a dangerous social revolt is brewing in France, said **Paul Allibert** as he introduced the conference. Aware of this critical situation, Institute de l'entreprise, supported by J.P.Morgan, wanted to highlight initiatives that successfully contribute to preventing young people from “dropping out”, and lead them back to training and employment. Six such programs are featured in the Institute’s latest report, *Successful initiatives for youth employment: six programs that help young people enter the job market*, written by Anne Tézenas du Montcel.



As stressed by **Stéphane Lardy** (see full speech at the end of this review), the main cause of poverty is unemployment, the main protection against it is competence, and training is a key lever to success. However, increasing globalization and new technologies are causing disruption in the professional world. According to the OECD, around 10% of jobs are expected to disappear due to automation, and the new jobs that will emerge won't be enough to compensate for that loss. Half of today's trades are expected to radically change. Therefore, the government's plan to invest in skill development and to reform France's vocational training system aims at helping workers and jobseekers through these changes, as there is a close relation between levels of qualification and unemployment. Training methods also ought to be redesigned—and maybe even detached from the concept of “school”—in order to better meet the needs of those adults who have failed to thrive in the traditional school system. Work-based learning and flexible methods tailored to each learner's needs ought to be further developed, and backed by collective guarantees. This isn't just about training: it's about making people more independent and helping to empower them socially, in a realistic and determined way.

Companies are getting involved



Every year, nearly 150,000 young people in France leave school without any qualification. Unemployment rates in underprivileged areas can amount up to 25%—and even 40% in some places. Companies are an answer to that problem, said **Jean-Jacques Salaün**. Inditex group has demonstrated so through a program launched in 2008, which takes on board twice a year 30 youths with no qualifications. Based on an indulgent and confident approach that stems from the firm belief that nothing is fated, the program provides them with a lasting job and a more stable life.



Paradoxically, in spite of the alarming number of dropouts, 200,000 job vacancies still remain unfilled in France annually, in fields ranging from bakery to engineering, noted **Kyril Courboin**. And as the world increasingly goes digital, only one in seven youths choose to study science. So beyond training, better guiding students in their course choice is a critical challenge. The J.P.Morgan Chase Foundation gives 200 million dollars annually to projects that provide tangible answers to those issues: course choice assistance, skill-based rather than résumé-based matching between recruiters and applicants, data mining in the database of Pôle emploi (France's national

employment agency) to guide jobseekers towards training courses and jobs that match their profile, etc. In every case, work-based learning proves to be the most relevant and effective training option, noted **Chauncy Lennon**. Not only does it allow students to gain useful skills, it also helps to understand the complex nature of an economic environment that is radically changing, to identify the job opportunities of this complex environment and to draw successful career plans.



The levers of success



What first struck **Anne Tézenas du Montcel** during her research on the different training and professional integration organizations in France was that their major challenge is to make young people *come* to them. Young generations seem to have lost the desire to enter the working world—which goes to show the social emergency that is at stake here.

The six programs featured in the report are based on a variety of approaches: some focus on training, others on integration into the job market, and others still on solidarity. Nos Quartiers ont des Talents (NQT), for instance, targets graduates from

underprivileged areas, while the production school Gorge de Loup, near Lyon, takes on young dropouts from 15 years old. As for OpenClassrooms, it offers accredited distance learning courses on a wide set of specific jobs.

They all, however, share common features. All these programs are careful to adjust to the pace of each young person and to focus on his or her skills—which they often aren't aware of having—and to help them rebuild their self-confidence after many difficult years in the school system. They also promote real-life work-based learning combined with close individualized mentoring. The support they provide goes on for several years after the youths have landed a contract, to make sure they are lastingly integrated into the job market. All these organizations also help young people build a professional network, which is crucial if one day they need to bounce back.

In fact, although they mainly target dropouts, these methods could be highly useful to any student. Indeed, they value each person for their actual skills and competences rather than for the credentials they may have, they offer coaching to help reveal the calling and talents of every individual and guide them towards a job that truly matches what they are, they provide real immersion in the working world, and they guarantee lasting integration into the job market. What young person wouldn't dream of that?

Apprenticeship: why is France lagging behind?



Why are there so little apprenticeship opportunities in France, in spite of their proven efficiency? **Henri Lachmann** believes that it is all about will: our country has never really wanted to make apprenticeship a standard training option, at any level, parallel to the mainstream school system. For the French Ministry of Education as for youngsters and their families, the conventional educational system is still viewed as the only path to success. Indeed, only 40,000 of the 800,000 secondary school students in technical high schools have work-study contracts. And yet, with high wages and extensive welfare benefits, France is a country where qualification is the only way to win the battle of competition.

As a consequence, promoting apprenticeship would have the huge virtue of reconciling the French society with the corporate world. The latter can also, however, be held partly accountable for—or at least somewhat guilty of—the current situation: only 12% of companies (with more than 250 employees) abide by their obligation to hire 4% of their workforce with work-study contracts—the vast majority prefer to pay a fine instead. And that doesn't take into account the near total absence of apprenticeship opportunities in the public sector.

There are currently 400,000 apprentices in France: that figure ought to be doubled, and eventually reach 1 million. Apprenticeship ought to stand as a national priority, said **Henri Lachmann**. And for this to be done in an efficient, relevant, flexible and tailored way, it ought to be organized at a regional level.

Yannick Alléno, who started his career as an apprentice himself, totally agrees with that appeal. He was lucky, he says, to be allowed to follow his calling rather than have to stay in the mainstream school system in which he was struggling, and to have met some highly driven apprenticeship masters. He now strives to offer the same opportunity to the young apprentices in his 17 restaurants.



Production schools: could do better

Founded in the 19th century, production schools have long proven their benefits: indeed, every young person trained at Gorge de Loup receives no less than three jobs offers when they leave the school. However, although the number of such schools has doubled in France over the past decade, it remains low: there were only 20 in 2016 (7 new ones are expected to open by the end of 2017), while there are 70 in Denmark and 200 in Germany.



Production schools, said **Marc Teyton**, are not technical high schools or training centers for apprentices, but rather a combination of both. Their defining feature is that they immediately put to work youngsters who have dropped out of the school system, so that they learn in real-life working conditions. In those “company-schools”, students craft items for actual clients who have ordered those items in real commercial terms. They hence know who has ordered what they are making, and they know that their work will actually be sold. Their work, therefore, must be perfect, even if that means starting again a hundred times until the part is right. This creates strong bonds between professional masters and their students, as they are both accountable for getting the job done well. That system also gives apprentices the opportunity to get known by customers, who are potential future employers. In fact, Gorge de Loup students all find a job upon completion of their training—they even get to choose between several offers.

The reason why production schools are so slow to develop in France is that their tailor-made approach has a cost. And unfortunately, it is extremely difficult for them to secure funding. The French ministries of Education and Labor recognize that their training model is interesting, but they don't grant them any tangible support, on the grounds that they simply don't fit into any existing category. Indeed, production schools do not receive any state subsidy: no staffing of positions, no scholarships for students, no training grants. Yet their unconventional nature is the very reason of their success. As such, they ought to be supported through public investments.

The British experience: pros and cons



Joe Dromey pointed out that the UK has managed to drastically reduce youth unemployment in the past few years. The youth unemployment rate—at 10%—was twice higher than the overall rate. Two key factors helped to reduce it. First, greater flexibility was introduced in the labor market (although this also entailed increased job insecurity), and the so-called “welfare-to-work” incentive policies proved especially effective in youth (more than for older or disabled workers). Efforts were also made to reform vocational training, in order for it to provide young people with the skills they really need to be able to thrive in the job market.

But although the UK now posts a record-high employment rate, wages are lower than ten years ago and productivity has drastically declined. Job insecurity, therefore, is also increasing—notably because of the “zero-hour contracts” and the rise of freelance work—, and this mostly affects youth. Efforts now ought to focus on improving the quality of the job market rather than the employment rate.



Questions from the audience

The French vocational training system is impaired by the fact that it is very fragmented. What is the situation in the UK?

Just like in France, vocational training in the UK is extremely complicated, explained **Joe Dromey**. Successive governments have long thought that the answer to the issue of skills was to introduce more levels of qualification, which resulted in increased uncertainty for employers. Additionally, an apprenticeship levy for biggest companies was introduced in April 2017. It should be noted that until then, the contribution of British companies to vocational training was very low as compared to their counterparts’ in other European countries. One positive aspect of this funding mechanism is that it is simple, but it is also extremely fragmented as it does not result from a real collective decision. Each employer can choose how they want to spend the levy funds they receive.

The apprenticeship levy in France is worth €2bn annually. Yet it benefits one third of students in prestigious business schools. Would it not be better to allocate those funds only to those for whom they were initially designed: apprentices with no secondary education?

One third of the apprenticeship levy does indeed benefit elite higher education institutions, universities and even hospitals. Those funds are being misused, says **Henri Lachmann**, who believes that earmarking them specifically for apprenticeships is absolutely essential. In addition, funds allocated to vocational training—which amount to €30bn—also ought to contribute to further developing apprenticeship. But it is all about will. **Marc Teyton** fears that earmarking the apprenticeship levy in that way would be detrimental to

production schools—unless what they do was also considered as apprenticeship, which in fact it is.

Entering the job market has become difficult for everyone, from the lower level of qualification—the French “CAP”(with some technical high schools posting professional integration rates as low as 7%)—to PhD level. Therefore, the number of youngsters who leave school or university without clear employment prospects is probably higher than the estimated 150,000 people dropping out annually. Doesn't this show that there is a structural problem in education, of which both the school system and families can be held partly accountable?

In order to meet the new expectations of companies, said **Anne Tézenas du Montcel**, vocational training providers and job assistance organizations have started putting a great focus on interpersonal skills, that is to say behaviors and attitudes which can be strongly influenced by one's family background. Their aim is to compensate for possible upbringing shortcomings in that regard. Nowadays, added **Henri Lachmann**, the institutions that used to structure our social life—Family, School, the State, the Army and Church—have lost much of their influence. Their role has somehow been passed on to companies, but most of them haven't taken on that role or aren't playing it well. Their weak contribution to apprenticeship bears witness to this.

Ought every manager not to view themselves as a “teaching master” in charge of helping their teams to develop their skills through practice?

Managers ought to contribute to training and empowering their workforce well beyond apprenticeship, through continued attention and communication with their teams, said **Yannick Alléno**. In that way, managers could help their employees express their deepest feelings and ideas, leading them on the path to success. It is also important to provide mobility opportunities to the younger generation, whose interests are very diverse, by designing multi-faceted training opportunities, creating links between different occupations and making it easier for them to have side jobs. Unfortunately, growing labor costs have had a negative impact on wage levels. As a consequence, young people's skills are insufficiently recognized and valued, adds the thrice-Michelin-starred chef.

Anne Tézenas du Montcel closed the debate by giving an account of a conversation she had with a student at the Gorge de Loup production school, who was proud to explain that he had understood the Pythagorean Theorem by crafting mechanical items. This example perfectly shows how academic and practical knowledge can complement each other, and calls for increased innovation in education.

Conference review written by Sophie Jacolin

■ STATEMENT BY STÉPHANE LARDY

Mr. Chairman,
Ladies and gentlemen,

Let me start by telling you that Ms Pénicaud, the Minister of Labor, sends her apologies for her absence today. As you may know, the enabling bill for increased labor dialogue is currently under discussion in Congress; negotiations with the unions are in full swing and are taking up a lot of her time!

Many thanks for inviting her to this event that highlights an issue that was at the core of the President's program, and that will be the subject of substantial reforms in the coming months.

The theme and the title of your event clearly set out the challenges that lay ahead of us: training the workforce of the 21st century.

The government's social program is multi-faceted, but its core aim is to foster structural change that combines economic and social performance, and promotes equality for all and justice for each of us.

In order to strengthen equality, it is crucial to reform our education system. This will be done, but it is not the topic of today's event. Beyond education, we must also provide workers with more protection.



All of us are aware that the main cause of poverty is unemployment; that the main protection against it is competence; and that training is the lever to success. These are matters of justice.

Globalization and new technologies have made the labor market more uncertain and harder to enter. According to the OECD, roughly 10% of jobs are going to disappear due to automation enabled by robotics and digital technology; at least 10% of new ones will be created and 50% will undergo radical change. This means huge efforts will have to be made to build the capacities of youth, jobseekers and the workforce as a whole.

Workers need to be prepared to face up to those changes. That is why we plan to invest in capacity building and reform vocational training in the coming months.

These investments are intended to help as many jobseekers as possible to gain the skills and qualifications they will need in order to be able to seize the new opportunities of the labor market. We know that there is a close relation between levels of qualification and unemployment. By allowing jobseekers to achieve further credentials, we are giving everyone their chance.

As for the vocational training reform, its aim is to provide workers with broader and easier access to training. It will make it effectively easier to change occupations or to launch one's own business. The way we learn is also another concern. "An adult will only undergo training if they find that it will provide them an answer to their problems, in their specific situation," said Bernard Schwartz.

This means that innovation and experimentation are a collective task. Therefore, our training system ought to be redesigned, based on the real challenges of the working world. Training is still too often viewed in a fixed and excessively formal perspective, while the digital revolution has completely changed traditional beliefs and organizational patterns on that issue. The act of teaching ought to be rethought, as part of a somewhat "schizophrenic" process striving to find a balance between mass and personalized education.

The challenge we have to face is that people are increasingly willing to play an active part in their future and to have more freedom of choice, but there is also a risk to increase inequalities in terms of access and rights.

Therefore, it is crucial to better combine personalized and collective rights. But, as mentioned earlier, the digital revolution and new forms of work are disrupting the very act of training.

That is why there is a growing need to experiment with new methods, and even to break the connection between school and training, and to blend the act of working and the act of learning. This means that we need to try out new learning methods in real-life conditions. Training a youngster who has dropped out of the school system is totally different from training a long-term job-seeker.

As a consequence, our attention was especially drawn to P.A.R.I. Jeunes, one of the programs discussed during this conference. It is one of the models on which we need to build collectively. Flexibility, agility, strengthened tailored support, connection between real working realities and target audiences are the ingredients of success.

Empowering people and contributing to the social emancipation of individuals is what we aim to achieve, through a realistic and determined approach.

Through your analyses and your role as a leader and a catalyst of ideas, we are certain that you will help us strive to become more efficient and more attuned to the realities on the ground.

Thank you again for your invitation and, on behalf of the Minister of Labor, I wish you a very successful conference.

J.P.Morgan

