

# Training & Employment

## OPENING THE FRONTIERS OF CONTINUING VOCATIONAL TRAINING

*In France, adults have generally undergone continuing vocational training during their working hours so far and the aim has not usually been to obtain a diploma. The way the educational system and the labour market are set up has resulted in a sharper divide occurring here than elsewhere in Europe between the age at which people undergo their studies and that at which they pursue their careers. In 2004, however, the French continuing vocational training (CVT) system underwent some major reforms. The measures adopted, which focused for example on individuals' right to vocational training and "professionalizing periods", have transformed the relationships between learning and working. Will these measures suffice to shift the frontiers of continuing vocational training and set France on the lines initiated by the European Union with a view to creating a continuum of lifelong education and training?*

In March 2000, the European Council in Lisbon set the European Union a strategic objective for the forthcoming decade: "to become the most competitive and most dynamic knowledge economy in the world". The concept of lifelong learning plays a key role in this strategy. How and under what conditions will the French reform of 2004, which is perfectly in line with the Lisbon objective, be able to promote a continuum of lifelong education and training?

### **The specialisation of formal and non-formal learning times in France**

The way the educational system and the labour market function in France has led to the existence of a wider gap than in other member countries of the European Union between the age at which people undergo their studies and that at which they pursue their careers. Adults aged 25 years and over who pursue or resume their studies with a view to obtaining a diploma account for lower percentages than elsewhere (see the graph "Formal education and training in Europe" on page 2). This is no doubt one of the reasons why alternative paths, such as the validation of past experience (VAE), have been set up for obtaining diplomas. France is one of the European countries with the highest rates of young people over 18 years of age who are still in the educational system: in 2003, this figure reached 80%, versus 54% in the United Kingdom and 75% on average in the 15 European member countries as a whole. On the other hand, the number of years of education people can be expected to undergo during their lifetime is lower in France than in the rest of Europe as a whole.

The countries where adults undergoing studies account for the highest percentages are the Scandinavian countries, the Netherlands and the United Kingdom. These countries have two characteristics in common. In the first place, many of the students in these countries have jobs, which are mostly part-time jobs. Secondly, many of the working adults, including the oldest workers, are tending to resume their studies. Half of all those attending higher educational courses in Sweden and Denmark are over 25 years of age, for example, versus 21 years of age in France. In the Northern European countries, the large numbers of people with a dual status, such as working students and student workers, can be mainly attributed to the existence of a supply of programmes at public further educational institutions which fits in with the constraints and timetables of people on the labour market. In France, the educational system is set up in such a way that it tends on the contrary to promote distinctions between age-groups: in this country, youth is expected to be devoted to studies and adulthood, to work.

Although adults rarely pursue formal educational programmes in France, this does not mean that they do not undergo any vocational training. In 2003, one quarter of all those between 25 and 64 years of age were involved in CVT courses or conferences or workshops, and in this respect, France ranks fairly high, since the mean figure recorded in the 15 European member-countries on the whole was 22%. On the other hand, more time was devoted to CVT during working hours in France than anywhere else in Europe that year. Among those between 25 and 64 years of age who had jobs and also participated in CVT courses, conferences or workshops in 2003, 87% underwent these CVT activities during their working hours.

### Formal education and training in Europe

Participation of populations aged 25 to 64 in formal learning in 2003 in the 15 European member countries

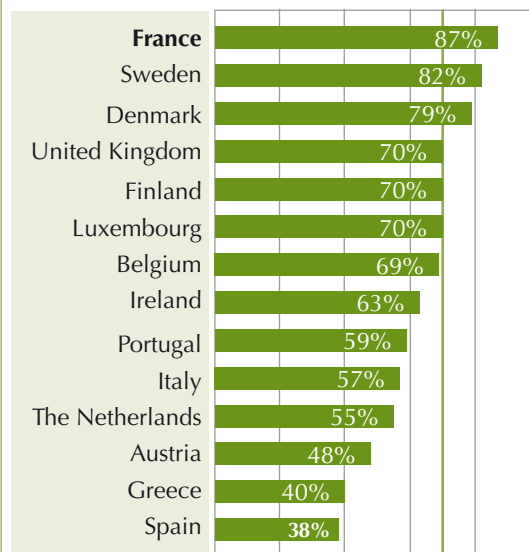


Data source: Eurostat LFS, Ad hoc module on LLL 2003. Data processed by Céreq.

Mean percentages recorded in the 15 European member countries

### Participation in non-formal education and training either during or outside paid working hours in Europe

Percentages of those who trained during working hours among those aged 25 to 64 who underwent non-formal training in 2003 in the European member countries.



Mean percentages recorded in the 15 European member countries

Data source: Eurostat LFS, Ad hoc module on LLL 2003, the 2003 Labour Force survey (data on Germany not available). Data processed by Céreq.

### Rates of financial participation in continuing vocational training

The ratio between companies' continuing vocational training expenditure and their wage costs.

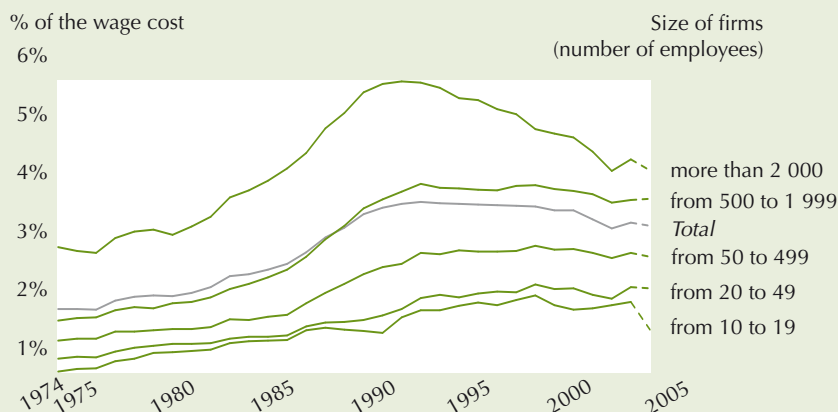
It therefore emerges that there are two main age-groups in France, each of which shows specific patterns in terms of the timing of the learning periods and the financial onus: youth is a period of full time education for which the State is responsible; whereas the training undergone during adulthood has been traditionally initiated by firms and has taken place up to now during people's working hours. The recent French CVT reforms have focused in particular on the latter point. The

Law voted in May 2004 now states that under specific conditions, vocational training financed by firms can take place outside people's working hours, and that trainees in this framework will be entitled to company allowances amounting to half their normal salary. This gives employees a much more active role: they can either take the initiative of undergoing CVT in the framework of individuals' right to vocational training (DIF), or they can reach an agreement with their employers as to what CVT they can undergo in order to develop their competences. To what extent can these new measures be expected to affect the role of continuing vocational training in France?

### The changing pattern of continuing vocational training in France

Since the Law of 1971, which introduced continuing vocational training in France, the situation has been as follows: firms are obliged to spend certain amounts on continuing vocational training, in proportion to their wage costs. The 2004 reforms were mainly inspired by the idea that this Law had run its course and that a new approach was required to drive continuing vocational training efforts on new lines. This idea is perfectly in keeping with the European recommendations. However, it is worth comparing the long term trends with the reasons for which these reforms were introduced and with the very first steps being made to implement them.

### French firms' continuing vocational training expenditure as a % of the wage cost: Trend between 1974 and 2005



Data source: Companies' tax declarations 24.83 (provisional data for 2005). Data processed by Céreq in 2006.

After increasing steadily for two decades (see the graph on page 2), companies' financial contribution to continuing vocational training efforts began to slow down in 1990, before decreasing as from 1994. Firms of all sizes showed this tendency, although there were some differences in scale and some variably large time-lags. In 2004, French companies' rates of contribution to continuing vocational training started to pick up again, probably because the minimum rate set by law increased from 1.5 to 1.6%. However, in 2005, which was the first year in which these reforms were properly implemented, companies' rates of financial participation dropped once again, both at large firms and at those with only 10 to 19 employees, whose minimum legal contribution to CVT decreased from 1.6 to 1.05%. In parallel with companies' rates of financial participation, the mean duration of the CVT per trainee has been decreasing steadily since 1974. Yet at the same time, employees' rates of access to continuing vocational training have been showing a symmetrical upward trend (see the graph below).

There are several possible reasons for these developments. First, the decrease in companies' financial contribution to CVT might be simply due to the fact that their wage bills have increased more strongly than their CVT costs. On the other hand, it is possible that firms may have launched actions such as on-the-job training projects which do not come under the heading of their legal obligations to pay for CVT. They may also have gradually managed to reduce the cost of CVT by mobilizing their purchasing departments to find cheaper external training providers or by using internal training methods. This hypothesis would explain the apparently contradictory finding that companies' decreasing or stagnating rates of financial participation have not reduced employees' rates of access to CVT.

Since the 2004 reforms, especially since the promulgation of individuals' right to vocational training (DIF), which entitles employees to 20 hours of CVT per year on condition they submit a proper application and obtain the agreement of their employers, one cannot exactly say that the explosion predicted by some experts in terms of the cost and the number of hours spent on CVT has actually occurred. The CVT figures, in terms of the ratio between the number of hours spent annually undergoing CVT and the total number of people in employment, increased from 11 to only 12.3 hours between 2003 and 2005. If all the employees had claimed their individual right to vocational training during the very first year after the reforms came into effect, one can easily imagine the impact this would have had on companies' CVT costs. One should be careful, however, about drawing general conclusions from these figures because the full impact of these reforms still remains to be felt. Firms need time to become accustomed to handling these new instruments.

### ■ A European look at lifelong learning

In 2002, the European Commission requested member States to collect information about the implementation of European strategic objectives on lifelong learning. This was done in the framework of an *ad hoc* module of the 2003 European Labour Force Survey, which was carried out on households by each country's national statistical institute and coordinated by Eurostat, the Statistical Office of the European Communities. The data collected in the 2003 Labour Force survey, which are presented and discussed in the present issue of the Newsletter, relate to the previous period of twelve months. The distinction was made here between the following three types of learning, which are all part of the lifelong learning process:

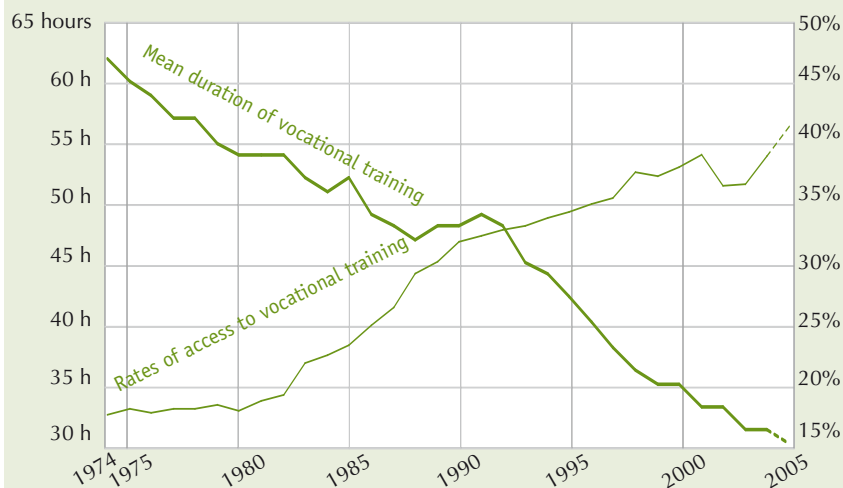
- Formal education and training, defined as regular instruction undergone in the system of schools, colleges, universities and other formal educational institutions with a view to obtaining a diploma or recognized qualifications.
- Non-formal education and vocational training, defined as any organized and sustained educational activities such as courses or conferences which are not part of a regular programme of instruction.
- Informal learning, which corresponds to steps taken for learning purposes, using various aids such as written, audiovisual or computer-based material, but not in a strictly defined framework, in terms of the place, the time and the relationships between trainer and trainee.

Despite all the precautions taken by national statistical institutes, the definition and scope of these three categories of learning have sometimes been interpreted differently from one member State to another because vocational training has so many different institutional forms and because the concepts used here are quite new. However, the initial results obtained in the 2003 *ad hoc* module of the Labour Force Survey confirm and substantiate the main tendencies reflected in other European information sources (see the inset on page 4).

At the same time, the application of these reforms has led to a huge increase in the relative numbers of firms which provided at least one of their employees with a CVT opportunity during the year. After plateauing at 54% up to 2000, the numbers of firms running CVT courses increased, reaching 67% in 2005. Legal obligations to pay are therefore leading increasingly to real CVT efforts. In fact, large firms with more than 2 000 employees on the payroll are all providing CVT courses, and the smaller firms are gradually beginning to join their ranks.

### ■ Access to vocational training and the duration of the training: Trends between 1974 and 2005

Mean duration of vocational training (ratio between the number of hours of training and the number of employees trained) and rates of access to vocational training (ratio between the number of employees who attended at least one training event and the total number of employees)



Data source: Companies' tax declarations on French declaration form 24.83 (provisional data for 2005). Data processed by Céreq in 2006.



## Using the instruments of reform

These reforms were too recent to be able to assess their effects very exactly. However, some deductions can be made from the company tax declarations made on forms nos. 24-83 (see the inset below) about the use being made of the newly created tools.

On average, 1.3% of all French employees took advantage of their newly acquired DIF rights and underwent CVT courses in 2005. The new law was implemented at 6% of French firms. These were mostly large firms: at half of the firms with more than 2 000 employees and one third of those with 500 to 1 999 employees, at least one employee benefited from the new measures. The firms at which the DIF was applied most quickly were the largest firms, for obvious reasons. It will no doubt take longer for the smaller firms to follow suit because of the procedures involved, which include a personal interview. However, the relatively low uptake of the DIF system is not the only aspect worth mentioning. The recent legislation set the DIF up as individuals' right to vocational training outside working hours. It is up to the occupational branches, however, to decide how these dispositions are to be applied by organizing specific agreements, and most of the branch agreements signed so far leave the firms free to make their own arrangements. Now only 0.2% on average of all employees have benefited from the vocational training allowance to which employees undergoing CVT outside their working hours are entitled: this is six times less than the proportion of employees who benefited from the

DIF scheme. This allowance is actually not intended only for beneficiaries of the DIF scheme, since it also includes competence development training on which employers and employees have mutually agreed, to be undergone either entirely or partly outside the employees' working hours. The vast majority of DIF projects have been carried out so far during working hours. Since these rights can be saved up for anything up to six years, they will probably be increasingly used as time goes by, as employees gradually become entitled to larger numbers of hours.

On the other hand, the "professionalizing periods" instituted by the French Law of 2004 (see the inset above) have involved 1.3% of all employees: these rates are therefore similar to those participating in DIF schemes. This is quite an encouraging figure, since these schemes were normally intended for insufficiently qualified workers or those in mid-career who want to obtain properly recognized qualifications. "Professionalizing periods", in which time spent in the hands of vocational training bodies alternates with strictly organized and supervised on-the-job situations, were designed as a new method of linking up learning and working. In 2005, 9% of all French firms, more than half of which had less than 2000 employees, adopted these schemes. If these learning periods continue to gain impetus during the next few years, they will help to boost the numbers of adults who undergo qualifying vocational training during their working lives in France.

The trends we have described here focus only on CVT schemes financed by firms. Now the social partners, by signing the 2003 agreement, the terms of which were subsequently incorporated into the Law of May 2004 (see the inset above), showed what importance they attached to the links between initial vocational training, continuing vocational training and the labour market from the point of view of building career paths. They therefore asked the authorities to set up and finance "deferred formal vocational training" for workers who have not reached a minimum level of initial education and training. This issue is addressed in the 2004 Law as follows: "The State and regions will both contribute to enabling those who have not acquired recognised qualifications in the framework of initial vocational training to exercise their right to obtain qualifications". The means devoted to achieving this aim are not at all clearly specified, however. This is one of the ways in which it might be possible to push back the frontiers between initial and continuing vocational training, which are less flexible in France than in most other European countries.

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### ■ The French reform bill passed in 2004

At the end of 2003, the social partners signed the "national inter-professional agreement on employees' access to lifelong vocational training". The principles on which this agreement was based were subsequently incorporated into French Law no. 2004-391 of 4th. May 2004 on lifelong vocational training and social dialogue. These principles include individuals' right to vocational training (DIF), the new procedures introduced in the framework of companies' CVT plans, and the "professionalizing periods".

### Further reading

- "La formation tout au long de la vie. Nouvelles questions, nouvelles perspectives" (*Lifelong learning. New questions, new perspectives*), Y. Morvan (editor), Presses universitaires de Rennes, 2006.
- "L'Europe de la formation tout au long de la vie reste à construire" (*The Europe of lifelong learning still remains to be set up*), M. Théry, P. Rousset, Ch. Zygmunt, *Bref*, no. 187, June 2002.
- "Transitions from education to work in Europe - The integration of youth into EU labour markets", W. Müller (dir.), M. Gangi (dir.), New York, Oxford University Press, 2003.
- "Les facteurs de développement de la formation continue dans l'Europe des quinze" (*Factors favouring the development of CVT in the fifteen European member countries*), F. Aventur, Ch. Campo, M. Möbus, *Bref*, no. 150, February 1999.

### ■ Information about continuing vocational training

Processing employers' tax declarations (on declaration forms nos. 24-83) about their contribution to continuing vocational training is one of the oldest and most systematic methods used in France to obtain statistical information about CVT practices. This method was set up back in 1972 after the 1971 law required employers with more than ten employees on the payroll to finance FPC efforts. It provides indicators to companies' vocational training expenditure, the number of vocational training courses undergone, their duration and their cost. The results presented in this issue of the Newsletter were based on the tax declarations made by companies about their CVT practices during the year 2005. Although the conclusions reached here still remain to be confirmed, they help to give an idea of the way in which the law of May 2004 has been implemented in France. In addition to this source of information, the results of two European surveys will soon be available: the *Continuing vocational training survey* (CVTS), which deals with CVT efforts partly or entirely financed by European firms for their employees; and the experimental *Adult education survey* (AES) carried out on individuals (see the on-line supplement to *Bref* no. 229, May 2006, which can be consulted on Céreq's internet site: [www.cereq.fr](http://www.cereq.fr)).

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