

TEMPORARY, SHORT-TERM AND PART-TIME EMPLOYMENT  
IN FRENCH BANKS AND INSURANCE COMPANIES  
IN THE 1980'S:  
AN INSTITUTIONALIST APPROACH

by

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Submitted to the Department of Urban Studies and Planning  
in Partial Fulfillment  
of the Requirements for the Degree of  
Doctor of Philosophy

at the  
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Degree of Doctor of Philosophy in Urban and Regional Studies

**ABSTRACT**

Since the late 1970s, irregular employment arrangements (short-term, temporary and part-time) have been growing in firms with a history of well-developed internal labor markets. The continued presence of these arrangements alongside jobs in internal labor markets has raised questions among researchers and policy makers about the future role of irregular employment in firms' strategies for workforce use. It has also raised concerns about the coming shape of "enterprise internal labor markets."

During the 1980s, scholarship drew an analogy between irregular and secondary employment and asked whether we have witnessed the conversion of primary sector jobs into "secondary-like" jobs through irregular employment. Using this analogy has led researchers to see the growth of irregular employment as indicative of the future "steady state" of employment systems; the latter will be organized on a core-ring basis, itself the result of employers following a "low-wage" strategy. Researchers' use of the primary/secondary employment model also has led them to interpret irregular employment as a response to greater flux and uncertainty, just as original definitions of secondary employment would indicate.

My research on the French Banking and Insurance sectors during the 1980s brings out a different use of irregular employment than expected. French banks and insurance companies used irregular employment to effect a transformation of their employment system to a different structure, while working with an existing workforce composition and rules for personnel administration. In this case, irregular employment is both a manifestation and a key tool of that transition. The uses of irregular employment documented in this study do not easily fit descriptions of secondary employment, nor expectations of the growing core-ring organization of the workforce in these sectors.

I identify two polar cases for understanding uses of irregular employment in the 1980s. The **first polar case**, the "low-wage, or core-ring strategy fits one aspect of reality well. The **second polar case**, which I term the "restructuring" or "transition" strategy, is exemplified by the cases in this study.

In conclusion, I discuss the implications of these polar cases for our understanding of irregular employment and of secondary employment. I also present an assessment of the aspects of these cases that are likely to be found in other national contexts and those that are colored by the French socio-institutional context.

Evidence for this study comes from interviews with personnel, recruiting and training officials from major banks and insurance companies and with representatives from industry associations and union organizations. Interview data were complemented with national, industry-level and firm-level employment statistics.

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Prof. Martin Rein, Department of Urban Studies and Planning, MIT

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Several years ago, a commentator of academy awards ceremonies reflected upon actors' reluctance to claim credit for their work publicly. He noted that Dustin Hoffman could not receive a best actor award without feeling compelled to state that he "had not done it alone" and to thank everyone involved with his movie, from the gaffer to the producer. With dissertation work, however, I find the temptation to run very much in the opposite direction, so personal and deeply felt is the misery that accompanies the groping for dissertation topics and some stages of their implementation.

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## CHAPTER 1: INTRODUCTION

### ORIGINS AND IMPLICATIONS OF IRREGULAR EMPLOYMENT

Since the late 1970s, irregular employment arrangements (temporary, limited-duration and part-time) have grown in firms with a history of well-developed internal labor markets.<sup>1</sup> These arrangements are not new per se, but their continued presence alongside jobs on internal labor markets has raised questions among researchers and policy makers about the future role of irregular employment in firms' strategies for workforce use. It has also raised concerns about the coming shape of "enterprise internal labor markets."

Current forms of irregular employment are not explained by models for traditionally casual employment which takes place in very different economic circumstances of small, ephemeral, or nonexistent firms. Additionally, because it has grown in firms traditionally associated with the primary sector, irregular employment cannot be easily assigned to the secondary labor market.<sup>2</sup>

The analytical lens through which researchers traditionally have looked at irregular employment has been the model of the dual/segmented labor market. Roughly

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<sup>1</sup> See later on in the chapter for national trends on France.

<sup>2</sup> The latter was first defined as "a mixture of internal labor markets and jobs not belonging to internal labor markets" (Doeringer and Piore, 1971: 168).

speaking, firms with internal labor markets provide primary employment and firms without provide secondary employment. Broad segments of existing scholarship on irregular employment have subsumed its characteristics under secondary employment and equated it with the latter. Thus, the sustained presence of irregular employment within primary sector firms violates the spirit of the dual, or segmented, labor market models.

The original formulation of the distinction between primary and secondary employment (Doeringer and Piore, 1971), and subsequent reformulations, did make room for secondary jobs to be found "attached" to internal labor markets, in other words, for the presence of secondary jobs in primary sector firms. These secondary jobs, however, consisted of tasks that were peripheral to production, or seasonal. In a few cases, the only reason jobs with secondary characteristics had become attached to internal labor markets was because firms had found it administratively easier to have consistent personnel rules and not because of "compelling economic or social reasons."<sup>3</sup> Current forms of irregular employment, however, do not fit this characterization.

During the 1980s, reliance on the analogy between irregular and secondary employment led researchers to ask

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<sup>3</sup> Secondary jobs were "occasionally found attached to internal labor markets in which the remainder of the jobs are primary" (Doeringer and Piore, 1971: 167).

whether we have witnessed the conversion of primary sector jobs into "secondary-like" jobs through irregular employment<sup>4</sup>. Their main question was how many of the characteristics of secondary employment fit irregular arrangements.<sup>5</sup> Using the primary/secondary employment dichotomy has led researchers to interpret the growth of irregular employment as pointing to the future "steady state" of employment systems with a much larger share of secondary jobs. They have argued that future employment systems will be organized on a core-periphery basis, resulting from the shrinkage of the core, and primary employment, due to employers' following a low-wage strategy.

Researchers' use of the primary/secondary employment model has also led them to interpret irregular employment as a response to greater flux and uncertainty, which Piore (1980) put forward as the "demand side" origin of secondary employment historically. Secondary employment took place in periphery firms which satisfied the unstable and uncertain portions of demand while core firms catered to stable demand and provided primary employment. The typologies developed

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<sup>4</sup> See among others, Appelbaum, 1987, 1992; Christopherson, 1988; duRivage, ed, 1992; Noyelle, 1987; Osterman, 1989.

<sup>5</sup> The possibility also existed during the 1960s: "...primary employers, through devices like subcontracting and temporary employment, can convert primary employment into secondary employment. (Doeringer and Piore, 1971: 166).

by Osterman (1989) accommodated the presence of heterogenous employment subsystems within firms; they are accompanied by the notion that firms combine employment subsystems in different ways over time. This perspective, however, also assumed that secondary subsystems bear all the characteristics of secondary employment (low skill, low wage, high turnover) as first defined in the dual labor market model and that they are designed to absorb some of the uncertainty in firm activities.

Neo-classical analyses would also expect "secondary-like" employment to be found in sectors experiencing flux and uncertainty in economic activity because these are sectors where it is too costly for firms to sustain attachments to workers.

My case studies of the French Banking and Insurance sectors during the 1980s, indicate, however, that the expended use of irregular employment is not always associated with great flux and uncertainty and may not always prefigure the expansion of secondary employment in some future steady-state employment structure and labor market. French banks and insurance companies used irregular employment to take their overall system of employment, and existing workforce, through a major transition to a different structure.<sup>6</sup> Thus, irregular employment is both a

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<sup>6</sup> The forms of irregular employment they used are CDDs (limited duration employment contracts, *Contrat à Durée Déterminée*), temporary help service contracts and part-time.



way of accelerating, and a manifestation of, a transition from a past to a future system of employment. As a manifestation, irregular employment is expected to shrink again in these sectors once the transition to a new workforce composition and employment system has been made. Analytically, irregular employment in this case does not match closely with secondary employment.

This case --which I call the "restructuring" or "transition" strategy-- stands in contrast, a polar opposite, to the starkest prediction of the growth of irregular employment as a result of firms' pursuing "core-periphery/low-wage" strategies as short cuts out of the pressures created by the economic environment of the 1980s. As one of its implications, it adds further analysis to existing evidence of heterogenous irregular employment as documented by Noyelle (1987) or Bertrand and Noyelle (1989) for service sector firms. These studies had noted heterogeneity in skill level and institutional arrangement (whether a job was precarious or not).<sup>7</sup>

By delineating this second case and setting it in opposition to existing accounts, I make an argument which is akin, but not fully parallel, to distinctions that are well developed in: a/ the literature of technology use -whether new technologies are used as a cost saving device or to

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<sup>7</sup> Noyelle (1987) had concluded that the skill contents of jobs, and not in what firm type a job was located, determined whether a job was primary or secondary.

create broadly skilled jobs; and b/ the research on subcontracting patterns -whether relationships between prime manufacturers and subcontractors are exploitative or collaborative. These two bodies of research have explored the opposite firm strategies triggered by "two-edged" technological and market changes. This "restructuring" case, similarly draws a distinction between patterns of labor use and particularly how they manifest themselves in uses of irregular employment. "Core-periphery" strategies are ways for firms to go through the least amount of internal employment reorganization, while "restructuring" strategies entail significant changes to primary employment.

This case permits a bifurcation of demand side patterns of labor use, and their interactions with labor supply. By drawing a sharp distinction among the demand-side accounts of uses of irregular employment, this study also differs from other approaches which would draw sharp distinctions by posing the question of whether the phenomenon is driven by labor supply or labor demand. (see chpt. 6 for a discussion of supply-side factors)

#### **THEORETICAL FRAMEWORK**

In light of the above, research needs an analytical construct, an "archetype" of sorts, that is sufficiently distinct from secondary employment to account for uses of irregular employment associated with the "restructuring" cases of the type documented in this study. The archetypes

for primary and secondary employment --the building blocks for segmented labor market models-- built a clear relationship between job characteristics (e.g low wage, peripheral to production) and institutional arrangement (loose and precarious). That relationship has been stretched when irregular employment, a "catch-all" category for a set of institutional arrangements, has come to be used in widely different ways and cannot be associated with one type of firm strategy or one type of market. The approaches that have identified the "core-periphery" strategy have subsumed irregular arrangements into secondary employment; in doing so, they capture one portion of firm practices but not necessarily their full range.

A "new archetype", or an amended formulation of the primary/secondary distinction, will need to account for the two polar strategies alluded to above (and developed below) and the range of intermediate cases. While this study does not build a comprehensive archetype, it does bring out some of the critical elements of the "restructuring" polar case and thus contributes pieces towards an amended archetype.

The new "archetype" for irregular employment should be built using elements of the secondary and primary employment constructs. It only need be sufficiently unique to account for cases of irregular employment that do not match with secondary employment. A new archetype will need to specify: a stylized empirical description, a market characterization,

a pattern of workforce behavior<sup>8</sup> and an institutional context. These elements originally went into the definition of the dual labor markets model. Further, just as that model analytically tied primary and secondary employment, so the new archetype will need to tie irregular employment to regular employment.

#### **CENTRAL ARGUMENT**

The contribution made by this study of irregular employment in French insurance and banking is in the building of the "restructuring" polar case. The study spells out the characteristics of the case, and compares them to the characteristics of the "core-periphery" polar case. In keeping with the requirements for an archetype described above, I focus on the empirical characterization of irregular employment, and on the market and institutional contexts for it. Except indirectly, by providing demographic characteristics, the study does not address exhaustively the behavioral component of irregular employment (workers were not interviewed in the case studies.)

Before moving on, I outline the essentials of the two polar cases. The **first polar case**, the "low-wage, or core-periphery" strategy fits one aspect of reality well. Firms reassign large and growing portions of work to a low-wage

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<sup>8</sup> Workforce behavior which, in secondary employment, fits neatly with, and is reproduced by, the organization of tasks.

workforce covered by irregular employment arrangements. In doing so, they are enabled by advances in micro-processor based computer and communication technologies. Although there are other ways to use new technologies to redesign tasks, firms which fit this characterization use new technologies to facilitate their use of a low-wage, marginalized, workforce. Irregular arrangements are the manifestation of this practice. Most research accounts of this case draw the analogy between irregular and secondary employment.

This first polar case also entails an interpretation of the use of irregular employment in the 1980s as the blueprint for the future organization of employment systems. The upcoming "steady state" employment system will result from the quantitative move away from primary employment and toward secondary employment, the latter being equated with irregular employment. Thus the economy will have large and growing numbers of secondary jobs.

Another key element of this argument, not always present, is that firms have implemented this strategy because they can enforce it with greater ease in the 1980s than in the previous two decades. Secondary/periphery arrangements have grown because the workforce in both primary and secondary employment is a/ either uninterested, or too politically unorganized, to resist (arguments about secondary workforces in industrialism) ; b/ too divided by

the division of labor and of markets to fight back; and/or  
c/ weakened by the decline of union power.

The **second polar case**, which I term the "restructuring" or "transition" strategy, is exemplified by the cases in this thesis. This second strategy, is opposite to the previous one because it does not fit irregular employment closely to the secondary employment archetype, nor does it make a clear prediction of a growing periphery of secondary jobs in these sectors. The firms in French insurance and banking have used irregular employment to accelerate a transformation of their employment system while working with constraints imposed by an existing workforce composition, commitments to that workforce and existing rules of personnel administration (internal labor market). Banks and insurance companies have relied significantly on irregular employment for some job categories to alter the distribution of the workforce across job categories, drastically upgrade recruiting requirements, to renew an existing workforce that has low turnover, and to reconsider the career paths of some occupation groups, all this without massive layoffs. Their numerical use of irregular employment is modest but nonetheless key to the transition in employment systems. It is very specific and may not result in a lasting "core-periphery" organization of the workforce. Additionally, this case cannot be subsumed into the externalization of

secondary (peripheral) jobs which, previously, had been "attached" to primary jobs through the extension of the internal labor market rules for reasons of administrative coherence. These peripheral jobs have indeed been handed over to outside janitorial, courier or other service contractors. There remains, however, a significant presence of irregular employment (short-term, temporary and part-time) in the two sectors for tasks which are not peripheral to production activities.

In this second polar case, irregular employment indicates transition to a different "steady state" of employment systems which is not fully apparent in the transition period. In firms which fit this case, employment systems undergo a qualitative transformation with consequences for regular employment as well. Thus the process witnessed differs from the conversion of primary jobs into secondary jobs.

#### **FACTORS WHICH MAKE THE RESTRUCTURING CASE LIKELY**

In order to make sure that this case is not an "outlier" in some sense, some of its essential elements need to be spelled out. In this way, we can identify: a/ the circumstances in which the use of irregular employment for "restructuring" strategies is more likely than for "core periphery" strategies, and b/ how firms can be steered away from the latter.

First, the French banking and insurance sectors have so far stayed away from a "core periphery" strategy because, for the two decades prior to the 1980s, they experienced rapid and easy market expansion, which has provided them with significant cash resources for personnel administration. They experienced worries about their operating accounts for the first time during the 1980s; they were forecasting labor costs given their existing workforce and rules of seniority-based promotion and pay increases. It is in anticipation of their need to reduce workforce costs that they accelerated the process of transformation of employment systems and used irregular employment to that effect.

Second, French banks and insurance companies had not already developed during the 1970s what Osterman (1989) would call "secondary arrangements" (part time shifts, high turnover workforces) as many major U.S. service firms had. Their clerical workers in low skill, routinized jobs were part of the internal labor market because firms had needed to retain them, either because the market was tight or because they wanted to generate their own pool for promotion into the middle levels. In the 1980s, personnel management was not in the habit to cut personnel budgets yet. In contrast, firms which adopted core-periphery strategies in the 1980s, likely started as early as in the 1970s to weaken the connection of their low skill clerical workers to their



primary internal labor market. Again, these other firms may have had market strategies and organizational characteristics which have historically been geared to practices generating core-periphery structures.

Third, and to reinforce the previous point, the banks and insurance companies I studied did not have employment structures in place, nor the traditions, to further push clerical workers to the periphery of the firm. Neither did they seem to have a strong incentive to implement technologies in those ways. Peripheral operations, such as check processing centers, were slated for progressive job reductions, not for further growth.

Concurrently, a set of generalized institutional characteristics helped foster the use of irregular employment for restructuring rather than core-periphery strategies. While these institutional characteristics do not determine firm strategies, they foster certain practices and in some instances make them possible. I discuss each one in turn.

All the banks and insurance companies in the study are compelled to avoid mass layoffs (see below), thus they must undertake their employment transformation progressively rather than by getting rid of numerous workers and hiring others in much smaller numbers. The commitment to avoid layoffs cut off one course of action which would be to layoff and rehire new workers. It also made it less

appealing to redesign work and assign it to periphery workers in anticipation of future and frequent layoffs.

Layoffs are not a familiar tool to these sectors, as they are in manufacturing; historically, large firms in the two sectors have grown too fast, and needed to retain workers too much, to resort to layoffs. In order to have significant layoffs, banks and insurance companies would have to live with the consequences of a drastically altered image. Stability (in workforce practices and otherwise) affects their product reputation and their employment relations.

These firms also have been under pressure to avoid layoffs from the national government. The largest banks and insurance companies are nationalized, meaning that the national government is a majority share holder.<sup>9</sup> Over the years, they have retained significant management autonomy but are implicitly expected to do their best to avoid contributing to unemployment. Major (Paris-based) insurance companies signed a no-layoff clause to their collective bargaining agreements in 1973. Major banks must apply a strict seniority principle which makes layoff unappealing given their desire to reduce the numbers of high seniority workers. In comments about French labor markets, much has

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<sup>9</sup> The national government is a significant economic actor in the two sectors. This characterization holds true prior to the programs of nationalization extension of 1982 and following the privatization programs post 1986.

been made of the administrative oversight of layoffs first instituted in 1973, reinforced in 1975 and removed in 1986, but these administrative regulations never affected the two sectors, particularly because several of the major firms had already committed themselves to avoiding layoffs.

The national context of high unemployment also factored into the reluctance of major firms to use layoffs to drastically alter their workforce composition. The French economy of the 1980s experienced stagnant and even declining aggregate employment so that all major employers were under pressure to avoid layoffs unless they were involved in governments-sponsored large scale workforce reduction programs as was the steel industry. The trade off for avoiding layoffs, however, was government subsidized early retirement and subsidies for new hires (see chapter 4 below).

Features of the industrial relations system also steered banks and insurance companies away from core-periphery strategies. They cannot single-handedly exclude workers from coverage by the collective bargaining agreement by setting up separate operations centers. Coverage from the national or regional agreement has been extended across all establishments by government administrative action (see chpt. 3.) Geographic decentralization still makes it possible to have access to less militant workforces, less

present unions, and possibly higher turnover, but it does not provide a full segregation of workforce segments.

The fact that the social protection function, as Jacoby (1987) calls it, is for the most part socialized, rather than performed by employers, has also had an impact. Major benefits are funded through compulsory payroll and other taxes; for instance, excluding a worker from regular employment does not automatically preclude contributions to the nationalized health insurance tax.<sup>10</sup> Thus the differentials in total compensation between regular and irregular workers are not as great as they would be in a system in which the social protection function is provided by the employer.

Restrictive aspects of the institutional context, such as restrictions on limited duration contracts (CDDs) and temporary help service contracts, have altered the terms along which firms trade off their uses of irregular arrangement. First, legal restrictions, and then a

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<sup>10</sup> Under the employment related program of the nationalized health insurance system, workers must work an average of 200 hours per trimester and not drop out of the labor force for more than a year to receive full insurance benefits. (There are separate regimes for family members, retirees, disabled, and so on). Numerous exemptions to these requirements have been made as marginal and intermittent work situations and government sponsored training programs proliferated in the 1980s. Unevenness of treatment occurs in the level of worker contribution required of each worker category. The nationalized health insurance system even extends coverage for a year for those workers who have exhausted all unemployment insurance benefits and workers who have dropped out of labor force activity. (Strohl, 1988.)

collective bargaining agreement for the temp industry<sup>11</sup>, have made "temping" a more expensive and specialized alternative than it would otherwise be. This collective bargaining agreement was in effect compelled by the government's threat of further regulation of the industry.

The government policies to encourage part-time have combined with workforce needs to enable banks and insurance companies to selectively use the conversion of full-time workers to part-time schedules for purposes of restructuring employment. It is fair to say, however, that part-time has also figured extensively in core-periphery strategies by large employers in some low wage service sectors. Collective agreements in banking and insurance, however, only allow conversion of existing workers to part-time and not hiring for short-hours schedules.

#### **KEY METHODOLOGICAL ISSUES**

First, the French banking and insurance case studies provide a useful counterpoint to a literature and a U.S. debate that has its origins in studies of manufacturing. Some studies of service sector firms have addressed this issue directly (see chpt. 2) and there are similarities between manufacturing and service internal labor markets. The main theoretical tools, however, and the relation first

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<sup>11</sup> Between temp help industry representatives and major unions.

drawn between a/ flux and uncertainty and b/ secondary employment, first, and, later on, between the former two and irregular employment, were developed in manufacturing contexts.

Second, this study focuses on the demand-side aspect of irregular employment because my primary concern is the evolution of employment systems, that is, of both regular and irregular employment. The literature that addresses these concerns has focused on changes in firm demand for labor -as they interact with labor supply (Piore, 1980; Appelbaum, 1987; Noyelle, 1987; Abraham, 1988a; Osterman, 1989.) Furthermore, and particularly in France, evidence has been slim in support of the notion that labor supply characteristics, if defined as worker preference for irregular employment, drive the growth of irregular arrangements. Evidence of worker availability (i.e. lack of better options) has been more widespread but this kind of availability effect is best captured in a framework which starts with firm demand and then examines "how" workforces are found.<sup>12</sup> (see chapter 6)

Additionally, the U.S. policy debate has been polarized between arguments that irregular arrangements are forced upon a disorganized workforce, on one hand, or driven by worker preferences, on the other. In contrast, the French research and policy debate has had for starting point that

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<sup>12</sup> Piore, 1980.

irregular employment is a phenomenon primarily driven by firm labor demand. It has thus open the way for questions about the various ways in which patterns of labor demand give rise to a range of irregular arrangements.

Third, that irregular employment should exist at all in insurance and banking, two sectors not synonymous with great flux and uncertainty in economic activity, runs counter to expectations derived from the secondary employment model and thus poses another counterpoint to existing explanations. Banks and insurance companies want to effect a change in employment system (prompted by their choice of response to altered market conditions), a transformation which virtually all economic sectors have had to undertake in the 1980s. The new competitive conditions for banking and insurance, however, cannot be reduced to flux and uncertainty, neither can the activity of the two sectors be characterized by these two factors. Large firms in the two sectors have experienced market saturation, threats to their market share and product changes but these do not compare to the flux and uncertainty experienced in some manufacturing markets. The deregulation of their markets further added to the need to change but the latter consisted more of adaptations than of the rapid entry of numerous new firms into the two sectors (Petit et Vernières, 1990.)

Fourth, because France has a particularly clear set of institutional features for regular and irregular

arrangements, it has proved easier to track how these contribute to steer firm practices and vice-versa. Societal norms for what constitutes regular employment changed significantly during the 1980s and the regulatory context for irregular employment evolved along with it thus providing a clear picture for the observer.

#### **HOW THIS POLAR CASE CONTRIBUTES TO A NEW ARCHETYPE FOR IRREGULAR EMPLOYMENT**

In keeping with the way the primary and secondary employment archetypes were built by institutionalist economics, this study provides an empirical description of the "restructuring" use of irregular employment, ties it to the evolution of internal labor markets in the two sectors, to a market characterization and to its specific socio-institutional context.

On **market characterization**: Most existing accounts of irregular employment have pointed to changes in product markets, to firms' handling and partitioning of demand, as the primary source of transformation in systems of employment and of the use of irregular employment in firms with internal labor markets. Accounts argue that, during the 1980s, firms partitioned demand among themselves in ways different from the practices of the 1950s through the mid 1970s. I draw extensively on the existing literature for a characterization of the ways in which several trends of the 1980s -market fragmentation, internationalization of markets, deregulation, and new technologies of production-



have spurred firm adaptation strategies. I spell out how these broad changes have affected insurance and banking and how individual firms have modified their market strategies and devised new workforce management practices and employment systems (Chapters 4 and 5). This study describes changes through the eyes of the firm, for the most part, and does not take issue with their assessments of market change. In other words, it mostly matters that firms' logic be conveyed accurately.

**On the institutional context in which irregular employment is embedded:** For our purposes, the institutional context consists of legislation, administrative action and the ways both are reinforced by union contract provisions.

This study spells out the key institutional features upon which irregular employment depends. All employment archetypes were developed given a set of institutions. For example, subordinate primary sector employment in the U.S. is basically a product of the context of the NLRA<sup>13</sup>, or in France of the combined action of unionization and state regulation. Independent primary sector jobs depend on developed personnel policy. Moreover, the characteristics of secondary employment are defined in opposition to the institutional characteristics of primary employment. For instance, secondary jobs are excluded from due process rules

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<sup>13</sup> National Labor Relations Act.

which govern primary jobs, or are excluded from coverage by a collective bargaining agreement.

I identify changes in the French institutional context and their relationship to firm use of irregular employment. Regulation acts in two ways to form the institutional context for irregular employment in France; both are reinforced by collective bargaining provisions. First, regulation provides a context for the employment relationship through legislation and administrative action. Regulation provides a legal norm, a standard employment contract for regular workers in internal labor markets.<sup>14</sup> Most deviations from this standard fall under specific, "irregular", employment contracts. Second, employment regulation is also restrictive; it aims to control the circumstances in which irregular employment contracts are used. By examining changes in regulation and the companion public debates, this study traces shifts in the societal norm for regular employment during the 1980s and the progressive acceptance of irregular employment as a form of employment which is no longer exceptional. The banking and insurance case studies provide evidence on the ways firm

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<sup>14</sup> This standard implicit contract is of indeterminate duration (CDI, Contrat à Durée Indéterminée) as opposed to irregular contracts such as CDDs (limited duration) and temp contracts; see chapter 3.

practices are embedded in this regulatory context.<sup>15</sup> By doing the above, I provide elements which enter into an archetype for irregular employment.

### **IMPLICATIONS FOR POLICY ANALYSIS**

Irregular employment raises the possibility of the exclusion of significant numbers of workers from labor and social protection that comes with the employment relationship. The presence of irregular employment has also raised concerns about the ability of labor force entrants to gain access to durable and stable employment, training opportunities and promotion. Its presence, and use as a common form of hiring, has called into question the commonly held assumption that the best way for some groups to improve their economic position is to gain access to ports of entry to internal labor markets.

The importance of identifying two polar cases for irregular employment is that each has different implications for the labor market. The first case, the "core-periphery" strategy, predicts the significant and durable growth of the share of secondary-like employment in the economy at large. Thus, policy will have to address the long-term economic and

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<sup>15</sup> Finally, we also identify innovative models of regulation for temporary help service workers. France is the only country in Europe to have a collective bargaining agreement governing employment for temp workers. The agreement provides industry-wide seniority and benefits for these workers.

social needs of the growing periphery workforce. In the second polar case, the "restructuring/transition" case, the increase of irregular employment in some sectors may occur on the way to a new system of employment which does not necessarily entail a lasting core-periphery organization of the workforce. In this second case, there is greater leeway for policy to steer firms away from a lasting segmentation of their workforce and a more limited (and temporary) need to assist individual workers caught in the transition.

The above distinction resembles that drawn between "normal" and "abnormal" periods by Piore (1987) regarding institutional responses to unemployment. In "normal" periods, the level of unemployment is anticipated and social structures which respond to it are stable. During "abnormal" periods, the nature and extent of unemployment is unanticipated and the social structures with which societies have traditionally accommodated that unemployment break down. During these abnormal periods (such as the 1930s Depression), governments have choices as to how to intervene. They may create a set of institutions which become permanent -as they did with regards to unemployment- and which are the center around which the socio-economic structures of succeeding eras are built. They may, instead, create temporary structures designed to handle the crisis

but "destined to disappear with the economic recovery."<sup>16</sup> Thus, drawing the distinction between "core-periphery" and "transition" cases contributes information toward making such a choice.

Economy-wide, the actual mix of the two polar strategies will affect the numbers of workers who need additional protection. If "core-periphery" strategies prevail, then policy analysts and advisors<sup>17</sup> will need to realize the importance of devising novel solutions for worker protection. Either the network of social protections needs to be further removed from ties to employment and/or equivalent benefits (different from those of regular workers) must be devised. Possibly, because they make

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<sup>16</sup> (By social structures, the author refers to those structures which mediate the impact of economic flux and uncertainty on people's lives.) This point is part of a broader argument about the history of the emergence of unemployment as an economic, social and statistical category. In a review of histories of unemployment in France (Salais et al, 1986) and in the U.S. (Keyssar, 1986), Piore notes that large employers in France reproduced the familial system by providing long term employment commitments and that it is only when they failed (during the Great Depression) that the state recognized unemployment as a social and statistical category for which to compensate workers. In the U.S., large employers developed permanent employment in the 1920s (once immigration stopped and along with it the inflow of cheap labor and the ability to have casual employment); this process was brutally and durably interrupted by the Depression. In this country too, the state's response was to establish social structures to cushion unemployment which have affected firms' employment strategies and worker choices in a lasting fashion (Piore, 1987.)

<sup>17</sup> Analysts who think about employment policy, advisors to unions, legislators and policy makers.

worker protections uniform, these solutions may end up steering firms away from core-periphery strategies by removing any cost incentives to do so.

Even if "restructuring" strategies prevail, policy analysts and advisors will need to have a model in mind of alternate employer strategies. They will need to know that these major employers will no longer provide numerous "working class jobs for middle class pay" (Appelbaum, 1987) nor many middle-level jobs. Policy analysts will need to be aware that the nature of what they have known as primary jobs has changed and that they will face labor market transformations that are more complex than a change in mix of primary and secondary employment as they are currently understood.

The case of French banking and insurance also underscores the importance, and the possibility, of steering firms, through a network of compelling institutional arrangements, away from core-periphery strategies, as was already discussed above. It will also illustrate the relevance and possible transferrability of the French experience with these arrangements to the U.S. context.

#### **CHAPTER SEQUENCE**

Before moving on to the next chapter, I review national trends on irregular employment which provide a cross industry picture to put the banking and insurance sectors in a context (see below.) In chapter 2, I review the

literature on the differentiation and heterogeneity of employment arrangements within the firm, looking first at accounts of changes in internal labor markets, and then at specific studies of irregular employment. All accounts fall into the tradition of institutionalist labor economics broadly defined, with the exception of one neo classical account. I review these accounts to show how closely they are linked to demand uncertainty and fluctuations. In chapter 3, the account of how France regulation of irregular and regular employment evolved, during the 1970s and 1980s, underscores how societal norms evolved when faced with transforming employment structures and stagnant employment. In chapter 4, I discuss the history of employment in banking and insurance, the rules of personnel administration, the workforce composition, the market changes to which firms plan to adapt, and the workforce changes they want to achieve. In chapter 5, I detail how each of three main irregular arrangements --part-time, temporary help service contracts and CDDs (limited duration contracts)-- was put to use to accelerate the transformation of employment in banking and insurance. Data sources include interviews, sector-level and firm-level statistics. In chapter 6, I discuss the relative effects of labor demand and labor supply factors in the uses of irregular employment discussed in the previous chapter. The conclusion, chapter 7, describes what the next steady state of employment might

look like in insurance and banking, and economy-wide. It also addresses whether the French banking and insurance cases are idiosyncratic and discusses how the socio-institutional context mediated the use of irregular employment in these two sectors.

#### **BRIEF OVERVIEW OF NATIONAL TRENDS ON IRREGULAR EMPLOYMENT**

This brief discussion of national statistics has two purposes. One is to give an overview of the diffusion of CDDs and temp contracts from the late 1970s to the early 1980s, and to show the trends which alerted researchers and policy makers. These data are incomplete because consistent national data collection efforts did not start until 1982 (with the inclusion of CDDs and temps in national surveys). The second purpose of this section is to provide trends, from 1982 to 1988, in the incidence of CDDs, temps and part-time workers in each industrial sector and in each major occupation group (part-time not provided for occupations). The diffusion of temp contracts and CDDs in the late 1970s and early 1980s

In the late 1970s and early 1980s, policy makers and researchers reacted to the diffusion of irregular employment, particularly that of CDDs and temps, throughout the economy. As an early establishment survey<sup>18</sup> indicates,

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<sup>18</sup> Enquête ACEMO (Activités et conditions d'emploi de la main d'oeuvre) surveys establishments with 10 or more wage workers in private and semi-public sector. It excludes employment in national and local governments, in public



the share of establishments which use CDDs increased steadily from 12.2 percent in 1977 to 30.6 percent in 1983. Large establishments, with 200+ workers, were more likely than smaller ones to be users of irregular arrangements. Their use intensity (share of the workforce), however, was no greater and, in the case of very large establishments (500+), even smaller than the average. (see table I-1 in Appendix)

In the same survey, temporary help service contracts<sup>19</sup> diffused across a growing share of establishments from 1977 to 1980 but they had retreated by 1983 although to levels higher than in 1977. The 1983 survey year followed the implementation of costly regulations on temp help contracts which account for their decline. Note that, over the same period, the diffusion of CDDs across establishments continued to expand. Both use intensity and the degree of diffusion of temp help contracts varied with establishment size, however. Small establishments made less frequent and less intense use of temp contracts than average, conceivably because they cannot afford the premium charged by temp help service agencies. Overall, temp contracts were used with less intensity than CDDs (table I-2).

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administrative offices, in large nationalized firms whose workforces have special status (public utilities, railroads) and in public sector hospitals.

<sup>19</sup> Two-way contracts between user firms, temporary help services and individual temp workers.

Early establishment surveys such as this one flagged the growing importance of CDDs and temps in the workplace. Another dimension of their use also drew the attention of researchers and policy makers; they contributed increasingly to employment flux, entries and exits from employment. Statistics from the unemployment service<sup>20</sup> indicate that CDD expirations accounted for a growing share of new unemployment claims from 1977 to 1985:<sup>21</sup>

CDD as % of new claims	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>
	19.1	22.7	25.3	27.8	30.3	33.4	34.3	35.3	37.4
year to year chg		25.3	17.3	10.2	18.4	16.0	6.2	7.3	8.4

Temp contracts also constituted a growing, though smaller, share of new unemployment claims, particularly for young workers. Henriet (1988) cites figures ranging from 6 percent in 1977 to almost 10 percent in 1980.

CDDs also figures significantly in movements into employment, the hiring flux. One analysis of establishments

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<sup>20</sup> Eligibility rules set by the ANPE (Agence Nationale pour l'Emploi) are more inclusive than those set by the U.S. unemployment insurance system. These rules affect the extent to which the unemployed will register with the unemployment and job search service but there is little reason to expect workers on irregular contracts to be any likelier to register than permanent workers once unemployed. If anything, the reverse is more likely because benefits are higher and last longer for permanent workers.

<sup>21</sup> Henriet, 1988: 96.

with 50+ workers,<sup>22</sup> for 1985, put "hires" under CDDs at 13.5 per 100 workers employed at the year's beginning, up from 12.1 hires under CDD per 100 workers for 1984.<sup>23</sup> In contrast, hires under regular contracts, CDIs, accounted in 1985 for 5.1 per 100 workers employed at year's beginning. Authors of the study estimate that, in the firms surveyed, CDDs account for 64 percent of access to employment and 46 percent of exits from employment in 1985.<sup>24</sup>

#### Cross sectoral trends in irregular employment in the 1980s

National trends from the main labor force survey, *Enquête Emploi*, confirm the diffusion of irregular arrangements in all sectors, albeit to varied degrees. The starting year for this data series, 1982,<sup>25</sup> is problematic because it also marks the implementation of stricter regulations on the use of CDDs and temp contracts (see

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<sup>22</sup> The data source is a compilation and analysis of monthly employer reports on regular contracts and CDDs which have either started or expired during the survey month (Déclaration des Mouvements de Main d'Oeuvre.) Public administrations, local governments, public health services, and National Defense establishments are excluded. Coverage has only been extensive since 1981. These reports do not give sufficient information on temp contracts. See Corbel et al, 1986.

<sup>23</sup> In terms of duration, 43.5 percent were for less than one month, and 80 percent were for up to 3 months. These duration figures do not say anything about how many contracts were renewals.

<sup>24</sup> Corbel et al, Op. cit.: 17.

<sup>25</sup> Partial statistics are available starting in 1980.

chapter 3). By all accounts, these restrictions led to reduced use of temp contracts in 1983. Nevertheless, the patterns of diffusion across industries provide a general picture of the pervasiveness of these arrangements.<sup>26</sup>

**1. National trends on CDDs (limited duration contracts):**

From 1982 to 1988, the incidence (percent) of CDDs in total private<sup>27</sup> wage and salary employment grew in almost all major sectors; a few experienced a decline from 1987 to 1988 (table I-3). Economy wide, the numbers were 2.24 percent in 1982 and 4.14 percent in 1988. This growth was not steady, however; most sectors reduced their use in 1983-84. In 1982, the heaviest users were Agriculture, Food Processing, Market and Non-market services, Construction, and Trade (wholesale and retail). The same year, use intensity ranged from a low of 0.7 percent in Energy production to a high of 3.4 percent in Agriculture.

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<sup>26</sup> Note that the major industrial classification scheme for France differs from the U.S system. Most notably, the system draws a distinction between Market services (Services marchands) and Non-market services (Services non marchands). The latter category includes social services activities.

<sup>27</sup> Note that the incidence of CDDs and of temp contracts is only reported for private wage and salary employment because the public sector operates on a different employment system (civil service) and does not report employment in these categories. Private wage and salary employment also includes workers in nationalized companies, however.

By 1988, use intensity had increased in almost all sectors; levels ranged from a low of 1.2 percent in Energy production to a high of 7 percent in Agriculture. The same sectors were the heaviest users in 1982 and 1988. With the exception of Market and Non-market services -about whose activities we know less- the heavy users are sectors known for variability in economic activity due to sensitivity to business cycle and seasonality.

Banks and insurance companies belong to the Financial institutions sector, one of the lighter users of CDDs. Nevertheless, the sector's use of CDDs doubled from 1 percent in 1982 to 2.1 percent in 1988. In coming chapters, I will review more detailed statistics that are specific to banking and to insurance.

## **2. National trends in use of Temporary Help Service workers**

Statistical trends on the number of temp workers used at time of survey represent a smaller share of Total private wage and salary employment than CDDs<sup>28</sup> (table I-4). Economy-wide, their share was 0.93 percent in 1982 and 1.26 percent in 1988. The incidence of temp contract use fluctuated over the period 1982 to 1988. Temp use is more erratic by nature because assignments can be brief, be terminated on short notice and are quickly canceled in

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<sup>28</sup> Their incidence in Full time equivalents (which takes account of the duration of assignment) would be lower.

downturns in activity. Temp use has also varied with regulatory changes (chpt. 3) over the period.

For the most part, temp use grew from 1982 and 1988, and across sectors. In 1988, the heavier users were Intermediate goods and Production goods, Construction and Market services. These are the same as heavy users in 1982; the latter additionally included Energy production. In contrast to the U.S., goods production and Construction concentrate the use of temp workers. As will be seen in later chapters, particulars of French regulation, and the fact that construction underwent a crisis and massive layoffs in the late 1970s, all led to significant use of temps in the construction sector.<sup>29</sup>

Temp use statistics in Financial institutions fluctuated over the period but was higher in 1988 (0.9 percent) than in 1982 (0.3 percent).

### **3. National trends on part-time:**

I have three notes of caution regarding trends in part-time employment. First, part-time statistics overlap partially with those on CDDs and temp contracts because they report hours worked instead of status; they cannot be added to the other two statistics for an estimate of irregular

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<sup>29</sup> For a history of temp use in construction, see Tallard, 1986.

employment in the economy at large.<sup>30</sup> Second, because of the constraints of published statistics, I report the share of part-time in Total private and public wage and salary employment.<sup>31</sup> Third, there are two definitions of part time. With the first, which counts all workers who work less than 40 hours weekly (or at least one fifth less than the regularly scheduled hours of the firm), part-time in the whole economy grew from 8.5 percent in 1982 to 11.6 percent in 1987. With the second definition, people who work less than 30 weekly hours, part-time grew from 7 percent in 1982 to 9.3 percent in 1987. Neither of these definition equates the U.S. definition of 35 hours or less for part-time.

I report rates of part-time based on the first (<40 hrs) definition because it captures what is considered as part-time for self reporting in all sectors and for the national labor force survey.<sup>32</sup> Additionally, all sectors that are heavy users following to this first definition also are, according to the second, and growth trends are the same regardless of the definition used (table I-7).

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<sup>30</sup> Although it is true that part-time contracts per se are a separate legal status and thus a worker cannot work under a part-time contract as well as a CDD (limited duration) contract. In insurance and banking, none of the workers on CDD are reported to work part-time.

<sup>31</sup> It is also appropriate to report statistics for the public sector because it has been one of the earliest users of part-time.

<sup>32</sup> And even though a work schedule close to 40 hours approximates full-time work.

All heavy users of part-time are from the Tertiary sector (Trade, Market and Non-market services.) The incidence of part-time is high in Agriculture as well although this may be due to long standing traditions of shorter weeks in the sector.

From 1982 to 1987,<sup>33</sup> part-time grew from 8.53 percent of total public and private employment to 11.6 percent. Its incidence increased in almost all sectors. In 1988, levels of part time varied widely across sectors from a high of 20.6 percent in Non-market services to a low of 2 percent in Production (capital) goods manufacturing. Non-market services experienced the most drastic increase; they more than doubled their use of part-time from 1982 to 1987 (8.58 and 20.6 percent respectively.)

Financial institutions are not the heaviest users of part-time, its incidence grew from 7.2 percent in 1982 to 8.6 percent in 1987. As will be seen later with more detailed sectoral statistics, these levels of part-time were only reached in the 1980s, up from almost zero levels in the 1970s.

National trends on CDDs, temps and part-time bring out the pervasiness of these arrangements in the economy and the wide diversity of use intensity across sectors.

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<sup>33</sup> At the time of my research, I collected data up to 1987 only. Later on, I found a source providing 1988 results for temps and CDDs but not for part-time.



Additionally, during the 1980s, these arrangements grew across most economic sectors, with few exceptions. Table I-9 (in Appendix) provides the incidence of temps and CDDs across major occupational groups<sup>34</sup> from 1982 to 1987. They confirm that the highest incidence of CDDs and of temp contracts is among Employees and Manual workers. For both these occupations groups, CDDs continued to grow as share of employment throughout the period. Temp contracts, however, continued to grow for Manual workers but not for Employees. Later on, I discuss how temp contracts were increasingly used only for specific purposes in clerical employment.

Comparative evolution of salaried employment and of irregular employment

Finally, researchers noted that, throughout the 1980s, irregular arrangements grew whereas regular, full-time, employment declined in aggregate numbers, as the following table indicates.

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<sup>34</sup> At the time of research, I did not gather data on part-time by occupations.

Year-to-year and 1982-88 changes in thousands

	1982	83	84	85	86	87	88	82-88 chg
Total salaried employment	-65	-269	-103	219	-47	120	61	
Regular empl. 1/	-178	-287	-218	-210	-96	-80	-1069	
Part-time	73	97	161	208	3	88	630	
Temps and CDDs	-57	-17	69	89	83	102	269	
Internships	-3	-3	84	146	46	22	292	
Total irregular empl. 2/	10	69	255	33	112	196	972	

1/ Regular employment is full time CDI (regular contracts) outside of national and local governments; 2/ Part-time, temps, CDDs (limited duration) and internships with no double-counting. Source: Cezard and Heller (1988) cited in Gauvin (1989: 20.)

Nationwide, internships which were programs designed to favor youths' access to the labor market also grew rapidly in the 1980s as the table indicates. Firms used them as an employment subsidy and there is controversy as to how much training young workers do receive while working in internships. They are, however, a phenomenon entirely dependent upon national government policy which decides whether or not to fund programs as part of its labor market policies. As a tool to firms, these internships are not steadily available. It may turn out, however, that they too may become a fixture of personnel management if programs are sustained well into the 1990s. In this study, I did not look in great detail into internships but would have,

however, had I focused on how young workers gain access to employment.

## CHAPTER 2

### THE LITERATURE ON EMPLOYMENT DIFFERENTIATION

The differentiation of employment --heterogeneity along dimensions such as formalization of the employment relationship, stability, access to promotion ladders, or pay-- within industrial sectors and within firms has been the subject of the literature on dual/segmented labor markets. In pre-1980 formulations, the differentiation was greatest **across** industrial sectors and, later, across firms in a sector ("core" firms providing primary employment, and "periphery" ones providing secondary jobs.) The research and theoretical question for the literature of the 1980s, however, has been the growing differentiation of employment **within** firms with internal labor markets and providing mostly primary employment. Thus, recent research has focused on the erosion of primary sector internal labor markets; I review this literature here. It has for starting point the changes in markets that have engendered new firm practices whose manifestation is a real observed transformation in the nature of employment within firms and the growth of irregular employment.

Empirically, the main observation has been that these "core" firms seem to be providing less primary employment and that the latter is of a different nature. Importantly, employment differentiation within these firms, that is, the presence of irregular employment, increasingly involves

tasks that belong to the main activities of the firm whereas, prior to the 1980s, it had concerned peripheral jobs (janitorial or warehousing) --and had been explained on this ground. I examine explanations of changes in internal labor markets and find that some accounts of the nature of irregular arrangements treat the latter as a residual category of firm practices.

The broader theoretical issue which the dual/segmented labor market literature addresses is the exact process by which micro economic dualism (here employment differentiation) translates into macro labor market segmentation and has consequences for inequality.<sup>1</sup> I do not cover this aspect of the literature but note that the pre-1980 literature offered one answer to questions on the nature of this process (see Piore, 1980) that has been put onto question by market changes during the 1980s. Consequently, in the post-1980 research, both the process of firm level employment differentiation (reviewed here) and its translation into the macro labor market structure have been up for redefinition.

## **CHANGES IN ENTERPRISE INTERNAL LABOR MARKETS IN THE 1980S:**

### **REVIEW OF EXPLANATIONS**

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<sup>1</sup> Microdualism is a relevant object of study for economic and policy analysis only to the extent that it can be tied analytically to macro labor market dualism/segmentation (Piore, 1980).

The existing literature on employment differentiation within the firm has first and primarily focused on the pressures exerted by the market during the 1980s on regular employment in primary sector firms, that is, firms with well developed enterprise internal labor markets. All accept that, since the late 1970s, there is increased flux and uncertainty in product markets. The first attempt to explain how firms adapt to flux and uncertainty was made by Piore (1980). Looking at manufacturing markets, Piore found that dominant firms appropriated the stable segments of demand and thereby provided regular employment to their own workforce. Dominant manufacturing firms used networks of subcontractors to absorb both flux and uncertainty. To buffer themselves against the remaining flux in activity, they used a few externalized workers --"temps," and workers in decentralized locations.

As the 1980s wore on, dominant firms experienced continued change and greater unpredictability in their markets. They transformed significantly the ways in which they structured their workforce use and their market strategies. Below, I cover changes in workforce management but not market strategy.

All the perspectives reviewed here outline how market pressures have compelled firms, and new technological opportunities have enabled them, to redesign their internal labor markets and to push out -by externalizing or simple

rendering secondary- a category of jobs and workers previously part of the internal labor market. In so doing, firms have made the workers bear a growing share of the flux and uncertainty in economic activity. Many accounts predict that as flux and uncertainty become the primary characteristics of markets in the 1990s, then there will be a growing share of jobs in the economy whose function it is to bear the consequences of fluctuations. These jobs will exist both on the margin of primary (core) firms and in secondary (periphery) firms.

Major "compelling" economic changes started in the late 1970s. Competitive conditions altered; they included even greater uncertainty, variability, and more fragmentation in product demand (Piore and Sabel, 1984), the increased scope of markets and their internationalization (Noyelle, 1987; Christopherson, 1988), and decreased market shares for firms which until then had developed employment patterns suited to their holding a large and stable market share.

These changed competitive conditions have had consequences for employment systems. They have added pressure on firms a/ to cut labor costs (Appelbaum, 1987; Abraham, 1988; Osterman, 1989), b/ to achieve greater flexibility in quantity and skill composition of their workforce (Piore and Sabel, 1984; Abraham, 1988a; Osterman, 1989) and c/ to obtain greater predictability in workforce use. In some arguments, competitive pressures have brought

attempts to alter firm boundaries (vertical disintegration) to new intensity levels thereby shifting risk and some production activities outside the firm.

The most "enabling" change is the availability of micro processor based computer technologies (Piore and Sabel, 1984; Appelbaum, 1987). The particular way in which these technologies have been implemented has enabled some firms to respond to competitive pressures by rationalizing work in order to cut labor costs. This rationalization has contributed to the erosion of internal labor markets and to greater use of contingent work (Appelbaum, 1987.) New technologies have been used in other ways; they have put pressure on employment systems by requiring broader job definitions (Piore, 1986; Osterman, 1989.) By doing so, they have put into question systems of job assignments and seniority rights, themselves the long standing results of compromises on job security concerns.

For service sector firms, a second significant "enabling" change has been the diffusion of secondary and post-secondary education which has allowed firms to recruit externally greater numbers of workers for positions which used to be filled by workers who had been trained in-house.

The two empirical observations, all cited to point to the transformation of employment systems within firms, are the erosion of internal labor markets, as higher level jobs



are filled from the outside, and the fact that entry-level jobs are divorced from training ladders, become secondary-like and in some cases are externalized.

#### Beyond shared views

Beyond the shared view that market pressures have compelled firms to change their internal labor markets, authors differ greatly on what firms do and how they approach firm practices.<sup>2</sup> Describing the process at work in the late 1970s in the United States, France and Italy, Piore (1980) sees the generation of micro and macro dualisms as a dynamic process. Its dynamism results from constant attempts to remedy an on-going and unresolvable conflict between the insecurity of economic activity and the pressures for protection and security.<sup>3</sup> In industrialized economies, the primary source of labor market structuring are the attempts to manage this unresolvable conflict.<sup>4</sup> Because no static solution can be found, it is likely that

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<sup>2</sup> Some of these differences may also be due to their choice of the specific aspects of firm practices they chose to study.

<sup>3</sup> Large firms, in the 1970s, were able to provide a substantial number of secure jobs.

<sup>4</sup> Microdualism led to macrodualism because there was similarity across economic sectors in three processes: 1/ similarities in socio-political and economic pressures for a division between secure and insecure jobs; 2/ similarities in the institutions (that are found rather than made) which create and maintain the division and 3/ similarities in terms of behavioral and economic characteristics of the workers found in insecure jobs (they are either indifferent to uncertainty or lack political power and social cohesion to resist it.) (Piore, 1980).

different time periods, economic conditions and political balance of power will result in different labor market structures. Worker militancy is behind the organized pressure for greater security. This worker pressure to obtain shelter from flux and uncertainty plays a significant role in the dynamic of adjustment; it is more or less successful in different time periods but cannot be assumed to disappear altogether even following periods of diminished effectiveness or militancy.

Osterman (1989) characterizes the extension of core-periphery structures in primary sector firms during the 1980s as a sign of transition of employment structures. Major employment systems (two forms of internal labor markets, the "industrial" and the "salaried" models), to follow his typology, are in crisis.<sup>5</sup> Firms with "salaried" employment, characteristic of white collar workforces, are endangered by competitive pressures and new technologies which threaten the job security of their workforce. Firms with the "industrial" (blue collar) model are also under pressure from new technologies but, in their case, to realize the economic benefits of new production systems,

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<sup>5</sup> The industrial model provides employers with the ability to vary employment levels but restricts their choice of who gets laid off (seniority) and their ability to deploy labor because seniority rights are based on narrow job definitions. The salaried model gives the firms greater flexibility in labor deployment but restricts employers' ability to have short-term variations in workforce size.

they must broaden job descriptions and, to do so, must elicit worker commitment by providing job security. In sum, the need to change confronts firms in either model with a number of dilemmas. Firms considering the expansion of the salaried model (to gain worker commitment, effort and the abandonment of narrow job descriptions) face internal resistance. The cost of job security is perceived as a loss of initiative by workers and a loss of control by managers. Also, the greater economic uncertainty makes it difficult to sustain explicit promises of security. If promises are broken, firms face a loss of commitment and unionization drives.

As these dilemmas remain unresolved, firms make greater use of what are termed "secondary arrangements" to form core-periphery structures. The latter allow them to combine the salaried model, for some of their workers, with the "secondary subsystem" providing a buffer workforce against macroeconomic, cyclical downturns or labor force reductions necessitated by technical change. This argument is both analytical and normative.<sup>6</sup> Core-periphery structures are unstable from an industrial relations standpoint; secondary workforces will sooner or later make claims to the same employment status as regular workforces. Core-periphery structures limit efficient work organization;

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<sup>6</sup> "economic and, perhaps, political performance would be improved with more widespread adoption of the salaried model." (chapter 5, 1989).

a workforce not socialized in the norms of a firm may not be efficient.<sup>7</sup> Nonetheless, firms may stay with core-periphery structures rather than resolve their dilemmas.

In these typologies of employment systems, the two "major systems" are subjected to change and Osterman holds that secondary arrangements retain a steady role (and characteristics) with a varying volume over time. The growth of secondary arrangements is the redistribution of the burdens of flux and uncertainty on a growing segment of the workforce. This approach confines itself to the microeconomic consequences of market changes but assumes that these core-periphery structures will lead to a growing secondary segment in the labor market.

In studies of service sector organizations, Appelbaum (1987, 1992), also attributes the rise of temporary, part-time and other contingent work to the erosion of primary internal labor markets in the 1980s. However, the availability of micro-processor based technologies to service sector firms and the particular use which firms have made of them bear greater responsibility for the erosion of internal labor markets in this account than in others. During the 1980s, primary sector firms have been under pressure to cut labor costs because of intense competition and deregulation (which makes for fluctuating demand and

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<sup>7</sup> Finally, in the U.S. case, the pool of secondary workforces is limited.

uncertain profits.)<sup>8</sup> Much of this erosion is due to the choice of implementation of new technologies made by firms. At their most useful, when implemented to best realize their productivity potential, new office technologies disrupt "natural learning sequences" (e.g. from entry-level to professional underwriting jobs in insurance); job ladders and thus internal labor markets lose their importance for non-professional workers. New technologies automate routine tasks for low-skilled clerical work but also for skilled technical and professional work. Entry-level and mid-level positions that had provided access to skilled work are eliminated. This is true even when firms implement technologies in ways that integrate tasks, make job contents complex and decentralize decision making. When firms, however, implement new computer and communications technologies to further specialize, fragment and geographically disperse tasks, the technologies weaken internal career ladders all the more (Appelbaum, 1987.)

In the U.S., as early as the late 1970s, firms which anticipated both a loss of market share and/or the displacement of workers by labor-saving technologies had decided that "worker training was an unjustifiable expense rather than an investment in the future" (Appelbaum, 1992:

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<sup>8</sup> In implementing changes in workforce management, firms have been also enabled by the greater availability of secondary and post secondary education to the workforce. (see also Noyelle, 1987.)

7.) They adopted strategies to subcontract work and redesign jobs to be carried out by part-time and temporary workers. By the 1980s, those strategies, coupled with the new information and communication technologies, led to a broad range of further firm adaptation strategies.<sup>9</sup> At one extreme stands the search for "static flexibility"<sup>10</sup> entailing the destandardization of terms of employment, making hours of work more flexible and unpredictable (for workers) and setting terms of employment at the individual rather than collective level. In the U.S., it is the lack of bargaining power and limited employment alternatives for many workers that make this strategy possible.<sup>11</sup> At the other extreme, firms adopt strategies of "dynamic flexibility" according to which they employ a highly skilled workforce in an environment in which learning-by-doing is encouraged and used to channel competitive pressures into

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<sup>9</sup> Strategies which affected the relationships between information technology, worker training and skills, worker participation in decision-making and the organization of work, according to the author.

<sup>10</sup> As the author put it: "Unfortunately, old habits die hard, and the implementation of new technologies has often relied on the obsolete management practices of an earlier era in which productivity gains depend upon the fragmentation of tasks, deskilling of labor, and the reliance upon machinery for technical skills and control" (Appelbaum, 1992: 9.)

<sup>11</sup> Golden and Appelbaum, 1990.

innovation to the product, the service and the production process (Appelbaum, 1992.)<sup>12</sup>

The typologies of production organizations and consequent labor use, developed by Christopherson (1988), are more directive in their predictions for employment and give little room for dynamic change. Different production organizations, following specific market strategies, dictate typologies of core-periphery employment structures, each with a distinct use of irregular employment. Contingent work (to use the author's term) allows the externalization of risks and of production by the firm. In the 1970s and 1980s, in response to changes in competitive conditions,<sup>13</sup> production organizations moved toward the vertical disintegration of production and the movement of many production activities to the external market (changes in make/buy ratio.) Temporary, part-time and self-employed

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<sup>12</sup> Referring to work by Piore and Sabel (1984), Best (1990) and Harrison and Kelley (1991), the author points out that these strategies also have spawned two types of relationships between major firms and their subcontractors. On one hand, the relationship can be collaborative with subcontractors participating in product design and employing a skilled workforce. On the other hand, it can entail the wholesale shifting of the risks of market fluctuation and uncertainty from large companies to small ones which will compete based on low wages and low prices. (Appelbaum, 1992.)

<sup>13</sup> Growth in the scope of markets, changed character of product demand, and fact that demand for many products is more variable and less predictable.

contractors, who in the past served to back up the regular workforce, are increasingly doing work specifically designed for a contingent workforce. To each of four production organizations -each of which operates in market segments with distinct demand characteristics and skill requirements of production- corresponds a particular pattern of use of contingent workforces (the details of which are in the footnote.)<sup>14</sup>

In this interpretation, markets dictate the boundaries of the firm, the characteristics of labor demand, and the overall employment picture. Markets being what they are, the volume of regular employment will decrease and contingent employment will grow in the 1990s. The characteristics of employment within the firm matter only to the extent that they affect the firm's ability to externalize a workforce or production process. For example, the firm specificity of skill carries almost all the weight in determining the size of the workforce in regular employment.

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<sup>14</sup> Under "large firm internal labor market production" (type 1), firms use a periphery of low wage part timers and extensive production subcontracting to periphery firms. Under "Finance, services and sales activities in large firms", a skeleton of full-time permanent workers with firm specific knowledge works with a large workforce of permanent part-time, on-call or intermittent workers. Under "Producer and support services" (type 3) production, most of the work is done through market transactions. Under "Project-oriented independent contractor production" (type 4) activities are ephemeral. This kind of work can be low skill or high skill.



Before moving on to studies of irregular employment per se, I cover how neo-classical analysis would model the presence of irregular employment in large firms. The earliest neo classical analysis of irregular employment, Abraham (1988a, 1988b), developed a model of marginal decision making by firms under intensified competitive pressures and increased demand fluctuation in the 1980s. For neo classical analysis, irregular arrangements (termed "flexible")<sup>15</sup> inside firms with internal labor markets pose a particular problem of interpretation because they are a non-wage adjustment mechanism to short term changes in demand and a non-traditional, non-wage, adjustment mechanism at that. According to Abraham (1988a), firms have altered their proportional mix of employment arrangements in favor of flexible arrangements, a category which covers short-term arrangements and contracting out for business services. The task of a neo-classical model is to isolate the parameters for firms decisions concerning quantitative adjustments to their proportional mix of jobs within the internal labor market and those in flexible arrangements.

Thus, firms use flexible staffing to adjust the quantity and skill mix of their labor inputs in order to 1/ respond to short term demand changes, 2/ buffer their

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<sup>15</sup> The term "flexible" contrasts irregular arrangements to regular employment which, according to neo classical theory, has turned labor into a "quasi fixed factor" of production (Oi, 1962.)

regular workforce from demand fluctuation, and 3/ because the rules of internal labor markets preclude their taking advantage of low market wage rates (thus the use of production subcontracting and contracting out for services). In the 1980s, greater volatility in economic activity, increased costs of hiring and firing, and widening wage differentials between high- and low-wage firms all have combined incrementally to steer firms toward greater use of flexible staffing to the detriment of regular jobs in internal labor markets.

This neo classical account combines traditional variables of neo classical analysis (costs, relative wages, technological specialization as added cost)<sup>16</sup> with socio-institutional features that factor into firm decisions as constraints (and are also assimilable to costs.) For example, firms use differentiated employment within the firm when, having decided not to provide training and promotion to all, they cannot maintain boundaries between workers (and limit their compensation claims) without setting "explicitly

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<sup>16</sup> Decision variables are: 1/ using flexible staffing during peak demand allows employers to hire a smaller regular workforce; 2/ the ratio of flexible staffers to regular workers will rise with increases in variability or uncertainty of product demand; 3/ reliance on flexible staffers will be greater the wider the differential between their wages and those of regular workers; and 4/ reliance on flexible staffers will be greater in positions requiring less firm-specific skills.

temporary terms" or using outside contractors (1988a: 11.)<sup>17</sup> Additionally, firms which pay above-market wage rates to reduce turnover and increase work effort by their regular workers<sup>18</sup> avoid doing the same for workers performing less central tasks by relying on outside contractors for low wage services.

In this model of firm marginal decision making, the features of the internal labor market are cost constraints. The notion that greater product market variability and uncertainty makes internal labor markets costlier is implicit. Irregular arrangements are interchangeable as far as their institutional form is concerned; firms compare them along the cost dimension. In this cost-comparison model, and from the firm's standpoint, irregular arrangements within the firms are functionally equivalent to contracting out and to other short term adjustment strategies such as overtime and inventory buffers. Over time, the proportional mix of regular and irregular employment adjusts but the ways in which either form of employment changes in more fundamental ways is deemed irrelevant -as most structural change is- to neo classical analysis.

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<sup>17</sup> Others who have studied the industrial relations implications of segmented employment within firms have made similar arguments (see Piore, 1980; Gordon, Reich and Edwards, 1982.)

<sup>18</sup> An idea well developed by efficiency-wage models. Abraham also cites evidence to the effect that firms which pay high wages to some occupations tend to pay high wages to all occupations.

What neo-classical analysis does not do, but all other accounts presented here do, is to consider that employment differentiation within the firm is also a tool to discipline the workforce in regular employment. Neo-Marxist analyses have described the division of work within the firm (and its accompanying segregation and hierarchy) and labor market segmentation as tools for social control of the workforce (Gordon, Reich and Edwards, 1982.) The perspectives reviewed above do not identify the need to control the workforce as the main cause of the erosion of internal labor markets and the use of irregular employment. Several, however, point out that disciplining the regular workforce is one of the goals achieved by differentiating employment arrangements within the firm. Michon (1982) contends that, particularly in French manufacturing blue collar employment, irregular employment serves firms' need for hierarchical and disciplinary control of the workforce. Evidence for the U.S. for the 1980s points to greater use of irregular employment in sectors in which union power has waned (Golden and Appelbaum, 1990.) In these arguments, one of the advantages of irregular employment lies in conveying a clear message to the workforce that access to regular employment is in some sense "rationed." Other arguments point out that firms make use of the differentials in workforce abilities (or even desire) to resist the use of irregular employment and to claim employment security (Piore, 1980; Osterman,

1989.) In these views, power relations affect the distribution of the burden of economic uncertainty. In all perspectives, employment differentiation is partly the result of power relations in the society at large.

Arguments on changes in internal labor markets treat irregular employment as a residual category

In all arguments developed during the 1980s, the focus of concern and inquiry has been on the change to internal labor markets and to regular employment (which, as a theoretical category, only includes primary employment). They identify market and social pressures for change in employment systems and conclude that secondary-like jobs being generated in increasing numbers are the residuals of structural change in firm practices. Jobs that do not fit in the new employment organization become contingent, secondary-like, jobs that are all designed to bear the accrued flux and uncertainty. For example, entry-level jobs become secondary; they no longer lead to further training and promotion.

The growth of any and all forms of irregular employment is cited as further evidence of a/ changes in internal labor market structures and b/ the equation of these irregular arrangements and the theoretical construct of secondary employment. Their "raison d'être" is bearing demand flux

and uncertainty as these market forces translate into firm need for reduced and more flexible labor costs.

In summary, all arguments reviewed above have sought to explain the impact, changes in market structure have had, on primary employment which, for purposes of analysis, is assumed to be the main aspect of firm employment strategies. The wide range of jobs that are externalized, casualized, contractualized, downgraded, or disconnected from training ladders, falls by default into the broad category of irregular employment which is equated with secondary employment.

In the original dual labor market model, the interactions between primary and secondary jobs were key to understanding how firms structured employment. Similarly, the relationship between regular employment in the "new" internal labor markets and irregular arrangements will not be fully understood until and unless an empirical characterization of irregular employment captures the boundaries of the phenomenon.

#### **STUDIES OF IRREGULAR EMPLOYMENT PER SE**

While most arguments have focused on changes to internal labor markets, some research has taken irregular employment as its starting point (as I will) and tried to tie it back to flux and uncertainty (Germe et Michon, 1978; Michon, 1982) and to changes in the skill contents of jobs (Noyelle, 1987; Noyelle and Bertrand, 1988, 1989).

## Manufacturing cases

In surveys of French manufacturing firms, Germe and Michon (1978)<sup>19</sup> set out to prove that the existence of irregular employment in primary sector firms was one of the prime forms of microdualism which would lead the type of macrodualism in French labor markets described by Piore (1980). They aimed to argue that firms resorted to irregular employment in similar market conditions, for similar purposes and in the same fashion. They set out to identify patterns of use of irregular employment (short-term, temporary and contracting out) and to associate them with economic dimensions such as market conditions, size of firm and employment conditions (growing, stable or shrinking labor force). They concluded that empirical studies could not draw a clear and direct relation between use of irregular employment and types of establishments as described by product characteristics and the uncertainty of their markets.<sup>20</sup> The variety of users was as great as the

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<sup>19</sup> See Germe et Michon (1978) and Michon in Bartoldi (1982). The authors devised an operational definition to characterize employment arrangements, called "*forme d'emploi*", a term which encapsulates the institutional definition of jobs and includes customary, contractual and legal contents of jobs.

<sup>20</sup> The second main conclusion was that insecurity was not a sufficient explanation for the uses of irregular arrangements witnessed in case studies. This led Michon to formulate elaborate patterns of partitioning of demand by firms, and of labor market structuring. His contention was that the appropriating of the stable segment of demand by dominant firms was only one of the patterns of market organization in force in the 1970s and 1980s. He also

number of reasons for use. In retrospect, the study encountered variability in the arrangements to such great degree that typologies built from its results had too many dimensions to allow for clear analytical conclusions.

In concrete settings, the authors argued, the use of irregular employment was best analyzed in one of two ways: either a/ as a tool allowing firms to avoid a reorganization of activities and a change in workforce management or b/ as a tool facilitating the implementation of a new organization of production and workforce management practices. It could be put to seemingly contradictory uses and was a polyvalent tool for workforce management. Presumably, the characteristics of each sector and production organization determine in which of the two ways firms use irregular arrangements.

Increased flux and uncertainty in markets remained the source cause of adaptation requirements for firms which are portrayed as looking for lower and more predictable labor costs. To these two forces, these researchers attributed factors more proximate to the firm operation such as the need for qualitative (skill contents) as well as quantitative variability in labor use, or the need to externalize some labor costs or to draw on outside

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contended that the formulation of the macrodualist thesis depended upon employment systems being homogenous within firms and heterogenous across firms while he found heterogeneity within firms.



specializations, or the need for intensified disciplining of the workforce.<sup>21</sup>

As the 1980s wore on, and competitive conditions changed, French researchers observed the diffusion of irregular employment throughout the economy and its durability. Until 1980, irregular arrangements had been complementary to stable, regular employment. The latter was hierarchically superior to the former. Following the recession of 1981-82, irregular arrangements seemed to "compete" with regular ones as possibilities for substitution became greater in many sectors (Freyssinet, 1983.)

#### Studies of white collar employers

For Noyelle (1987a), the impact of market changes has been enhanced by technological innovations whose implementation has drastically altered the skill contents of jobs and generated heterogenous contingent employment.<sup>22</sup> This author studied employment restructuring in service

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<sup>21</sup> "... (the study) shows that variability and flexibility are broader requirements than uncertainty, that uncertainty itself cannot be reduced to the sole phenomenon of product market fluctuation. It also indicates that irregular forms of employment are neither the only instrument of flexibility, nor an instrument used to this sole end." (Michon, 1982: 94.) Translation mine.

<sup>22</sup> New information technologies have had for consequences 1/ the altering of old products, the development of new ones, and the transformation of the relationship between firms and clients and 2/ the opening of opportunities for reorganizing the division of labor, with direct impacts on the skill structure and the demand for labor.

sector firms both in the U.S. and Western Europe (see also Noyelle and Bertrand, 1988.) The changes in skill requirements have been accompanied by labor supply changes: the growing supply of secondary (part-time) workers and higher educational attainment for the whole workforce (rise in workers with secondary and post-secondary education). Both labor supply and labor demand changes have transformed large employers into multi entry point structures. As many medium- and low-skilled workers as possible will be removed from the reach of the internal labor market. To account for the great heterogeneity of the irregular (contingent) jobs encountered, Noyelle (1987b) develops the distinction between skilled contingent work (externalized para-professional and professional activities) and unskilled contingent work (which bears all the characteristics of secondary employment). In this interpretation, firms characteristics (e.g. size) lose their importance in labor market structuring. Instead, the nature of skills is increasingly at the origin of segmentation. This is only true, however, for the distinction between core and contingent **skilled** workers (whether skills are firm specific or generic). For unskilled contingent work, it is the pace at which computerization will eliminate menial tasks that determines the relative volume of this workforce.

While this perspective fits current outcomes accurately, it leaves open questions about what drives the

pace of computerization and the characteristics of its implementation. Also, given that the skill content of jobs is a somewhat malleable dimension under the control of firms, one is left with a framework that is not flexible enough to understand a reality with dynamic components. This explanation leaves under explored the circumstances under which unskilled jobs remain inside the firm and within the internal labor market and under which the skill content of jobs can be improved (there may be a payoff to firms in doing so). Because this account is empirically grounded, it leaves out of future trajectories other possibilities for work organization.

In later studies of cross-national, cross industry variations in contingent employment, Bertrand and Noyelle (1989) find significant differences in the employment status (degree of insecurity) of contingent workforces; not all can be described as being in secondary employment. There seems to be no compelling single reason of economic efficiency to require that all contingent arrangements be insecure. The causes for cross country variation include: labor market slackness, and the degree of commitment of work organizations to training and to providing stable employment to as great a share of the workforce as possible (so as to elicit greater effort and productivity.)<sup>23</sup>

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<sup>23</sup> See Bertrand and Noyelle, May 1989.

**MOVEMENTS AWAY FROM THE EQUATION BETWEEN IRREGULAR  
EMPLOYMENT AND SECONDARY EMPLOYMENT**

Both Germe et Michon (1978), and Noyelle (1987b)<sup>24</sup>, opened the door for conceiving of irregular employment as a heterogenous set of arrangements and, more importantly, as something other than secondary employment as it is defined in segmented labor markets models. In these models, secondary employment meshes job characteristics such as instability (where the effect of demand is felt) and skill contents, with workforce characteristics (alternative commitments to non market activities) and behavior (lack of attachment to the labor market). The outcome, secondary employment, is characterized by both the nature of tasks and institutional arrangements that are looser, less stable and less protective of worker rights. Thus secondary arrangements, governed by weak institutional protection for workers, fit the jobs and the workforce. They resulted from the distribution of risk and uncertainty onto workforces less interested in, or less capable of, resisting it. As already discussed, they fit situations in which flux and uncertainty characterize economic activity. Thus, as flux and uncertainty increased in the 1980s, so was the use of secondary employment, according to some analyses.

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<sup>24</sup> As well as Bertrand and Noyelle, 1989.

How is one to understand the heterogeneity of irregular employment in the 1980s?

In recent years, the neat fit between job characteristics and institutional arrangements (in both primary and secondary employment) was stretched with the growth of irregular employment. The latter is an empirical observation in most studies.<sup>25</sup> It is a "catch all" category of institutional arrangements that have come to be used in widely different ways and cannot be easily associated with one type of firm strategy or one kind of product market.

Piore (1980) posited the possibility of dynamism in the distribution of flux and uncertainty between firm and worker and argued that temporary solutions to the conflict are encoded in institutions of social and labor protection. In so doing, the author opened the way for researchers to conceive of irregular arrangements as institutional arrangements above and beyond being jobs whose characteristics are driven by purely economic (market) imperatives.<sup>26</sup> Thus, were the equilibrium of social and political forces to change, so would the distribution of

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<sup>25</sup> In most accounts, irregular employment is any employment arrangement which differs from regular, full time long term employment on any one of a number of dimensions: connection to the internal labor market, skill level, schedule, social protection, legal ties, implicit employer commitment and wages.

<sup>26</sup> Earlier statements of the primary/secondary dichotomy had also made clear that secondary jobs could be turned into primary jobs through unionization and their incorporation into the enterprise internal labor market.

risk between worker and firm, and so would the institutional characteristics of both primary and secondary jobs.

Piore (1986) further developed tools for understanding how societal regulation of the labor market can foster attachments between firms and workers thereby "reshuffling" what were previously understood as primary/secondary employment distinctions.<sup>27</sup> For example, "secondary-like" jobs can develop attributes of primary employment, such as employment security or even connection to other jobs, if firms are compelled by social and political forces to do so. In the process of advocating a form of employment that would permit the diffusion of a flexibly specialized mode of economic organization, the author points out that contractually or institutionally provided employment security may compel employers to train workers more broadly and deploy labor more flexibly, thus affecting the characteristics of a position such as skill contents, connection to other jobs and thus the likelihood of belonging to the internal labor market of a firm.

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<sup>27</sup> These arguments are embedded in a much broader discussion of the appropriate mode of economic organization if firms are to shift away from standardized mass production, and of the institutional form of employment most likely to render flexibly specialized production productive and to help it diffuse throughout the economy.

The need for an analytical tool that spans the full range of irregular arrangements

Once the possibility opens that irregular arrangements encompass a heterogenous group of jobs and represent a set of pliable institutional arrangements, then the following equation no longer holds: irregular employment=secondary employment=employment that bears flux and uncertainty and => leads to greater numbers of periphery/secondary jobs in the economy. Once the terms of this equation are strained, there is a need to develop more detailed and textured accounts of actual uses of irregular employment. In other words, if a catch-all, residual, category of changes in internal labor markets (thus of regular employment) no longer can be characterized easily with existing analytical tools, then existing employment types need to be amended. During the 1980s, the empirical characterization of primary employment has changed along with studies of changes in internal labor markets. Thus, the empirical characterization of irregular employment --and whether the secondary employment "archetype" actually fits it-- also need further investigation and re-evaluation.

What are the analytical purposes of empirical investigation of irregular employment?

First, developing empirical accounts spanning the full range of irregular employment arrangements is a research

agenda if the formers' essence cannot be fully captured by an equation with secondary employment.

Second, as enterprise internal labor markets undergo transformation, and by many accounts have not settled into a fully stable form yet,<sup>28</sup> and given that irregular employment is closely tied to the evolution of regular employment in these internal labor markets, then empirical accounts of irregular arrangements must be developed that follow the transformation of internal labor markets in specific industrial sectors.

Third, to begin this process of spanning the full range of uses of irregular employment, an account of how it is being used in sectors not characterized by flux and uncertainty provides a polar case that sets an outer limit to the range of characterizations of irregular arrangements. This case creates a polar opposite to the starkest prediction of irregular employment as a result of firms pursuing "low-wage/core-periphery" strategies as a short-cut out of the pressures created by the new economic environment of the 1980s and 1990s.

Fourth, for this second polar case, the role of the institutional context must also be fleshed out. In most accounts reviewed here, institutions are a (more or less costly) constraint on firm decisions. In Piore (1987), they

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<sup>28</sup> Of the kind of stability known from the late 50s to late 60s.



are a factor embedded in a broader societal context<sup>29</sup> which changes over time and whose features can compel firms to make decisions in favor of more efficient uses of technologies, labor and other resources.

In conclusion, the identification of a polar case other than the "core-periphery" strategy for irregular employment does not, in and of itself, invalidate contentions made in most accounts that changes of the 1980s indeed have endangered what have been succinctly depicted as "working class jobs for middle class pay" (in the U.S. context; Appelbaum, 1987: 269.) Rather, the second polar case broadens the range of possible occurrences of the phenomenon of irregular arrangements to encompass cases not neatly captured by existing characterizations.

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<sup>29</sup> For example, the author points out that the universality of social controls on layoff decisions are the expression of social and political forces which cannot be suppressed without a political explosion. The product of these forces varies across countries, however.

### CHAPTER 3

#### THE LEGAL CONTEXT FOR IRREGULAR EMPLOYMENT

Before going into the details of irregular employment in particular industrial sectors, we must grasp the institutional context which manages employment stability in France, it being different from the U.S. system. The purpose of this chapter is two-fold. First, the chapter provides the details necessary to understand firm decisions that are described in the next three chapters. Second, this chapter provides an account of how the norm of employment stability in force in France during the post war period underwent a significant shift during the 1980s. It illustrates how irregular arrangements first existed in a legal vacuum (because they differed from regular employment), then challenged employment norms held by all social actors and, finally, were accommodated by both government and unions.

In short, irregular employment put into question the notion adopted by policy makers, unions, and employers alike, that the sign of economic development for the country was the progressive integration of all workers and all sectors into regular and long term employment with a single employer. Regular employment was to include features such as "*mensualisation*" (move from hourly to salaried employment), full-time work hours and year round work.

This chapter describes the main dilemma for policy makers and unions between restricting use (combatting) and controlling (thus accepting) conditions for workers in the two main forms of irregular employment: CDDs<sup>1</sup> (limited duration contracts) and temporary help service contracts. It treats part-time in a wholly separate section because the latter, while a form of irregular employment, was regulated in a different perspective. Its regulation was embedded in a "win-win" debate where making work hours more flexible for workers through a broad range of policies would provide firms with needed flexibility. As will be seen later, part-time employment is two faced. It has a work time flexibility component (reduced work hours for permanent workers) and a constrained options component (the hours available to most newly hired workers in retailing are now part-time).

#### **KEY ELEMENTS OF FRENCH INSTITUTIONS AND DEFINITION OF "POLICY"**

The French norm for employment for the post war period is embedded in the common law contract of indeterminate duration, the CDI.<sup>2</sup> The Labor Code states that "a contract of employment is made without limit of time."<sup>3</sup> This legal

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<sup>1</sup> *Contrat à Durée Déterminée.*

<sup>2</sup> *Contrat à Durée Indéterminée*

<sup>3</sup> *Section 121-5 of Labor Code.*

standard stands at odds with the U.S. legal standard of at-will employment but is shared with other European countries (former FRG, Italy, Spain.)

Over time, the package of worker rights and benefits has been constructed around this norm. A worker would benefit from socially provided benefits, the right to organize and bargain, and specific conditions governing firing, discharge and, in the 1970s, economic layoffs as well. Thus, for a worker to stand outside of the standard employment contract by being hired for the short term or employed by a temporary help agency, meant working in a legal vacuum and foregoing many of the benefits of the employment relationship.

The package of benefits and terms of employment that have accrued over time to the standard employment relationship are the results of the combined action of government regulation and collective bargaining, a mix that is also peculiar to France. Employment conditions in France, to a greater degree than in the U.S., are encoded in legislation and regulation. This makes for a more formal environment for employment and one whose evolution is easier to track.

The perspective that I take in describing this institutional context holds that national systems of employment must be viewed as a whole which provides degrees of employment protection to workers in a variety of ways

(Piore, 1986.)<sup>4</sup> Systems of employment are best seen as a conjunction of spheres which contribute to different degrees toward building the terms and conditions of employment relationships. These "spheres" are legal, judiciary, administrative, collective bargaining, personnel policies to the extent that they embody "social protection" norms and informal social norms.<sup>5</sup>

In contrast, a purely legal view, which one would obtain from only looking at the legal elements described above, would argue that the shape of employment relations in each country is directly shaped by the frame of labor laws. An overdrawn version of this legal perspective would argue that French employment relations are long-term and continuous **because** they are mandated to be so by the common law standard contract of indefinite duration. This perspective would dramatically contrast the French system of continuous contract to the U.S. system of at-will employment.

If each sphere is taken separately (for instance, the legal sphere), then great discrepancies exist across countries. However, if one looks at the conjunction of all spheres, then relevant research questions become:

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<sup>4</sup> Also, Boyer, 1986.

<sup>5</sup> See Jacoby, 1987. The author contends that in the U.S. more than other countries the "social protection" tradition has become embodied in workplace benefits and personnel policies.

.what norm of employment does the combined actions of all spheres reflect ?

.not whether a system provides employment security; rather, in what ways is each system of employment put to test by the growth and diffusion of irregular arrangements and how it has adjusted?

#### **OTHER KEY ELEMENTS OF THE FRENCH SYSTEM**

The employment relationship in France has been governed by long standing state policy for providing social benefits (nationalized health insurance and pension), by labor policy and by collective bargaining. The term "labor policy" serves to describe the role of case law (court decisions concerning the employment relationship), of laws which establish the standards for the employment relationship, and of executive ordinances which spell out the specifics of regulation. It is appropriate in the case of France to portray the effects of actions taken by the legislative and executive spheres as complementary since most key legislation is initiated by the executive.<sup>6</sup> In some instances, the executive can issue "ordinances" which take the role of legislation and can be far reaching.<sup>7</sup>

"Union policy" serves to describe union positions on key legislation and the degree to which unions have relied on the state to enforce employment standards. In France,

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<sup>6</sup> Delamotte, 1987, p.47.

<sup>7</sup> Delamotte, 1987, p.47.

unions rely on the state to enact legislation mandating employment-related benefits. They also rely on government institutions to enforce key employment standards such as work hours, health and safety, due process in dismissals or during industrial conflicts (through a corps of Ministry of Labor inspectors). Additionally, they can benefit from the government's ability to extend by administrative decision the provisions of a collective bargaining agreement concluded with major employers to all firms in a sector, although such extension is in fact rare. As a result, whether a firm is unionized or not, and whether the employer has partaken in an agreement or not, all workers of a sector are covered by key provisions of collective bargaining agreements on wages, hours, conditions of employment, causes for discharge and procedures for layoffs.

**RESTRICTING VERSUS CONTROLLING: THE PRIMARY DILEMMA OF POLICY MAKING ON CDDs AND TEMPORARY HELP CONTRACTS**

As irregular arrangements -mostly CDDs and temp contracts- grew, workers hired under them found their employment conditions increasingly at odds with those of workers in regular employment. In the 1970s, workers holding standard contracts benefitted from pre-notification of layoff and discharge, from "just cause" discharge protection, from severance benefits, from more generous unemployment benefits and, particularly from 1973 to 1986, from an administrative oversight of economic layoffs of more

than 10 workers. Also, their weekly work hours were standardized by legislation (full-time, year round, and day or evening shifts with few exceptions). This standard contract constituted the basis on which social and labor legislation rested so that not holding one entailed a significantly less protected position.

The sustained presence of CDDs and temp contracts threw havoc in the system of social and labor protection which had been built around the standard contract. By the early 1980s, policy makers and unions feared that irregular arrangements contributed to the erosion of internal labor markets. They faced a dilemma. Working toward constructing regulation for irregular contracts implied an acceptance of their presence in the workplace as legitimate employment practices. Conversely, discouraging their use, by refusing to give them a distinct status and a place in the legal system, left workers in irregular arrangements outside the net of social and labor protection.

The record of regulation is most exhaustive and clearest for CDDs (limited duration contracts) and temporary help service contracts, the earlier and most common forms of irregular employment in the economy at large. They are also the two forms of irregular employment in use in the banking and insurance sectors.<sup>8</sup>

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<sup>8</sup> Other forms include independent contracting, or intermittent contracts.



## Regulation of CDDs

CDDs had existed for a long time prior to the 1979 legislation which gave them a distinct legal status. They were often used in sectors with a tradition of unstable employment such as tourism, hotels or some food processing industries. The distinction between contracts operated as follows: workers without any explicit contract held regular contracts of indeterminate duration (CDI), while workers with an explicit contract were those holding a limited duration or fixed-term contract (CDD). Enforcement of worker rights under CDDs was often lax.

### **The laws of 1973 and 1975 on layoffs for regular contracts changed the context for CDDs**

Economic conditions changed in the 1970's; firms made more extensive use of CDDs in situations and in industries in which regular contracts had been the norm. As CDDs became more frequent, labor courts developed an extensive case law which specified the conditions under which a CDD could become a long-term contract. Workers who succeeded in making the claim that their CDD should indeed have been a long term contract could benefit from two levels of protection. They already had guaranteed employment for the duration of the CDD and, when it expired, could claim the protection available to workers with long-term contracts such as prior notification of layoffs, severance pay, and coverage by the 1973 and 1975 laws on dismissals and layoffs.

These two laws had changed significantly the conditions under which regular contracts were terminated. The 1973 law established mandatory prior notification of layoffs, severance pay and their oversight by the Ministry of Labor's corps<sup>9</sup> of labor inspectors.<sup>10</sup> The 1975 law further reinforced these provisions by giving a broader mandate to labor inspectors to lengthen and make more elaborate the procedure for layoffs. This later law gave them specific guidelines to monitor the grounds for economic layoff. It expanded requirements for compliance with consultative procedures with unions and institutions of worker representation, and broadened the scope of the "social plan", the set of transitional measures which employers had to design to cushion the impact of a layoff. A major benefit of this legislation for workers under the standard contract was that it also expanded unemployment benefits to 90 percent of gross pay in the previous year, for the first 12 months of unemployment.

During the 1970's and until 1979, the case law had tended to define broadly and generously the situations in

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<sup>9</sup> The Labor Inspectorate of the Ministry of Labor is a corps of administrative inspectors who respond to complaints lodged by individuals, unions and worker representatives, conduct site visits and monitor the enforcement of labor and health and safety legislation.

<sup>10</sup> Layoffs affected by this law concerned at least 10 workers over a 30 day period. The law required employer's consultation with institutions for worker representation, and the formulation of a "social plan" (attempt to cushion the impact of the layoff on workers).

which a CDD could be assumed to turn into a long-term contract. Court decisions leaned in favor of converting a CDD to a regular contract in most cases in which there were ambiguities surrounding the duration of employment promised a worker. The spirit of much of this case law was to protect workers from frequent abuse entailed by the use of fixed-term contracts to employ "otherwise regular" workers. "Abuse" of a CDD was defined as including situations in which a worker was hired on a CDD repeatedly, with no prospect of being hired on a regular contract, and for the sole purpose of bypassing social and labor legislation.<sup>11</sup> The cases of "fraudulent use" of CDDs were those in which an employer obviously had used these contracts for a position bearing all the characteristics of a permanent one. Courts based the concept of "fraud" or "abuse" of CDDs on the notion that a "permanent" job should be held by a worker under a regular, long-term, contract.

**The 1979 legislation consecrates the use of CDDs throughout the economy:**

The 1979 legislation gave CDDs a distinct legal status, set specific requirements for their written form such as explicitly stated termination dates and conditions for renewals, and established broad requirements for conditions under which such contracts could be used. In doing so, it also restricted the developments of case law in directions

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<sup>11</sup> Verdier, 1986.

granting workers more extensive rights to a regular contract. By establishing a minimum of standards to be met, the law prevented the pre-1979 case law made in reaction to "fraudulent use" from becoming the standard for all CDDs. As such, it gave back to employers some ease of use of CDDs that had been threatened by developments in case law.<sup>12</sup> This law was passed in the last years of the conservative government, in contrast to the following regulations put in place in the early years of a new socialist government elected in 1981.

**The 1982 attempts at directly restricting the use of CDDs:**

The 1982 regulations of CDDs, which were part of the Auroux laws issued by the new socialist government, acknowledged that these contracts were routinely used for "normally permanent jobs,"<sup>13</sup> i.e. in settings in which most employment took place under long-term contracts and not in industries which had traditionally resorted to short-term employment and short contracts. The 1982 regulations tried to do two things at once: to provide guarantees to workers under CDDs which were similar to those of permanent workers and, concurrently, to restrict the use of CDDs to non-permanent jobs and limit their duration. In the end, they succeeded partly with the first goal but not the second.

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<sup>12</sup> Ibid.

<sup>13</sup> Verdier, 1986, p.293.

First, the ordinances applied a principle of "non-discrimination" which held that laws, collective bargaining agreements and practices which were applicable to regular contracts and concerned compensation and socially provided benefits would also apply to CDDs.<sup>14</sup> As long as a workplace included workers on both types of contracts, then workers on CDDs would benefit from these provisions.

The second thrust of the 1982 ordinances was to restrict the use of CDDs so as to prevent the "erosion" of internal labor markets by restricting the substitution of CDDs for regular, long-term, contracts. The legislation spelled out explicitly the situations in which CDDs would be allowed. It drew a distinction between situations in which short-term employment, and thus short contracts, were the common practice<sup>15</sup> and "specific situations" in which CDDs use should be an allowed exception. The 1982 laws tried to be as specific as possible as to the cases in which CDD use

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<sup>14</sup> This extension of coverage was possible because many work-related benefits are legally mandated by the French state even in the cases in which a substantial share of their cost is borne by the employer. The state could include a new category of workers because it has the power to extend the provisions of an industry-wide collective bargaining agreement to sections of an industry via a mix of legislation and administrative regulations.

<sup>15</sup> The sectors covered were: hotels, restaurants, entertainment, information and communications, movies, education, forestry, vacation and summer camps, professional sports, foreign construction, foreign technical assistance and, finally, international scientific research. These sectors are also among those in which employment is short-term in the United States.

would be allowed in those industrial sectors and work settings where long term employment and regular contracts had been the norm and CDDs a comparatively recent phenomenon. By establishing limits, the regulators had hoped to curtail any growing and routine use of CDDs in settings with little history of them.

The requirements to be met by these "specific situations" included: the replacement of an absent permanent employee, a replacement (stand-in) while waiting for a new hire, an exceptional and temporary excess of activity, an occasional task, and an urgent task. Limits were set for the duration of each contract, the possibilities for renewal and the total duration any worker could be kept on CDD in the same position.<sup>16</sup> These limits were subject to much debate and change over time as employer associations pushed for relaxation of restrictions.

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<sup>16</sup> . the replacement of an absent permanent employee, with a specified term or that of a minimum and maximum duration;

. an exceptional and temporary excess of activity imposed by changes in overall economic conditions and not by variations in production due, for instance, to a unique or unusual order or the launching of a new product. In this case, the contract had to be of a specified duration, not to exceed 6 months. These contracts were the subject of much debate and of much modification over time;

. an occasional task which was specified, non durable and outside the normal activity of the firm, could be covered by a contract with a specified duration of no more than 12 months;

. a replacement (stand-in) while waiting for a new hire for a regular contract could have a fixed-term contract with a duration specified in advance and no longer than 6 months;

. urgent tasks, such as accidents, rescues and repairs, could entail a contract of up to 6 months.

### **Giving up on restricting the use of CDDs:**

By 1986, however, after several years of little or no job growth, under pressure from the public debate on "deregulation" and labor market flexibility and with a change in parliamentary majority,<sup>17</sup> most restrictions on use of CDDs were removed. All specific restrictions were replaced with a very broad, and thoroughly unenforceable, statement:

" (a short contract)..may be signed only for the carrying out of a specific task. It may not have, as an objective, the creation of a lasting job linked to the normal and permanent activity of the enterprise."

In this way the government had given up its efforts to control, by legal means, the potential transformation of conditions of employment within firms. What was kept, however, was the principle of "non-discrimination", that is, the parity of wage and benefits between workers on CDDs and those on regular contracts in similar positions. Also, CDDs still could not be used as strike breakers (as was true for temp workers).

### **The regulation of temp help contracts**

The regulation of temp contracts follows a similar path to that of CDDs although the former have proved to be somewhat easier to monitor than the latter.<sup>18</sup> Temp

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<sup>17</sup> Back to a conservative coalition in parliament but with a socialist president.

<sup>18</sup> For more detail, see Carré, 1987.

employment, with its two way relationship, is particularly problematic for the French labor law system because the latter mandates explicit, written, contracts for exceptions from the norm. Thus, temp employment involves 1/ a written contract between the worker and the temp service valid only for the duration of assignment and 2/ a service contract between the temp service and the user firm. The temporary help service industry per se has been subject to regulation since 1972; this early legislation was prompted by employer excesses in the 1960s. The industry has received significant regulatory attention because of its reputation of having numerous "sweat merchants" in its ranks.<sup>19</sup> The industry also had a large segment of providers of laborers in construction and heavy manufacturing and thus drew on a pool of labor less able to protect itself. Since 1972, temp services must register and provide information on their activities to administrative authorities. More importantly, they must purchase of form of financial insurance which guarantees payment of social benefits to workers in case of bankruptcy. Since 1985, the industry has had a national collective bargaining agreement between the two industry

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<sup>19</sup> "Sweat merchant" or even "slave traders" (négrriers) are terms used to describe marginal temp help services operating with little respect for labor law, with little stability, and which were prone to shut down overnight and leave workers stranded with back pay owed to them and without the mandatory contributions to national health and unemployment insurance funds having been made.



associations (PROMATT and UNETT) and several union federations (see below).

**The 1982 Auroux laws:**

In spite of the 1972 legislation, and by the account of industry representatives<sup>20</sup>, excesses and severe violations of worker rights continued throughout the 1970s. The socialist government elected in 1981 had even vowed to eliminate all forms of for-profit temp services and to turn their functions over to a national employment service. The legislation actually put into place in 1982 was along the same lines as that for CDDs. It is the responsibility of the temp service to maintain parity of compensation and benefits (paid holidays and vacations) between temp workers and regular employees of the user firm. Parity is effective only in cases in which the temp worker can be compared to a regular worker with similar skills and position. More importantly, every temp worker receives a lump sum payment at the end of assignment to compensate for the benefits of stable employment not received; it is the "precarity premium."<sup>21</sup> The temp service must pay a minimum of 15 percent of total gross compensation for an assignment. This amount is reduced to 10 percent if the temp service offers the worker another assignment within 3 days that is

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<sup>20</sup> See Portier, 1988, "Communication par le secrétaire général de l'UNETT."

<sup>21</sup> *Indemnité de précarité de l'emploi.*

similar in duration, compensation and other conditions of employment. This provision enforces a certain stability of activity upon temp help services. Another key benefit, maintained ever since, is the requirement that the temp contract specify ex ante the exact dates of start and end of an assignment.<sup>22</sup> As with CDDs, the use of workers on temp contracts as strike breakers was prohibited.

The restrictions experienced by user firms on the grounds for use of temp contracts that were put into place in 1982 were similar to those on CDDs but even more stringent. Most noticeably, the regulation removed the option to use temp contracts for the "creation of new activities" a motive frequently used by user firms for resorting to temp workers to open a new branch office for example.

What the socialist government had done in effect, with the 1982 laws, was to resolve the ambivalence between a/ bettering conditions for temp workers by providing them some employment rights and b/ avoiding the consolidation of what was officially considered a "marginal" form of employment, in favor of the former approach (a).

A 1985 law fully harmonized the grounds for use of temp contracts along with those for use of CDDs thus ending the comparatively stricter treatment of temp contracts which

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<sup>22</sup> Each contract for an assignment can be no longer than 6 months.

might have accounted for a slower growth than that of CDDs over the period.<sup>23</sup> Temp contracts are also more sensitive to downturns in economic activity, however. In another attempt to prevent the "erosion" of internal labor markets, this 1985 law explicitly forbade the succession of temp assignments and CDDs in the same position because such succession would be the best indication that the position was being transformed progressively into a temporary one.

**The relaxation of regulation in 1986:**

By 1986, the government removed restrictions on use of temp contracts and replaced them by the same general clause on prevention of erosion of standard employment as that cited above for CDDs. The grounds for use of temp contracts were further relaxed in 1989 making temp contracts even easier to use than CDDs.

Workers on temp contracts have benefitted from greater protection to the extent that the temp service industry continues to be regulated as an industry. The provisions, on form and substance, of the contract between the temp service and the user firm are enforced by penal sanctions applicable to the temp service (e.g. for failure to purchase insurance for bankruptcy) and to the user firm (e.g. for use of illegal duration or in a prohibited case.) This stiffer regulation has led some to argue that temp employment is

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<sup>23</sup> La lettre du travail temporaire, 58, March-April, 1986, pp.4-7.

becoming the better protected form of short term employment for workers.<sup>24</sup> The principle of wage and benefit parity has made the hour of temp worker more expensive to the user firm than that of a worker on a CDD once the temp service markup is added. The increasing concentration of the industry over the period, which some observers argue was speeded up by the 1982 restrictions, might also have contributed to it providing better employment conditions.<sup>25</sup>

Marginal temp help service companies -those most financially insecure and most likely to put workers at great risk financially and otherwise- have been weeded out by penalties or the inability to sustain higher costs.

#### **THE ENFORCEMENT OF RESTRICTIONS ON CDDS AND TEMP CONTRACTS: HOW MUCH DID REGULATION MATTER?**

Attempts at directly restricting the use of CDDs and temp contracts succeeded only in limited ways as the above chronology makes clear. Establishing pay parity with permanent workers in similar positions is effective if and

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<sup>24</sup> See Rioux, 1988, "Le match interim/CDD".

<sup>25</sup> The number of temp help service firms was 963 in Dec. 1973 (1965 establishments). It grew to 1614 by Dec. 1979. It then decreased to 1266 in Dec. 1981, to 1049 in Dec. 1982 and reached 764 in 1984. Temp service establishments which belonged to firms with 10 establishments or more accounted for 30 percent of establishments in Dec. 1979, 54 percent in Dec. 1981 and 53 percent in Dec. 1983. Ministry of labor data cited in "La Flexibilité du Travail", Cahiers Français, 1987, p. 10 and Tableaux Statistiques, p.201. (1973 statistics from Germe et Michon, 1978).

only if workers with irregular contracts are in the same workplaces as workers with regular contracts. Important restrictions were maintained past 1986, however; they included the prohibition on the use of temp contracts and CDDs as strike breakers and that of temp workers in particularly dangerous work conditions.<sup>26</sup>

The 1986 removal of most restrictions on motives for use of CDDs and temp contracts seems more drastic than it might have been in reality. The list of motives for recourse was already lengthy and rather tolerant. More importantly, according to some Ministry of Labor inspectors, a few of the common grounds for use such as "exceptional work overload" or "occasional task" were difficult to verify because enforcement consisted of occasional checks by inspectors. The difficulty of enforcement of specific controls was significant enough that some inspectors see little change, beyond simplification, brought by the 1986 lifting of restrictions.<sup>27</sup>

Regulating the duration of CDDs and temp contracts has also presented regulators with odd dilemmas. If the maximum duration of a contract is long, then the legislation

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<sup>26</sup> Dangerous working conditions and settings are specified in a list given by the Ministry of Labor. This is a particularly significant piece of regulation that is severely lacking in the U.S. where temp workers operate in a grey area in terms of employer responsibility in cases of accidents.

<sup>27</sup> Sciberras, J. C., 1987.

encourages the use of, say, CDDs instead of regular contracts because firms can keep worker on CDD for a long time. But it is also true that if the CDD is for a long duration, then the worker is "guaranteed" a definite and moderately long period of employment even if his employment status remains unstable. In practice, the number of allowed renewals matter significantly. Sciberras (1987) argues that, in the 1986 ordinance, what he sees as the benefits of a long CDD cumulative duration (24 months) is lessened by the possibility of 2 renewals so that a firm can hire the same worker for three 8-months contracts and thus have three, consecutive, extended probationary periods. CDDs are frequently used as a form of hiring so that firms benefit from extended probationary periods,<sup>28</sup> a practice in banking and insurance too.

The 1986 relaxation of regulation is perhaps symbolic more than a radical turnaround in policy. It symbolizes the public abandonment of highly visible and controversial restrictions -themselves part of a controverted package of workplace reforms, the Auroux laws- more than a significant change in the government's ability to prevent the use of workers on irregular contracts in settings in which long term employment is the norm.

What these regulations probably did, however, particularly during the 1982-1986 period, was to shift the

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<sup>28</sup> Sciberras, 1987; Claude, 1987.

relative costs of different forms of irregular employment. For instance, by putting stiffer restrictions and higher costs on temp contracts, regulations steered some of the use toward CDDs. What they did not do was to affect other forms of irregular employment riskier to workers; their scope was limited. Subcontracting continued to grow during the 1980's, including the "subcontracting" of tasks to individual workers<sup>29</sup>, rendering enforcement of labor and social protection difficult and the task of labor inspectors increasingly problematic.<sup>30</sup> In fact, some labor inspectors have argued for the redesign of the definition of employment relationship. They advocate the extension of protections afforded to regular employees of a firm to all workers who are supervised and directed by an employer regardless of their individual employment status and regardless of the structure of the enterprise (for cases in which a firm subcontracts with a succession of intermediaries who themselves contract with independent workers).

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<sup>29</sup> Akin to independent contracting in the U.S.

<sup>30</sup> Chetcuti and Lenoir, 1988; Direction de la Sécurité Sociale, 1988; Strohl, 1988.

**Controlling the conditions of employment, rather than restricting use, turned out to be easier to do in the temp industry**

Once they abandoned the goal of directly preventing the widespread use of temp contracts by user firms, regulators found it easier to improve the terms of employment of temp workers than changing the conditions for workers on CDDs. They could deal directly with a single industry and its representatives as opposed to controlling the behavior of scattered user firms. Regulation ended up affecting user firms practices indirectly by raising the price to them of temp contracts, as will be seen later in the cases of banks and insurance companies.

**CONTRACTUAL POLICY**

**The 1985 national collective bargaining agreement in the temp industry**

The government enforced a trade off; continued stringent government monitoring of the temp industry or participation by industry representatives in a government-initiated national collective bargaining effort. This was the first such effort; until then, the only major agreement had been a 1969 enterprise level agreement between Manpower Inc. and the communist-led union federation CGT.<sup>31</sup> Both temp service business associations, PROMATT and UNETT, chose

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<sup>31</sup> Confédération Générale du Travail



to participate (union attitudes are discussed in a separate section below). The bargaining rounds led to staggered, piecemeal, agreements starting in 1983; each was extended to the entire temp workforce through the extension procedure.<sup>32</sup> The national agreement, reached in May 1985, established a clear and distinct "employment status" for temp workers, including their most important employment rights. It was signed by both employer federations and all major union federations (CFDT, CFTC, CGT-FO, CGC).

The terms of this agreement make it unique in Europe. Worker rights are organized around three principles. The first, probably the most novel, follows the credo "The only freedom of the temp worker is to be able to change temp services (employers)". It is conceived as the counterpoint to the freedom of the user firm and of the temp service to terminate employment with short notice and no cause. This principle is embodied in the "mixing" of enterprise-level and industry-level seniority<sup>33</sup> for key benefits (paid

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<sup>32</sup> See Bacquet, 1988. Negotiations moved faster thanks to a prior agreement to break up the negotiations into smaller topical segments and starting with the least controversial ones. The procedure of extension is characteristic of the collective bargaining process in France. The government can chose to extend the terms of a collective bargaining agreement concluded in one part of an industry, or a region, to the entire workforce of a sector, thus uniformizing the employment conditions. The workforces of employers who do not belong to the signatories employer associations are also covered.

<sup>33</sup> Seniority levels required for some benefits are substantially lower than those in force for regular workers who have much longer job tenure.

vacations) which become portable across temp help services. The second is "mutualisation", that is the creation of mutual social insurance structures in the industry to create benefits that are, at least in theory, equivalent to those of workers on regular contracts (CDI) in the economy (such as access to training leave, compensation in cases of work related accidents or illnesses, supplementary retirement benefits.)<sup>34</sup> The third principle is that of maintaining worker access to some job-related benefits beyond the duration of their contract (i.e. assignment with user firm). For example, worker compensation payments for accidents or injury continue beyond the date of expiration of the temp contract (assignment) and when the worker is theoretically without employer. The more innovative of the two industry associations, PROMATT, has also tried to develop ways for temp workers to by-pass what is seen as "discrimination" in consumer and home credit markets.<sup>35</sup>

As a footnote, the 1985 agreement was bargained, on the employer side, by PROMATT and was innovative enough that a few major employers chose to shift their membership to

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<sup>34</sup> The industry created its own fund for training leave, Fond d'Assurance Formation du Travail Temporaire. It is peer managed.

<sup>35</sup> The association has developed an agreement with one credit institution which accepts to treat temp workers with a proof of a specified level of seniority as regular workers for credit reviews. (Bacquet, 1988: 21). In July 1992, industry representatives further committed themselves to establishing a system of guarantees to limit discrimination, and risks to lenders (Le Monde, "La protection...", 1992).

UNETT. The latter business association, although a signatory to the agreement, has publicly distanced itself from some of the positions taken by PROMATT representatives.<sup>36</sup>

In contrast to the benefits gained by temps under the 1985 agreement, workers on CDD do not have any special status beyond parity of wages with regular workers and access to communal structures within the firm for which they work. In terms of social benefits protection, they receive the minimum benefits provided by the national government (such as health benefits) but are more prone to "fall between the cracks" where enforcement of labor, health and safety regulation is concerned.

#### **WHAT HAPPENED TO UNIONS?**

So far, the story of the institutional context for irregular employment has, for the most part, left out union attitudes and strategies. It has made sense to do so because the structure of the French employment and industrial relations system is such that unions have relied significantly on national legislation to enforce employment standards. Their strategy has been to extend gains made in key sectors to a larger segment of the workforce through national labor legislation and the extension of collective bargaining agreements to previously uncovered workers.

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<sup>36</sup> Manpower Inc. moved to UNETT. On the whole, however, PROMATT represents larger high-end employers, while UNETT represents smaller temp help services.

Thus, key elements of the legislation on irregular arrangements embodied provisions that were originally part of some company specific agreements. Unions have also worked primarily by pushing for their agenda in universal legislation rather than at the bargaining table.

With the explicit removal in 1986 of formal administrative controls on the use of short contracts, unions have been under greater compulsion to bargain at the branch (industrial sector) and local level for provisions regarding the status and the use of workers on short contracts (see below).

**Historical note on union positions on employment differentiation within the firm**

The role of major union federations and collective bargaining in regulating irregular arrangement remains ill defined and scarcely studied. Clearly, these arrangements were visible in workplaces, for the unions to contend with, long before they became the subject of regulatory attention. Rozenblatt (1988) argues that differentiation of employment status has always existed within unionized firms although it has been somewhat hidden by a public union stance of "uniform treatment of an homogenous working class."<sup>37</sup>

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<sup>37</sup> Rozenblatt uses this phrase to describe a mode of development of unions in manufacturing in which unions started with the defense of skilled and professional workers in large private and public enterprises, and adopted a long-term view toward the abolition of the wage relationship and the extension of advantages gained by established worker groups to those least protected.

Using evidence on the chemical industry<sup>38</sup> which is considered the "core" of the unionized sector, the author argues that differentiation existed through the 60's and 70's. In heavy chemical processing, short term and precarious employment existed particularly in shipping and warehousing. In the 70's, data from one large firm reported 20-25 percent of employment taking place under short contracts mostly in shipping activities but some also in manufacturing. A union publication for the same firm,<sup>39</sup> reported for 1973 that, out of 1032 workers, 809 were "permanent" workers and 223 were under short contracts. Anecdotal evidence indicates less union resistance to short contracts in shipping activities than in manufacturing or maintenance departments.

Rozenblatt reports that local union responses differed widely. In one case, workers formed a new union local to protest and denounce the large proportion of short contract arrangements tolerated by the main union. In another, the collective bargaining contract fixed the maximum level of short contract workers without making any effort to integrate such workers under union contract provisions. In several other cases, the issue of differentiation of status only came up with industrial restructuring, massive early retirements and the ensuing claims by short term workers to

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<sup>38</sup> Jobert and Rozenblatt (1983, 1985.)

<sup>39</sup> CFDT publication, cited in Rozenblatt, 1988.

take the place of workers who left and thus gain job tenure. This fragmentary information indicates, at the very least, some ambiguity in the position of unions toward the differentiation of employment status.

This same evidence leads Rozenblatt to argue that the union attitude of tolerating, and even welcoming, a hierarchy of status in the workplace during the 1960s and 1970s made it possible for employers to expand their use of such workers during the late 70's and 80's. Whether or not this diagnostic of neglectful attitude is accurate, it is likely that as the rise of unemployment showed no sign of abating, unions became less willing or less able to recognize differentiation and to move away from the defense, and representation, of a falsely homogenous and unified labor force. Their strategy in the 70's and early 80's consisted mainly of defending the "right to employment" for all workers and, given their lack of means of action at the local level, to rest on national government for policies to assist with the re-employment of displaced workers.<sup>40</sup> This strategy probably led them as well to rely on an "institutional strategy" for the regulation of irregular employment arrangements with the resulting drawback of being unable to control practices within the firm.

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<sup>40</sup> Rozenblatt also draws a further connection between this union stance and an increased divergence between laid off workers, workers excluded from the core and externalized from the enterprise and the union movement which has been unable to devise concrete strategies for displaced workers.

## **Unions' adaptation to the presence of temporary help service employment**

The form of irregular employment whose presence required the most adaptation from unions was the temp contract and its companion for-profit temp help service industry. By participating in a national collective bargaining effort for that industry starting in 1982, unions had to alter their official position on temp contracts significantly.

In spite of the fact that one federation, the communist led CGT, had signed an agreement with Manpower Inc. as far back as 1969, the official union position throughout the 1970s was that temp employment should either be made illegal or taken over by the public employment service. In no case should temp employment be the source of profit making. Meanwhile the socialist led CFDT chose to bargain with user firms on limiting the use of temps rather than negotiate with the temp industry.<sup>41</sup> Attempts at an agreement between the temp industry associations and major union federations were abandoned in 1980. However, both sides of the bargaining table were compelled to meet again by the 1982 restrictions on use which, first, gave employers a taste of possible stricter government monitoring and, second, gave a message to unions that the socialist government, by

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<sup>41</sup> Account given by Bacquet, (1988) representative for the major employer federation, PROMATT.

regulating, was also in fact accepting the presence of the industry as a significant employer. (As mentioned above, the Socialist election platform initially called for the replacement of the temp industry by the a public employment system run by the unemployment insurance service, while the Communist Party had called for the elimination of temping). Finally, the 1982 legislation mandated a 3 year bargaining effort between industry representatives and unions.<sup>42</sup>

What it took for major unions to bargain for temp worker rights was a mix of innovative bargainers<sup>43</sup> coming up with unusual proposals for protecting worker rights, described above, and for unions to accept the temp industry as an employer with which to reckon. The 1982 government regulations had de facto accepted for-profit temp employment and made union requests for its abolition moot. The official union position also moved significantly during negotiations. Union federations had to give up on important demands such as that temp workers be considered permanent workers of the temp service and thus hold a regular long term contract (CDI) with all the rights that such contract

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<sup>42</sup> The mandate was for parties to negotiate modalities for sick benefits, training, industrial medicine, and compensation for unemployment due to weather conditions.

<sup>43</sup> According to some observers, the bargainers on the government and union sides had social science backgrounds and were particularly innovative. So were some representatives from the employer side. The most active came from PROMATT.



entails.<sup>44</sup> They settled instead for the package of rights outlined above with its concomitant acknowledgement that equivalent, rather than identical, rights could be devised for temp workers. This was a significant departure from the position of extending the same package of rights, now available only the permanent workforce, to all workers.

**Union strategies in user firms: the reality of contract language on CDDs, temps and other forms of irregular employment:**

Existing collective bargaining agreements (sector-level) for user firms do little more than restate or refer to the legislation on temp and CDD use within firms. This, according to some researchers, is due to the fact that the legislation is so exhaustive that it leaves little room for collective bargaining.<sup>45</sup> A 1989 study of a representative sample of collective bargaining agreements (100 sector wide, and 120 establishment level) reveals that out of 66 sectoral agreements that refer explicitly to CDDs or temps, 22 refer directly to the text of current legislation.<sup>46</sup> Others refer to outdated legislation and are preempted by the existing one. (Out of 120 enterprise level agreements, only 20 refer at all to CDDs or temp contracts.) None of

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<sup>44</sup> A request apparently modeled on German legislation at the time.

<sup>45</sup> See Nénot (1989), Guitton (1989).

<sup>46</sup> The study sample accounts for 100 percent of sector level agreements and two percent of enterprise level agreements (Nénot, 1989).

the agreements surveyed provide explicit restrictions on the amount of irregular employment that firms can use. Very few sectoral agreements add provisions beyond those provided for legislation. For instance, the authors of the study find only three agreements in the sample which compute seniority for CDD holders for the purpose of access to regular employment and establish a principle -but not an obligation- of priority access to permanent hiring for CDD holders. One of these is the Banking collective bargaining agreement.<sup>47</sup> Sectors vary in how they measure the minimum seniority level for irregular workers to gain parity with regular workers in terms of legal and bargaining rights. Some count cumulated time spent on CDD with one firm, others apply sector-wide seniority, yet others only count assignments longer than two or three months (cookie manufacturing and bulk printing respectively).<sup>48</sup>

Reporting on the same survey, Guitton (1989) notes that heavy use of irregular employment<sup>49</sup> is not well correlated with coverage of irregular arrangements in the sectoral

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<sup>47</sup> The other two sectors are Cookie manufacturing and Consumer cooperatives. (Nénot, 1989: 10).

<sup>48</sup> Collective bargaining agreements display more specificity and variety when dealing with intermittent employment contracts in force in seasonal industries such as food processing. These contracts are more recent and the legislation sends the responsibility for managing details of their enforcement back to sector wide bargaining. (Nénot, 1989.)

<sup>49</sup> Share of the workforce on CDD, temp contracts, or part time.

collective bargaining agreement. Sectors with collective bargaining agreements with extensive coverage are not necessarily the heaviest users of irregular employment as one could expect. Conversely, industrial sectors which are the heaviest users vary greatly in their degree of collective bargaining coverage for irregular arrangements.<sup>50</sup> Irregular arrangements are not perceived by parties to collective bargaining as a set of related issues, according to Guitton. Instead, CDD and temp contracts are viewed as exceptions best left to the legal system.<sup>51</sup>

#### **SHIFTS IN THE NORM OF REGULAR EMPLOYMENT AND CONSEQUENCES FOR IRREGULAR EMPLOYMENT**

As was discussed earlier, from the late 70's and into the 80's, policy on irregular employment evolved and shifts in the norm of regular employment occurred along with it. By 1986, some of the terms of employment of workers on standard contracts (indeterminate duration) had changed as

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<sup>50</sup> For instance, among the six heaviest users, only three, food retail, hospitals, and restaurants, are among those sectors which bargain most on irregular arrangements (Guitton, 1989:16.)

<sup>51</sup> Part-time is perceived as requiring a dispensation from the standard workweek, also a matter for legislation and not bargaining. Part-time, however, is more likely to be the subject of bargaining than other forms of irregular employment in those sectors where it is a choice tied to regular employment and thus part of the internal management of employment, rather than a constrained form of employment as it is in fast food retailing.

well. Most visibly, an ordinance removed the administrative oversight of layoffs of more than 10 workers.<sup>52</sup> A major source of protection for regular workers, that set them apart from workers in irregular employment, had been eliminated.

Over the period, explicit reference to the notion of "fraud" or "abusive" use of CDDs and temp contracts disappeared as well from the text of regulation. During the 70's and early 80's, the "abusive use" of short contracts had meant their use for jobs which bore all the characteristics of a permanent job and in order to bypass social and labor legislation. By the mid-80's, this notion was no longer in use partly because the attributes of a "permanent" position had become ambiguous. Even if this notion had been formally maintained, it had become unenforceable. Moreover, the distinction between a regular contract and an irregular contract had become less stark.

The position of the national government changed over the period. These shifts only partially reflect changes in parliamentary majority (from the conservative to the socialists in 1982, back to the conservatives in 1986 and back again to the socialists in 1988. ); they likely reflect successive ad hoc reactions to the transformation of the French economy into one with low job growth. From 1982 to

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<sup>52</sup> Preliminary results on employer plans for job creation after the removal of layoff restrictions show little change. See Elbaum, 1988.

1986, the government ostensibly tried to limit the use of irregular employment by regulating its uses while simultaneously eliminating most significant restrictions on the use of such contracts for the hiring of the long term unemployed. By 1987, the Minister of Labor from the conservative government argued that the only way to create employment for those workers not integrated in the labor market was to bypass the rules regulating the labor market because these rules could not be changed due to "societal" opposition:

"The rules which strap the labor market are for now quasi immovable because the social body does not want to touch them. It is possible that they will have disappeared 20 years from now but, in the short run, the only way to create these types of jobs is to bypass the normal functioning of the labor market. For a large number of activities, employment does not exist because its price is too high: you get either a potential job offer, or the growth of underground employment."<sup>53</sup>

In late 1988, the Minister of Labor of the time reiterated a similar view: very few changes to the rules governing standard (indefinite duration) contracts and CDDs are foreseeable but no further regulation will be put on all other irregular contracts.<sup>54</sup>

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<sup>53</sup> Interview with Philippe Seguin, Minister of Labor reported in "Politique de l'emploi et precarité," Revue Francaise d'Economie, 1987. (Translation mine)

<sup>54</sup> Presentation by the Minister of Labor, Mr. Soisson, at Colloque international sur les nouvelles formes d'emploi, Paris: Ministry of Labor, Nov. 1988, reported by Nicole Kershen.

On the part of unions, shifts in positions occurred as well. The position of the CGT (communist led union)<sup>55</sup> continued to be in 1985, as in 1975, to argue for different investment priorities, more training and retraining, and resisting all modifications to the legislation governing standard employment contracts. The position of the CFDT (socialist led union) by the mid 80's was to propose the notion of "equivalent guarantees", a package of benefits and labor protection to be tailored to differential employment status and which would permit the "normalization" of irregular employment. For this union, adopting this novel stance entailed a public recognition that some differentiation of employment was employer-led (and worker-borne) but that another part of it met the aspirations of some workers.<sup>56</sup> This was a risky position for a union to take. It was embedded in a larger program advocating the democratic planning of the economy, more local development, and the stimulation of a "new demand" for social services generating jobs in the para-public "cooperative sector."<sup>57</sup>

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<sup>55</sup> This union had been the largest during the post war period but has suffered significant declines in membership and support in recent years.

<sup>56</sup> See Rozenblatt, 1988.

<sup>57</sup> Ibid.

## PROMOTING PART TIME AS PART OF WORKTIME FLEXIBILIZATION

Historically, the state has regulated maximum yearly, monthly and weekly work hours for broad industrial sectors. It has regulated conditions in which overtime, shift work and part-time hours were allowed. During the 1980s, a number of these regulations were altered.

As mentioned in the preceding sections, the new socialist government engaged in a reform of work hours starting in 1982 (ARRT); part-time regulation is embedded in this broader context.<sup>58</sup> The worktime policy had several purposes. It was to acknowledge the demands of the "new socialist left"<sup>59</sup> for greater individual freedom in designing work schedules and career; part-time fit under this header. It was also to meet the expectations of the "old socialist left" for overall work hours reduction for the entire workforce without any pay reduction.<sup>60</sup> Finally, it also aimed to give employers lightened rules on work schedules to enable them to use new machinery more efficiently in manufacturing.<sup>61</sup> This last goal fit in with

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<sup>58</sup> Politiques d'Aménagement et de Réduction du Temps de Travail (ARTT), see Commissariat Général du Plan, 1985.

<sup>59</sup> The post May 1968 left movement.

<sup>60</sup> The campaign slogan had been the 35 hr week. The 1982 compromise was 39 hrs per week and there has been no reduction since.

<sup>61</sup> See "Pour une nouvelle organisation de la production: allongement de la durée d'utilisation des équipements, aménagement et réduction du temps de travail," Rapport Taddéi, 1985.

the general government commitment to facilitating the creation of employment by allowing work hours which diverge from standard, full time and daytime, schedules. Some prohibitions on the distribution of work hours (night work, Sunday hours) were relaxed in very specific cases. Special legal status was provided for long-term, part-year, employment through intermittent employment contracts (EIRR, 1986.)

The evolution of policy on work time is, in and of itself, an extensive topic. Here I cover only those details which make understandable the evolution of regulation on part-time work. Overall, the early regulations of 1982 established the 39 hour week (at existing pay) and the fifth week of annual vacation for workers on regular contracts. In establishing a national standard, the law cut short a wave of sector level, and even enterprise level, agreements in which worktime reductions, and alterations of rules on work hours, had been negotiated that gave more room to the idiosyncracies of each sector and, some would say, to the specific needs of the workforce. Once embedded in legislation, work time policies became the province of regulators and national collective bargaining and tended to be viewed as a tool to increase productive efficiency. The innovative concepts of worker choice and individual freedoms took a back seat to the imperatives of the moment.<sup>62</sup>

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<sup>62</sup> Interview with J.B. de Foucault, 1986.



Since the mid 1970s, part-time had been the subject of negotiations in a number of sectors and, in these, was seen as a worker benefit along with flexitime and the 4 day workweek. For a number of unions, negotiations on alternative work schedules were part of their broader efforts toward a long term reduction of weekly or yearly work hours. Part-time had first been encouraged by the national government in 1975 which offered civil servants a range of possibilities to reduce their work hours (from 90 percent to 60 percent) and to redistribute them over the week. In the 1980s, however, encouraging part-time became a matter of employment creation. If part-time jobs could be created, and employment thus be "shared" across the workforce, then the national unemployment problem would lessen. A number of policy packages on unemployment during the 1980s gave financial incentives to firms which hired the unemployed onto part-time contracts.

It turns out that part-time had started to grow in retail trade, fast food distribution and other services prior to the legislation of the early 1980s. These sectors had drawn on part-time women workers and young labor force entrants. For these sectors, then, part-time has been a main form of hiring that is, a constrained option for workers, rather than a benefit. These sectors benefit greatly from the availability of "complementary" work hours in the legislation. According to it, part-time workers can

be asked to work up to a third more hours than their regularly scheduled part-time hours (weekly or monthly average). These complementary hours are paid at straight rate and do not constitute overtime.<sup>63</sup> Ironically, part-time workers can work hours up to an almost full-time schedule whereas regular, full-time, workers cannot work part-time episodically; they can change to a part-time contract or they can participate in a flextime program if available.

Nevertheless, under the 1982 and 1986 legislation, part-time workers have a specific employment contract and a set of rights which are best enforced for those workers who convert from full-time to part-time (rather than be recruited in a part time job). This is the situation most relevant to part-time workers in banks and insurance companies. The hourly rate of part-timers is supposed to be equivalent to that of full timers with the same skill level occupying a similar position in the establishment or firm. They receive vacation days as if they worked full time but at, obviously, lower compensation.<sup>64</sup> They can vote and be elected for worker representation institutions. Their

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<sup>63</sup> Part-time Workers can refuse to work complementary hours beyond this one third maximum set in the contract.

<sup>64</sup> Are considered on part-time contracts, those workers whose monthly work hours are at least one fifth lower than the legal maximum or the maximum set in the sector level collective bargaining agreement. There is not set minimum monthly hours. (Delamotte, 1987: 82.)

seniority years are counted as if they worked full time. Full-timers have in principle priority access to part-time employment when it becomes available in their job category. They also have the right to refuse it.

A survey of collective bargaining agreements conducted in 1989 (discussed above)<sup>65</sup> indicates that the latter show significantly greater variation when it comes to part-time (than for CDDs and temp contracts) precisely because the context for policy on the latter was more mixed. Some sectors had started using part-time systematically as early as the mid 1970s as a cost saving strategy while in others part-time schedules were introduced at the instigation of government policy on worktime choice and of union advocacy of it. Collective bargaining agreements span a range of perspectives. First, in some agreements, part time is voluntary and fits under the category of improvement of working conditions. Second, in others, part-time is a compromise between unions and employers for the latter to gain more flexibility in work organization (Food warehousing, clothing retail). Finally, other collective agreements report the use of part-time to share employment and avoid layoffs, or to facilitate employment creation (fast food sector).

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<sup>65</sup> Nénot (1989) and Guitton (1989).

## COLLECTIVE BARGAINING COVERAGE OF IRREGULAR EMPLOYMENT IN INSURANCE AND BANKING

In these two sectors, the collective bargaining agreements add little rights and no restrictions to CDDs and temp contracts beyond those provided by the national legislation discussed above. Workers on CDDs have in theory some priority of access to regular employment in banking. Unions in both sectors have noted the systematic use of CDDs as extended probationary periods particularly in the last years of the 1980s. They have done little, however, beyond noting the existence of irregular arrangements and decrying their presence. During the late 1980s, in cases of high concentration of CDDs in some processing centers for extended periods of time, locals have appealed to labor inspectors to report possible illegal uses. In the end, they could "win" the cancellation of CDDs, meaning that the workers lost their jobs. They were not able to gain wholesale conversions of workers on CDDs to regular long term contracts. In the two sectors, however, unions from the socialist led federation CFDT worked actively starting in the 1970s to promote the access of full-timers to part-time schedules and to flexitime. They succeeded earlier than unions in other sectors in defining these options as worker benefits. For unions in both insurance and banking, part-time and flexitime were just stepping stones in a much longer term effort toward worktime reduction. In insurance

for instance, the weekly work hours were 38 1/4 hours, lower than the national standard of 39 hours.

**In conclusion,** CDDs and temp contracts have been regulated in a socio-institutional environment in which the norm of regular employment was allowed to change significantly as well. By the late 1980s, these two forms of irregular employment had been accommodated by both policy makers and unions. Ironically, over the same time period, part-time which had begun the decade looking like a potential tool for developing individual worker rights had become primarily a tool for employment creation and for the "sharing of work." In the next chapters, we will see how CDDs, temp contracts and part time schedules have been used for workforce management and transformation.

## CHAPTER 4

### EMPLOYMENT TRANSFORMATION AS A CONTEXT FOR THE USE OF IRREGULAR EMPLOYMENT IN FRENCH BANKS AND INSURANCE COMPANIES

As discussed in chapter 1, during the 1980s, scholarship came to rely on the analogy between irregular arrangements and secondary employment. Research has asked primarily how many of the characteristics of secondary employment fit irregular arrangements.<sup>1</sup> Researchers' use of the primary/secondary employment model has also led them to interpret irregular employment as a response to greater flux and uncertainty just as original definitions of secondary employment would indicate.

The use of irregular employment made by French banks and insurance companies during the 1980s runs counter to these expectations. During the 1980s, French banks and insurance companies used irregular employment to take their overall system of employment, and their existing workforce, through a major transition to a different structure. As I discuss in the coming three chapters, irregular employment in these two sectors turns out to be both a manifestation of the transition in employment systems and a key strategic tool for the implementation of this same transition. Furthermore, the uses of irregular employment made by the

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<sup>1</sup> The possibility of conversion of primary jobs into secondary ones also existed during the 1960s: "...primary employers, through devices like subcontracting and temporary employment, can convert primary employment into secondary employment. (Doeringer and Piore, 1971: 166).

banking and insurance sectors do not fit descriptions of secondary employment, nor expectations of the growing core-ring organization of the workforce in these sectors.

#### **WHY THESE TWO SECTORS**

First, I found that irregular arrangements deserved being studied in specific industry contexts because the evidence, up to this point, has been ambiguous as to whether irregular employment is indeed the same thing as secondary employment. This ambiguity comes from the fact that irregular employment is a "catch-all" term for a set of institutional arrangements that are quite pliable. Research usually proceeds by first identifying institutional arrangements -whether a job is temporary or filled with a temp worker- and only then considering the nature of the task performed. When research has been conducted across many industrial sectors, the variety of tasks performed under irregular arrangements yields little generalizable information and few answers to questions on the nature of irregular employment.

Thus, (and secondly) by placing irregular employment squarely in the context of two sectors with similar work organizations and in the recent history of their evolution, I can better grasp how the characteristics of irregular employment, such as its pliability and its ability to accommodate variability and uncertainty, play themselves out

in interaction with the institutional context of legal, collective bargaining and social constraints.

Third, banking and insurance are sectors with a history of well developed internal labor markets. The firms interviewed for this study are firms whose main activity always has been in banking and insurance. They are solid contexts within which to examine the presence of irregular employment alongside regular employment in internal labor markets. As already noted, it is this coexistence which distinguishes irregular employment from the better-known secondary employment occurring in periphery firms.

Fourth, banking and insurance activities cannot be characterized by great flux and uncertainty in economic activity. That irregular employment should be a steady presence in these sectors runs counter to predictions derived from the secondary employment model. Banks and insurance companies want to change their employment system as dictated by their response to altered market conditions of the 1980s. The new competitive conditions for banking and insurance, however, cannot be reduced to flux and uncertainty, neither can the activity of the two sectors be characterized by these two factors. Large firms in the two sectors have experienced market saturation, threats to their market share and product changes but these do not compare to the flux and uncertainty experienced in some manufacturing markets.



Finally, the practices of two sectors not characterized by flux and uncertainty provide a counterpoint to cases in which irregular employment can easily be equated with secondary employment. Following the strategy (laid out in chapter 1) of setting up two polar cases that give boundaries to the range of firm strategies and type of markets associated with irregular arrangements, my study of banking and insurance fleshes out the second polar case, the "restructuring" or "transition" strategy.<sup>2</sup>

#### **SUMMARY OF THIS AND NEXT CHAPTER**

During the 1980s, French banks and insurance companies used irregular employment to enable themselves to transform their system of employment, and the structure and composition of their workforce. Most visibly, they have sought to reduce the size of their lowest hierarchical job category (*Employé*); primarily clerical workers employed in central administrative services. They have used irregular employment to manage and accelerate workforce flux at the margins of systems of employment that, in their view, have become stagnant, and include an aging workforce, low turnover, and limited on-the-job skill enhancement over the past twenty years for the existing workforce.

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<sup>2</sup> Another advantage of studying service-sector firms is that it adds a dimension to research which tends to have documented mostly employment restructuring in manufacturing. Accounts of employment transformation during the 1980s have been short on descriptions of service-sector employment change.

Banks and insurance companies want to have their system of employment undergo a significant transformation in workforce composition and recruiting practices. They have devised these changes as adaptations to market changes (described below). Broadly speaking, the change in composition of the workforce is two-fold:

- 1./ a reduction (in relative and absolute terms) of the clerical workforce in central administrative services which has aged (average age in the late 30s), was recruited at low education levels and has benefitted from little training and job change over the years; and

- 2./ a general move away from administration tasks (account and contract administration) and towards commercial and customer service activities. Recruiting standards have been radically upgraded (to at least two years of post-secondary education) to hire "the workforce of tomorrow" that will give each firm an edge in adaptation to the market.

Essentially, banks and insurance companies want to get rid of one type of workforce and replace it with another. They have made these changes, however, within constraints. First, they operate in a collective bargaining and national policy context in which they are committed to avoiding large scale layoffs. Second, these are two sectors that have a tradition and reputation of stable employment and labor force attachment. They are sectors that have been "cash

rich" in terms of personnel budget. Thus, the rules of personnel administration or workforce composition cannot change quickly. Third, they have yet to fully change job contents to attract and retain a workforce with higher education levels. Banking and Insurance firms plan to change their system of employment within these constraints.

During the phase of rapid employment expansion of the 1960s and 1970s, desired workforce changes were brought about through changing hiring practices. In the early to mid 1980s, the sectors' ready response to slow market growth and tighter personnel budgets was a freeze in hiring and early retirement for those workers close to age. During the late 1980s, faced with the consequences of the hiring freeze --a workforce which is primarily middle-aged with high seniority and low turnover-- and having decided to effect changes faster, banks and insurance companies have used irregular employment for the following purposes (see next chapter). They have used it: 1/ to give themselves extensive control over the volume of hiring; 2/ to increase flux at the margins of their employment systems and 3/ to give themselves the leeway to reconsider and modify the career paths of certain workforce categories. In other words, their use of irregular employment is directly tied to changes in regular employment.

They also use irregular arrangements in ways that differ from other sectors. If we think of two different

models for the use of irregular employment, retail trade could exemplify the case in which irregular employment has substituted for a growing share of regular employment leading to a visible and probably lasting "tier-ing" of the workforce. In insurance and banking, the use of irregular employment is small and seems marginal to the bulk of employment. It is, however, key to a transition of employment but it remains unclear how lasting a feature of employment systems it will be. The significance of the presence of irregular employment in these two sectors may lie less in its size and more in its use as a tool for change.

#### **PERSPECTIVE AND OPERATIONAL CONCEPTS USED IN THIS SECTOR STUDY**

Documenting employment strategies from the perspective of firms, through their personnel department:

I present this story as seen through the eyes of personnel officers and industry representatives; I have confidence that it reflects firm perceptions of market changes and of adaptations in personnel systems because interview contents were consistent across firms and individuals. There was concordance; views presented by personnel departments were mirrored in interviews with industry associations and parts of them were confirmed by

union representatives. For our purposes, I need not assess whether the changes in personnel systems which firms want to implement are the most adequate response to market changes (in terms of medium or long term efficiency). Rather, an accurate account of firm perceptions and strategies provides the logic which motivates changes in personnel policies and the use of irregular employment. The purpose of case interviews is to document this logic.

All interviewees in banks and insurance companies hold a common diagnostic of the drawbacks of their existing personnel structure and a shared image of the personnel structure they would like to have. They share one solution to what they see as one problem. The reason for such consistency of views likely reflects the fact that each sector has been dominated by a handful of large firms and that the views of "industry leaders" have been adopted by the rest of the industry. Again, for our purposes, this consistency is relevant not as an indicator that the views reported are the "best" assessment of market changes. Rather, it has for consequence similar patterns of adaptation across firms which can be documented.

I present the story of adaptation in personnel systems in terms of how personnel officials see their problems, the solutions to them and the concrete prescriptions for change they want to enforce. These prescriptions for change are not yet clearly reflected in aggregate statistics on

employment in each sector, although broad tendencies are and I present them. Patterns of change do begin to be reflected in employment statistics provided by individual firms and I will review these.

Operational concepts:

To describe firm practices, I used the notion of employment systems as mix of several employment subsystems within firms developed by Osterman (1989) (see chpt. 2). The element most useful to this study is the contention that firms make systematic choices among sub-systems and that, over time, they alter by degree their mix of employment subsystems. (This is not unlike employment practices described by Freyssinet, 1982). This study documents how significant change occurs by degree.

I also present employment systems and their implications for the workforce as the results of the choices made by firms in response to market changes as these are mediated by institutions and social constraints. To argue otherwise -that the transformations described in these two sectors are entirely dictated by change in product mix and by competitive conditions- would be tantamount to likening the transformation of employment systems (and the use of irregular employment) in Banking and Insurance to a straightforward, and predictable, response to increased variability and uncertainty in their activities.

Adhering to the notion of choice in employment systems entails presenting the workforce composition which firms want to attain as a chosen objective, and conceiving of the use of irregular employment as a lever for achieving their objective of change in workforce composition. This is not to say that firms do not have constraints on their choices, some of which are market driven. This story takes constraints into account as well.

### **DATA SOURCES FOR THE CASE STUDY**

#### Resources

In this and the next two chapters, I draw on the following resources:

a/ Sectoral statistics on the parts of the Banking and Insurance sectors to which the firms interviewed belong. For the insurance sector, these were obtained from the primary industry association, FFSA (Fédération Française des Sociétés d'Assurance). The FFSA surveys cover its own members, the bulk of for-profit insurance companies. A few surveys also include the members of the cooperative insurance sector, GEMA (Groupement des Sociétés à Caractère Mutuel). For the banking sector, statistics come from national series on financial institutions and from the largest industry federation, AFB (Association Française des Banques) which groups together the three largest national banks (partially nationalized) and many regional and local

banks. It excludes cooperative banks and para-public banks.<sup>3</sup>

b/ Firm level statistics, aggregated for each corporation (not by establishment) on entries (hiring), exits, type of contracts and schedules provided in the Bilan Social. The latter is a mandatory annual report on the workforce at the corporate level made to the government by large employers.

c/ Interviews with 5 banks and 4 insurance companies (in some cases, several interviews per firm) primarily with their personnel departments.

d/ Interviews with temporary help service executives and a major temp employer association.

e/ Interviews with employer (AFB and FFSA) and union federations (CFDT) for each sector.

f/ An interview with a peer-managed (FFSA and unions) clearing house for employment in insurance.

In total, 25 interviews were conducted in January 1990 (see appendix). This research is complemented by earlier interviews on changes in employment regulation conducted with members of policy making bodies,<sup>4</sup> government statistics specialists and researchers in 1986 and 1988.

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<sup>3</sup> Banques Populaires and Crédits Agricoles.

<sup>4</sup> Commissariat Général au Plan, Ministère du Travail, Ministère des Finances.



I use the information from these diverse sources in complementary ways. The aggregate sectoral statistics provide information about the state of each sector's workforce through the late 1980s. They indicate in broad outline the results of personnel practices of the past 20 years. Firm interviews and, to some extent, firm statistics document the personnel policies that firms are currently implementing and point to the likely future evolution of employment in the two sectors.<sup>5</sup> Sectoral statistics end in 1987 or 1988 (depending on the statistics reported); they cannot reveal the impact of the changes in workforce management, in particular hiring and promotion practices, which were discussed in interviews. Those impacts will show in statistics for future years. What sectoral statistics do, however, is confirm some of the assessments discussed in interviews.

Characteristics of the firms interviewed:

-Corporate level employment size is provided in tables IV-1 and IV-2.

Insurance Several interviews were conducted with two of the largest insurance companies in the domestic market, with a major firm which was newly restructured as the result of

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<sup>5</sup> The time series on employment in each firm interviewed have varied length depending upon respondents' willingness to provide the information.

mergers and acquisitions<sup>6</sup> and with a major firm from the cooperative sector. All had two major types of activities: life insurance and damage insurance for property, auto and transportation. Most companies were also involved in the re-insurance market. Two of the major insurance companies had been nationalized and, following the privatization policies of the 1980s, still had about 75 percent of shares held by the French state.

I included a major firm from the cooperative sector because, although small, the latter is a key player on some markets. The cooperative sector controls 50 percent of the auto insurance market, 40 percent of the individual home insurance market and 16.7 percent of the damage insurance market.<sup>7</sup> The cooperative firm, like the entire cooperative sector, has grown during the 1980s in terms of sales and employment, unlike for profit firms.<sup>8</sup> This company is also included in the study for contrast; it has traditions of

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<sup>6</sup> Because of extensive restructuring, this company did not provide a Bilan Social.

<sup>7</sup> The cooperative sector operates on three principles: non-profit organization, no intermediary to take a commission on sales of insurance contracts, and democratic management. There are no shareholders and the members elect officials. There are 14 insurance cooperatives and 10 million members nationwide. They employed 20,500 workers in the late 1980s.

<sup>8</sup> Major cooperative firms used computers earlier on than others to develop methods of risk assessment and screen out major risk liabilities among potential policy holders. By reducing the volume of claims, they were able to keep premium costs low.

workforce management that differ in some ways from those of the for-profit sector of the insurance business.

All insurance companies interviewed do not own the majority of their sales network; sales outlets are separate companies. The cooperative company, in contrast, sells all of its products through company-owned outlets whose workforce is on company payroll.

Banks: I interviewed two of the three largest national banks, a second-tier bank and two smaller regional banks, one of which was primarily a business accounts bank. In the two largest banks, the French state was the major shareholder.

Most of the information gathered was at the corporate level ("groupe") and concerned the main activity of each corporation. For instance, interviews at the headquarters of a corporation with main activity in banking but which also owns services companies concerned the banking activity only.

## EMPLOYMENT SETTING AND ITS EVOLUTION

### Note on employment characteristics in the two sectors<sup>9</sup>

To understand the terms in which the transformation of employment has taken place, a description of job classifications is necessary. Banks and insurance companies have a hierarchical job classification consisting of three broad workforce categories: 1/Employés (Low cat., employee), Gradés (banking) or Agent de Maîtrise (insurance) (Middle cat.) and Cadres (High cat., executive) Each job category is broken into pay grades; for instance, for Employés in insurance, PS, A, B, C, D. See the following structure:

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<sup>9</sup> .Data on the insurance sector: General employment data cover the whole sector. Some of the detailed statistics come from a survey of members of the employer federation (FFSA) which account for 84 percent of sector employment in 1990. This survey covers between 35 and 45 percent of the administrative workforce in the sector. The workforce under study is that employed in central services involved in contract administration rather than contract sales, the "Administrative" workforce. This workforce accounts for 78-80% of the total workforce of firms in survey. The FFSA survey tends to over-represent medium and large employers, and Parisian firms. It does describe adequately the part of the industry to which the firms interviewed belong.

.Data on the banking sector: comes from several surveys and sources mostly gathered by the employer federation (AFB). There are problems with the definition of boundaries of the sector over time in the National statistics (INSEE) which concern financial institutions (broader definition than banks). The AFB data concern their member banks, amounting for about 65% of total bank employment. All banks interviewed belonged to the AFB.

JOB HIERARCHY

Insurance		Banking	
Employé:	PS	Employé:	8 pay grades
	A		
	B		
	C		
	D		
AM:	AMI	Gradé:	ClasseII
	AMII		ClasseIII
	AMIII		ClasseIV
Cadre:	Sous-chef (SC)	Cadre:	ClasseV
	Chef Adjoint (SA)		ClasseVI
	Chef de Service (CS)		ClasseVII
	Chef de Division (CD)		ClasseVIII
	Fondé de Pouvoir (FP)		ClasseIX
			Hors classe

This job classification system is set by national collective bargaining agreement for banks and, for the duration of the 1980s, by regional bargaining agreement for insurance, although classifications are virtually identical across regions. (The insurance sector is moving toward a national system.)

For individuals, there is substantial promotion across pay grades within a hierarchical category simply through seniority and without necessarily any job change. Promotion across pay grades through seniority can also lead to movement from the Low (Employés) category into the lowest Grade of the Middle category (in insurance, AMI). Large numbers of workers were hired in the 1960s into the Employés category; with seniority, the majority moved up grades within the category and some moved into the Middle job

category. Firms have no plan to promote them beyond that point.

The two sectors have similar internal labor markets with one major difference; banks own their retail outlets ("branches") whereas insurance companies for the most part do not. Thus, the workforce of all bank branches is on payroll and is part of the internal labor market. Insurance companies operate in a more complicated world. They have a workforce on the internal labor market, the Administrative workforce, which deals with contract (policy) administration.<sup>10</sup> They have a commercial network workforce on company payroll, the Sales workforce, which works on product commercialization.<sup>11</sup> It is on a system of employment close to self-employment, with a large share of compensation tied to commissions. It is a young workforce with high turnover. Finally, for the sale to individual customers (of policies other than life insurance) in designated offices, insurance companies rely on outside companies they do not own.<sup>12</sup> In rare occurrences,

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<sup>10</sup> The cost of contract administration amounts to 20-40 percent of the premium in one company.

<sup>11</sup> 70 percent of these workers travel to represent and sell insurance products, mostly life insurance. The remaining 30 percent are managers of the sales network. 85 percent of this workforce is male. These workers cannot sell damage insurance which remains the province of tied agents. FFSA, (1991:15).

<sup>12</sup> Insurance products are sold or represented by tied agents; they work on commission and reimburse client claims. Insurance brokers, who represent the customer, also sell

insurance companies own a few sales outlets whose workforce is part of the Administrative workforce. This organization of sales networks by insurance companies is long standing; it predates the trend toward externalization of operations which took place in other industries during the 1980s.

As a result, the workforces under study here, because they are part of the administered internal labor market, are the entire workforce for banks and the Administrative workforce for the insurance sector. Thus, when these sectors consider reducing the size of the workforce employed at administration tasks inside and outside central services, the size of such workforce is much greater in banking than insurance. Partly as a result, banks have pursued policies for change earlier than insurance companies. However, the problem of low education in Administrative services is greater in insurance which has had even lower recruiting standards historically. For instance, in 1990, only 52 percent of AMs and High category workers had a high school degree or more.<sup>13</sup>

This is not to say that changes have not affected the Sales workforce in insurance during the 1980s. It has needed extensive training in new products and computer use because companies rely on it to gain a competitive edge.

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products.

<sup>13</sup> In banks, in 1987, 28.6 percent of Middle category workers and 59.6 percent of High category workers had a high school degree or more. (AFB, 1989).

However, because it is a workforce for whom individual tenure and wages are directly tied to set production standards (yield), its cost to firms is less of an issue. The employment system for the Sales workforce, because it is extremely loose<sup>14</sup>, has not been the focus of concerted structural change. It has received attention in terms of increased training for new recruits in marketing techniques and attempts to reduce turnover in order to make the training expenditure worthwhile.

#### Distinction between hierarchical job categories and skill levels

The three job categories used by both sectors to report on their workforce are tools of personnel administration rather than skill categories per se. Of course, the skill and education level of the workforce rises with movement from Low to High category. So does compensation, thus the *Employé* category as a whole is the low wage category. But this broad categorization of the workforce provides little information about skill variation across jobs within each category. Each category is broken down across several pay grades but promotion across pay grades can take place with seniority and in the absence of significant job change or skill acquisition. Hence, pay grades within job category

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<sup>14</sup> Turnover used to reach 100 percent per year in some companies.



are not clear indicators of skill variation within job category.

**AGGREGATE EMPLOYMENT LOSS AND THE RELATIVE DECLINE OF  
THE *Employé* JOB CATEGORY IN THE 1980S**

Changes in workforce management since the late 1970s have had, as most visible and related consequences in the two sectors: a significant decrease of the relative share of the *Employé* (Low) category and a steady decline of total aggregate employment.

In Insurance, the *Employé* category went from 60 percent of the Administrative<sup>15</sup> workforce in 1976 to 43 percent in 1987. In Banking, it went from 41 percent of the total workforce in 1980 to 23 percent in 1989 (table IV-1 and IV-2).

This change in workforce composition took place in the context of declining aggregate employment, and of reduced workforce flux during the second half of the 1980s. In insurance, the Administrative workforce went from 97,700 in 1984 to 96,600 in 1988. Banking employment declined from 250,973 in 1984 to 248,869 in 1987. These declines are striking because the two sectors had experienced steady employment growth from 1960 through the early 1980s. As will be discussed below, this outcome was the result of:

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<sup>15</sup> Workforce employed in contract and account administration.

- a hiring freeze throughout the 1980s;
- early retirement policies in 1982-84 that were followed by a slowdown of quits and of turnover for the rest of the 1980s;
- the systematic non-replacement of exits. (Details on sectoral statistics are discussed below.)

The decline in the relative size of the *Employé* worker category accompanied by stagnant aggregate employment is precisely the change sought by firms in both sectors through the 1980s. By the end of the decade, they want to accelerate this change and renew the workforce per se. I use firm interviews to understand how such a significant change in workforce composition took place, what other changes accompanied it and may follow it. In the context of stagnant, even declining, aggregate employment, the *Employés* workforce must have gone through a significant decrease in absolute size in order to lose so much relative share of employment. Many workers from the category were promoted into the Middle category. Nevertheless, the *Employés* category as a whole, and in both sectors, lost large numbers of people during the 1980s.

#### Changes in workforce composition and changes in aggregate employment

It is not unusual for firms to undertake a change in workforce composition, although the Banking and Insurance

sectors have not undergone such a rapid and drastic change in workforce composition previously. The consequences for a workforce of a change in relative size of each workforce group over time will differ depending upon the evolution of aggregate employment. If aggregate employment grows rapidly -as it did in both sectors throughout the 1960s-- then a change in workforce composition can be achieved quickly by recruiting large numbers of new workers with the qualifications desired and for the workforce category intended to grow. It is also faster to achieve a change in workforce composition if large numbers of workers are laid off or retired or otherwise "discarded", an option not practiced in the two sectors as we will see later.

Thus, banks and insurance companies, at least the firms whose main activity has traditionally been in these sectors, have significantly reduced the *Employé* category while simultaneously reducing the size of total employment. In early 1990, when they were interviewed for the study, these firms were contending with the consequences of their policies of the 1980s -most notably the stagnant employment structures that come from the hiring freeze- and with their continued commitment to further reduction of the *Employé* category. Furthermore, they had made a priority of renewing the workforce, for reasons discussed below. In other words, numbers had to change but individual workers had to be replaced by new ones. Such were their choice of priorities.

It is in this context that I looked at their use of irregular employment. The latter became an appealing tool for pushing along the strategies of change which banks and insurance companies had chosen.

An alternate path of adjustment could have been taken had these banks and insurance companies had a different workforce strategy over the past decades. Had their practice been to train large segments of the workforce, a majority of workers could now be taken through a change in work organization rather than replaced. Retraining is certainly an option being discussed and favored by unions in particular. Although training budgets have expanded, no commitment has been made in terms of numbers of workers and little discussion has taken place with social partners, indicating that no major retraining effort is being planned. The cooperative insurance company went furthest with foreseeing the need for training. Its personnel representatives contend that company management had anticipated its skill and workforce needs and understood that the entire workforce --bottom to top and administrative and sales-- needed to be trained and "up-skilled". This company, and the whole cooperative sector, had experienced growth during the 1980s. Expanding markets and workforce, as well as a manageable workforce size (cooperative firms are small), all contributed to make a favorable context for workforce training.

Table IV-10 provides the size of training budgets as share of the total wage bill in the firms interviewed. In all of them, the share of training has edged upward through the 1980s. Training expenses in insurance have, however, been geared more heavily to the Sales network workforce than to the Administrative workforce. One insurance company provides separate data for the two workforces, and the training budget for sales is larger and has grown faster than for the Administrative workforce.<sup>16</sup>

#### **THE RATIONALE FOR TRANSFORMATION:**

##### **FIRMS' ASSESSMENT OF THEIR PROBLEMS AND OF THE SOLUTIONS NEEDED**

Before going into the strategies which firms adopted, this account needs to backtrack and spell out firms' rationale for transformation, namely:

- the changes in their economic environment and their choice of strategies for adaptation;
  - the history of their personnel practices through the late 1970s;
  - the consequences of the hiring freeze of the 1980s;
- and
- the concrete goals for changing the workforce composition to be implemented in the 1990s.

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<sup>16</sup> Training expenditures for the entire financial institutions sector (to which banks belong) grew slightly from 2.95 percent of the wage bill in 1973 to 3.67 percent in 1985. (Petit et Vernière, 1990:14)

### **Why these changes in workforce management?**

Before examining in greater detail the characteristics of the workforce in the two sectors and the workforce changes that occurred during the 1980s, we spell out the assessment of the need for change provided in the interviews. The changes to their employment systems which banking and insurance firms want to affect fall out of their interpretation of changes in the size and nature of their markets.

### **Market changes and firm strategies for adaptation**

**First**, traditional firms in both sectors have experienced a "market saturation" of sorts during the 1980s. There is no longer an easy way for national markets for standardized banking and insurance products to expand. During the 1960s and 1970s, "people used to come to us" interviewees in both banking and insurance said. Prior to the 1960s, insurance policies were primarily a middle class consumer item and there was a substantial untapped market for banks; large segments of the population did not have a checking account.<sup>17</sup> The markets for both sectors underwent an explosive growth starting in the 1960s. As growing numbers of households purchased, first, a car and, then, homes, both banks and insurance companies started to cater

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<sup>17</sup> Among Europeans, French households had been particularly slow at placing their money in checking and saving accounts.

to a mass market. The traditions of the sectors started to change then. Similarly, banks pursued a policy of rapid expansion, attempting to bring checking accounts and other banking services to the overwhelming majority of the adult population. Banks engaged in "la guerre des boulangeries" (the war of bakeries) in which the largest banks took over multiple street corner neighborhood bakeries as these went out of business, and turned them into small bank branches. By the late 1980s, however, most French households already had checking accounts and (home, car and life) insurance policies. It has become counter productive to attempt to sell "multiple" checking accounts<sup>18</sup> or insurance policies to consumers. Additionally, consumers have become more demanding and their needs more diversified. Business customers first started to look for financial products geared to money management (gestion de trésorerie) to raise their profitability. Small businesses have hired more educated executives with more specific demands regarding financial products. Individual consumers followed suit with more sophisticated expectations.

**Second,** deregulation<sup>19</sup> has been accompanied by

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<sup>18</sup> French banks also have the peculiarity of not charging customers for check processing.

<sup>19</sup> For instance, banking regulation entailed strict definitions of products, segmentation of markets (specialization of institutions) and controls over interest rates for deposits and for loans. Deregulation can best be described, according to Petit and Vernieres as an adaptation of the broad frame of regulations dating prior to the 1950s

intensified competition in domestic markets. During the 1980s, French markets have opened to foreign firms, a trend expected to accentuate itself with European integration in 1993. Foreign banks and insurance companies have increased their activities in French markets thus threatening the market shares of traditional banks and insurance firms. (see table IV-3 for employment growth in foreign banks)<sup>20</sup> The oligopolistic pattern of market organization in both sectors has begun to break down. For both sectors, competition in domestic markets is a new phenomenon and one likely to continue. As one bank executive pointed out:

"banks are discovering productivity. Before now, they did not give a damn. Now they are experiencing difficulty balancing their operating accounts."

As a result, competition based on product quality has intensified. So has competition based on cost control, thus the search to streamline personnel budgets.

**Third,** firms' strategies to deal with threats to their individual market have intensified the competition within and between the two sectors, for a seemingly saturated market. Firms in both sectors have enhanced their sales and

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under the joint effect of a major de-structuration of the international monetary system, the multiplying of exchanges and capital movements, and the evolutions of communication technologies. (Petit et Vernieres, 1990:11).

<sup>20</sup> Foreign banks expanded their activities during the 1980s. For instance, employment in metropolitan France activities grew 26 percent from 1980 to 1987 for foreign banks as compared to only 1.4 percent for all banks.



marketing activities. They also have responded to the saturation of markets for very standardized products by tailoring new products to address the needs of increasingly fine segments of the consumer population. In banking, accounts have diversified away from the standard checking and savings accounts; retirement accounts and a range of other financial management products have been introduced. This broader range of products also requires more differentiated pricing practices. This has been particularly true for the business customers. In insurance, standard policies have been replaced by a broader range of life and damage insurance products.<sup>21</sup> Life insurance policies are increasingly used for savings for retirement. Capitalization insurance has also grown; it is equivalent to a financial planning product.<sup>22</sup>

Firms have become "more generalized", less identified as part of a single industry, while they offer a broader array of more specialized individual products. Banks have started selling insurance products and insurance companies have started to sell financial products; the separation between the markets for both sectors has eroded and more

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<sup>21</sup> According to one executive, a worker if truly polyvalent would need to know 40 to 50 products in order to answer customer questions.

<sup>22</sup> In capitalization insurance, individual savings contracts are sold according to which the company ensures that savings bear interest, and guarantees a capital amount at the end of contract. See FFSA, (Paris, 1990: 12.)

"generalized" firms now compete in the same markets. As a result of aggressive sales efforts and of attempts to "expand" the market through product differentiation and enhanced quality, competition has intensified. Large traditional banking and insurance firms have experienced a stagnating and even shrinking market share. Both large and small firms have become acutely aware of defending their market position.

**Fourth**, the "technology of production", that is the way in which products are conceived and delivered, has changed in both sectors. Firms accelerated the process of "work station" computerization during the second half of the 1980s. They have used new technologies to market their products more aggressively, to increase productivity and to decrease labor costs. Both sectors, particularly banks, have moved from mainframe computer systems (innovation of the 1970s), which had handled large scale routinized tasks such as customer billing and account statements, to micro computers and work station terminals in all offices and branches. These changes allow employees to handle a great variety of tasks directly in front of the customer. Also, the dispersion of automated teller machines has meant that customers use machines for routine services and tellers only for more complex tasks. This has had two implications. First, decentralized computer use has enabled firms to offer the tailored products with which they attempt to expand

their markets. "Work station" computerization has increased the "commercial" and customer service component of worker job contents; it permits on-line query of account status as well as access to sufficient information about a customer's account to anticipate need and offer specific financial and insurance products. Second, a significant number of routinized paper-processing, archival and query-handling tasks have disappeared. As a result, some jobs have been eliminated, and in a few instances entire departments have to be phased out. The workers affected by these changes are in low job classifications mostly in central administrative services and in the "back office" of individual bank branches.<sup>23</sup>

As Adler (1984) already observed in his study of an earlier process, the diffusion of on-line data entry terminals to as many work stations as possible (during the 1970s in a large French bank) led to (1) a decline of specialized routine jobs with low skill requirements (widespread in the age of stable products and processes), as demonstrated by the reduction of the *Employé* category during the 1970s, the category the author describes as "employees without supervisory responsibility" (1984: 15). Additionally, the diffusion of on-line data

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<sup>23</sup> As one respondent noted, the advent of mainframes in the 1970s affected only "back office" functions in central administrative services while microcomputer use has also affected "back office" functions in smaller branch offices.

entry required, for efficient operation, the following changes from the remaining lower level clerical jobs:

(2) more responsibility for results rather than only effort because "in the new systems, there is no one further down the processing chain to catch errors" (p.17) and thus a greater risk of corrupted data bases and disrupted customer service. This responsibility is limited in scope but pervasive and thus critical to competitiveness (p.19)<sup>24</sup>

(3) more abstract reasoning, "with less back up to their operations, clericals must have an understanding of bank accounting imputation flows and of the computer system operations" (p.20). Banks can gain a competitive edge with competent front desk personnel and the latter will need more developed general training than in the past.<sup>25</sup>

(4) more task interdependence, as work organizations move away from an assembly-line like sequential organization of discrete tasks toward the integration of previously separate functions of operations, systems design and

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<sup>24</sup> The author argues that the need for motivated workers is not a management wish but "an operational imperative imposed on management by the nature of the automatic system." (19)

<sup>25</sup> Advocating for broader training for the workforce, the author contends: "Some of the training requirements associated with this abstraction, basic familiarity with computer technology for example, will soon be assumed by the general education system. But the functionally critical understanding of the firm's system in both its operating procedures and the processing steps these procedures trigger, will call for a new and broader type of training. (p.22)

training. Of all predictions drawn from this earlier study, this latter is the one least verifiable because a number of work organizations have not completed the transition to more integration.

Finally, Adler predicted an intensification of work as efficiency improves and, ironically, potentially greater job boredom as more broadly skilled, more responsible workers are no longer the principal agents of (banking) production but instead "stand along side it" (Adler, 1984: 29).

In the insurance sector, computerization of the network of external tied agents (independent companies) has opened the possibility of turning tasks of contract administration over to them (e.g. by inserting pricing rules into the computer system). This has for consequences employment reductions in central administrative services and the remaining tasks of coordination of the work of these tied agents become more complex, demanding more skill of some parts of the Administrative workforce. The alternative is to centralize contract administration even more and have the tied agents absorb the employment reductions.<sup>26</sup>It appears that the first alternative was that chosen by the late 1980s.

A second change in "technology of production" characteristic of the 1980s is that firms have gained access

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<sup>26</sup> Information provided by O. Bertrand, CEREQ, Paris, 1990.

to more sophisticated financial analysis and marketing analysis tools which they use extensively in their efforts to gain an edge in market competition. In other words, they have used computerization first to cut costs but the latter also opened the way for new product design and faster communications<sup>27</sup> (Petit et Vernières, 1990: 10.) These tools have a financial or market analysis component and/or a computer software component. As a consequence, firms make more extensive use of financial and technical professionals than in the past. In banking, these professionals have specializations that are very short-lived and tied to new products. They specialize in financial markets, in specific money management products, in specific industrial sectors, or in corporate mergers. As markets and regulations change rapidly, so does the value to firms of the skills of these ad-hoc specialists. Thus, their expectations for compensation are high. These occupations are joined in their demands for compensation by workers with specialized computer analysis skills. In insurance, the "new" professionals are also needed for market analysis as insurance companies look for new investment opportunities for themselves and as they need to design financial management products for their customers. Furthermore, the

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<sup>27</sup> Tied agents (in separate companies) have also been encouraged to acquire and become familiar with market analysis tools to target their efforts more effectively to market segments. Insurance companies rely on these efforts to bring in low risk clients.

insurance sector has a chronic shortage of skilled actuaries needed to design profitable premiums for their new products.<sup>28</sup>

Banks and insurance companies are actively recruiting these workers directly into Middle and High level positions, rather than training them in-house, a practice which is fairly new to the two industries. Bringing in these new workers at the top of the job hierarchy has created havoc in pay scales. Because they are in high demand on the outside market, these professionals receive higher compensation than is possible under the point system of the compensation scheme. In both sectors, all job categories, except for a few high level corporate directors, are on an administered pay system. Namely, each pay grade within each job category, and to which individual positions are assigned, entails a maximum salary to be augmented by a seniority premium. Thus, in order to be recruited on the very tight outside market, these professional workers are paid more than other workers whose position is on the same hierarchical level. In recent years, professional workers have received this pay differential in lump sum payments (bonus) in many instances. As firms in both sectors, but particularly banks, want to integrate these workers into the

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<sup>28</sup> Some tasks have become more technical and require less job experience. The proper review of the veracity of insurance claims used to involve painstaking investigations. It now requires probability assessments. (remarks by Olivier Bertrand, 1990).

firm, they are planning to redesign job descriptions and career ladders and to devise pay scales that take account of these occupations. The number of workers in "new professions" (nouveau métiers) is small. For example, in large Parisian banks -the heaviest users of these specialty workers- they amount to somewhere between 5 and 10 percent of the workforce (AFB estimate). However, their presence, their high turnover and continued bargaining for compensation have disrupted established compensation schemes and have generated a great deal of passionate debate among personnel administrators in both sectors. (The assimilation process through which personnel officers want to take the new professionals is not unlike that undertaken to integrate mainframe computer specialists in the early 1980s.)<sup>29</sup>

Banks and insurance companies use all these changes in the "technology of production" to enable themselves to engage in more aggressive competition in markets, to increase productivity and to accelerate the changes in personnel structure which they deem necessary. Some observers contend that in banks, for example, the recent wave of technological change has been perceived as a one-time historical opportunity to redistribute the costs of managing means of payment (e.g. charging for check

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<sup>29</sup> To keep the pay and administration of high paid computer workers separate, some insurance companies have split off their computer operation from the main divisions of the company (Groupement d'Interêt Economique).



processing) and other financial intermediation activities. It is seen as a unique opportunity to increase profits (Simon, 1984: 102.)

### **A short history of employment systems in the two sectors**

Several elements of the history of personnel management in the two industries contribute to the current situation. Banking and insurance firms work within a set of personnel rules and with an existing workforce resulting from hiring practices of the 1960s. First, from the turn of the century through the 1950's, the prevailing ideology for organizing internal labor markets and career paths in banking and insurance firms held that workers entered at the bottom of the job ladder and moved to the top; employment was very stable and often lifelong ("people left feet first" one respondent in insurance said.) Promotions entailed a change of position and responsibilities. Management was recruited mostly from within. A few corporate directors, some of whom retired only a few years ago, indeed entered their firm as errand boys. In individual firms, the workforce size was small and the education level of those hired was fairly high for the standards of the period. In banks even more than insurance companies, the rules for governing the internal labor market inherited from this period were modeled after those of the civil service. They use the same terminology, such as giving workers "tenure" (*titularisation*) after a set

time period, and assign a heavy weight to seniority in promotion and compensation. Promotion, which brings a pay increase, occurs with seniority while additional pay accrues with length of service as well.

Second, starting in the 1960's, when the banking and insurance markets became mass markets, employment in the two sectors increased dramatically in the lowest job classification. Large numbers of workers, particularly women workers, were hired with low educational levels -8th grade ("brevet") or vocational degree (CAP; Certificat d'Aptitude Professionnelle) in unrelated field- in entry-level positions; this period witnessed the feminization of the workforce of the sector. The prevailing ideology on stable career paths was retained but the reality was that neither supervisors nor workers expected career mobility for the bulk of personnel hired in entry level positions during the period.<sup>30</sup> With market expansion, firms subdivided work tasks. The hires of this period were put to work in routinized, some observers say, highly taylorized paper-processing tasks. The size of central administrative services grew rapidly. From the 1960's on, for this personnel, whatever promotion did take place was based primarily on seniority. Promotion was uncoupled from job

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<sup>30</sup> Shortened career paths also reflect management's view that women workers would have a limited attachment to work and were a groups which would be easy to keep in shortened career tracks.

change; workers could "slide" a few notches up along the job ladder while staying essentially in the same position and performing similar tasks for 15 to 20 years.

During this period, the policy of heavy reliance on seniority for pay and promotion was particularly useful for retaining workers and not overly costly; its implications are different in the current period. During the 1960s, firms used seniority rewards because turnover in entry-level positions was very high and they needed to retain enough employees to develop a pool of middle-level workers. The practice was not expensive because only a few workers stayed; many left. Moreover, markets expanded easily and these sectors were "rich" in resources for personnel management. By the early 1980s, however, turnover had declined to low levels due to labor market contraction and employment expansion halted by the mid 1980's. Thus, by the late 1980's personnel department viewed large numbers of workers as a liability. These workers have aged, have accrued seniority and compensation, and have not been trained or experienced significant job change. Many have "slid up" from the Low job category to the lowest rung of the Middle job category (Gradé classeII and AMI) with no possibility of further promotion. The size of this workforce "promoted" with little skill change is hard to assess. One estimate for banking puts the share of these

workers somewhere between 15 and 25 percent of total employment in 1983.<sup>31</sup>

In the current situation, personnel departments want to get rid of this personnel liability and to change the composition of the workforce. Because the current legacy is brought about by practices of the 1960s, which are themselves inscribed in a set of rules inherited from the period prior to the 1960s, these two elements constitute the ingredients with which personnel departments must work to bring about change. In other words, they have an existing workforce and a set of personnel rules. Changing personnel composition is as problematic as changing the rules.

Firms are actively trying to change the rules that govern personnel and the expectations of employment stability and promotion. In the 1990 negotiations to revamp the national collective bargaining agreement, the largest banking federation asked to remove terms (such as tenure) which "create" expectations, to use their language, that firms no longer want to meet.<sup>32</sup> During this negotiation, the industry-wide job classification<sup>33</sup> was to be

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<sup>31</sup> Study cited by Petit et Vernières, 1990: 15.

<sup>32</sup> Neither unions nor the employer federation expect this attempt to succeed.

<sup>33</sup> Industry-wide job classifications provide a framework for pay scales. Each firm develops its own detailed job classification based on it. Restructuring a job classification entails re-assigning individual positions to a new level in the job hierarchy and possibly a new pay grade.

restructured with concrete implications for future compensation and reduced possibilities for seniority-based promotion for the current workforce. In the plan under consideration, an individual worker could see his position re-assigned to a lower rung in the job hierarchy. In the transition, while being guaranteed his existing base salary, a "down graded" worker sees the potential for the future growth of his salary lessened by altered formulas for future increases.<sup>34</sup> One of the major points of conflict with unions was the employer federation request to reduce the weight of seniority in compensation.<sup>35</sup> In the existing agreement for the banking sector, seniority adds a 2 percent premium to the base salary for a position for the first year, and a 1 percent premium for each year after that for 34 years. Thus seniority can add a 35 percent premium to the base salary of a position. As a representative of the Banking federation contended, the heavy role of seniority was designed originally to attach workers to their firms and to bring bank salaries up to par with those of other sectors; their salaries had been known to be comparatively

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<sup>34</sup> Existing workers may find that, once re-assigned, they have a long ladder ahead of them before achieving any significant increase on their current pay through promotion. In one savings bank where a re-classification took place with union agreement, three fourths of workers were re assigned to a different place in the classification.

<sup>35</sup> Seniority-tied compensation was estimated to account for 10 percent of the wage bill for the entire banking sector in 1987 (Petit et Vernières, 1990: 17.)

low. In the 1990s, "there is no need to provide workers with an incentive to stay" and salaries are at the level of those in other sectors. Further, the employer federation proposed to defer some pay increases to contribute more heavily to the pension fund for the sector which they expect to be in deficit by the years 2005-2010.

The insurance sector has the particular difficulty of having to design and sign a nation-wide collective bargaining agreement; it has only had regional agreements so far although these are very similar. In 1990, it began negotiations around a redesign of its industry-wide job classification which must be agreed upon by management and union representatives. In this agreement the employer federation is also looking to weaken the role of seniority in both promotion and compensation.<sup>36</sup>

Both in banking and insurance, the union federation (at least the CFDT) and the employer federations have agreed on principle to simplify job classification schemes. There is little agreement on the criteria to use in the re-classification, however, and on how to protect the salaries and earnings potential of the current workforce as it goes from old to new classification scheme.

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<sup>36</sup> By mid 1991, little progress had been made in these negotiations and the employer association had vowed to cancel the agreement in force were no new agreement signed by June.

Along with attempts to change rules, firms have articulated concrete goals for changing the composition of the workforce; I describe them below. These goals fall out of the characteristics and constraints of the existing situation. They do not represent an "ideal type" of future employment structures as much as a set of concrete prescriptions adopted, with few variations, by all personnel departments interviewed.

**What are the changes in personnel structure which the firms deem necessary?**

Banks and insurance companies see their adaptation to market changes to require major modifications in overall workforce size (the wage bill must remain constant or decline) and in workforce composition. The context in which they must effect these changes is one of strict limits on the growth of the total wage bill because of their commitment to cutting labor costs as one major way to compete more effectively. Therefore they are restricted in their ability to rely on hiring as a tool for modifying the composition of their workforce, a strategy they have used in the past.

First, firms want to further reduce the relative size of the *Employé* job category and that of a similar workforce which, through seniority and with little job change, reached the lowest rungs of the Middle job category. Firms see

themselves as saddled with low-education workers with high seniority employed at paper-processing tasks which they will not need performed in the future. Because the compensation scheme rewards seniority heavily, firms want to reduce the wage bill of this worker category by shrinking its size. To achieve this reduction firms have considered retraining this worker group towards sales activities although there is doubt and controversy about firm commitment and interest in doing so. Firms have had a sustained policy of enticing a substantial number of workers to retire early (1982-84) or to simply quit (see next chapter). By the late 1980s they anticipated reaching the limits of these workforce reduction policies. In terms of hiring, the implication is that virtually no hiring of low education workers takes place for these positions in the *Employé* category.

Second, the weight of the sales and technical workforces must grow relative to that of the (mostly clerical) workforce in central administrative services. As a consequence, most new recruits must be of significantly higher educational levels than in the 1970s and must be trainable. They start in entry-level positions but are expected to move into mid-level positions in a matter of a few years. Firms plan to develop what one respondent termed "viviers" ("pools of young fish") of educated workers to be trained and promoted in middle-level sales and management positions. Firms plan to provide greater salary growth over



time to these workers as compared to previous generations of recruits. Third, firm resources are also committed to go toward recruiting highly paid specialized professionals in investment banking, asset management for firms and individuals, and other technical specialties. With these workers, banks and insurance companies hope to give themselves an edge in marketing and financial management.

Thus, banks and insurance companies plan to develop financial rewards for these two types of recruits. They must do so, however, while the total wage bill is to remain constant as a share of total costs or even decline. Although this is not an explicit goal expressed by most interviewees, the total wage bill of the *Employé* and Middle (AMI only) categories must be kept in check to allow for salary growth of the other categories. One personnel department staffer of a very large bank remarked:

"we function with an almost constant wage bill. Yet we hire at increasingly higher hierarchical levels. A greater share of the budget goes to a smaller number of people. The financing of this extra cost must come from the stock of workforce in terms of reduced promotion and mobility."

#### Implications for workforce composition, hiring and promotion

"On veut des gens qui n'ont pas d'attentes de carrière à satisfaire mais qui sont capables d'être formés." (AFB) ("We want people with few career expectations to satisfy but who have the potential to be trained")

On hiring: Few workers should be hired into the *Employé* category. They should have a minimal education

level of two years of post secondary education. Those who do not, and are hired anyway, should be put on short term contracts so they do not have to be retained.

On compensation: To keep the wage bill constant (in real FFrcs. and probably decline as share of total costs) while also freeing monies for higher level recruits, firms want to change the rules by which seniority plays a significant role in compensation. While they wait for rules to change, they try to shed as many high seniority workers as possible.

On work station computerization: Firms are enabled by the availability of microcomputers and of computer terminals both to cut labor costs and to increase productivity. In the current context of employment reduction or stagnation for clerical workers in central administrative services, the rapid pace of computerization has generated the problem it was meant to create. In other words, it has allowed firms to speed up the elimination of tasks previously performed by workers in low job classifications. Since the solution to the need for cost reduction has been to reduce the workforce and render those remaining more productive, the pace at which a significant share of clerical workers in central administrative services are made redundant has increased.

Before moving on to The Tactics of Transition (next chapter), that is, the ways firms have found to implement the changes outlined above, we must return to sectoral

statistics to provide an aggregate picture both of the assessments made by firms and of the early results of some of the practices they pursued in the second half of the 1980s.

## **THE AGGREGATE EVOLUTION OF EMPLOYMENT IN THE TWO SECTORS SECTORAL AND FIRM STATISTICS**

The rapid decline of the *Employé* category during the 1980s in both sectors, which we described above, is the most salient feature of employment changes in both sectors. The context in which this decline has taken place must be spelled out for both sectors.

**I. Insurance sector** (Data source is employer federation (FFSA). Employment levels accurate for 1960, 1967, and 1983-88; percentage distributions for intervening years are accurate; see table IV-1.)

a. The decline in the relative share of the *Employé* category has taken place in a context of stagnant employment.

Total employment in the insurance sector doubled between 1960 and 1975; its growth slowed down during the 1980s. The index for total employment was 100 in 1960, 203 in 1976 and has hovered around 210 since 1983. Total employment consists of the Administrative workforce and the Sales workforce. The former accounts for about 77-79 percent of the total workforce depending on the year. Its

size doubled between 1960 and 1980 but it has declined slightly from 97,000 in 1983 to 96,600 in 1988. While total employment growth slowed down during the 1980s, the employment of Administrative workers actually declined. The statistics I report from now on for the insurance sector concern only the Administrative workforce because it is that undergoing a transformation of employment and thus was the focus of all firm interviews.

b. While the *Employé* category lost 17 percentage points as share of the Administrative workforce from 1983 to 1987, the Middle job category gained 10 points and the High category 6 points.

c. Women are the workforce most affected by the decline in relative share of employment of the *Employés* category.<sup>37</sup> Their concentration in the category is high and grew slightly; women accounted for 70 percent of *Employés* in 1976 and 72 percent in 1987. Women are increasingly concentrated in a job category which has declined as share of the Administrative workforce and, moreover, as share of total industry employment. Women **Employés** as share of the total workforce (both Administrative and Sales), the largest single group of workers in the industry, declined from 42

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<sup>37</sup> It is difficult to say how many have moved up to the Middle category and how many left the insurance sector. As discussed in this and next chapter, *Employés* have not been replaced when they quit or retire. Thus, if few individuals have experienced job loss, the pool of women who have been potential workers for the sector is that likely to be affected by the relative decline of the *Employé* category.

percent in 1976 to 31 percent in 1987. (For a longer, related trend, women as share of the Administrative workforce went from 55.3 percent in 1963 to 62 percent in 1983 and have stayed at that level since. Thus women have remained a constant share of the Administrative workforce throughout the 1980s)

d. The Employés workforce has aged and accrued seniority during the 1980s, a reflection of restricted hiring and limited turnover over the period. The average age grew from 31 in 1976 to 34 in 1987 (table IV-1). Average seniority went from 5 years in 1976 to 9 years in 1987.

Interviewees in personnel departments pointed to the rise in age and seniority as worrisome developments because these indicate the lack of "renewal" of the workforce, the fact that, in their eyes, an aging workforce is not fertile ground for retraining for new skills. Moreover, growing seniority results in promotion and pay increases.

e. An estimate of worker turnover in the industry, "taux de rotation", shows significant decline from 16.4 percent in 1980 to 11.4 percent in 1985. This slowdown in turnover accounts partly for the aging and increased seniority of the existing workforce.

f. A contention made by firms interviewed is that, through accruing seniority, the stable workforce has "slid up" the job ladder in each job category and moved up and

across pay grades. The percent of Employés in D level, the highest pay grade within a job category, went from 9.6 percent in 1976 to 17 percent in 1987. For the Middle category (AMs), the percentage in D level were 28 and 37 percent for AMI, 38 and 46 for AMII and 55 and 62 for AMIII respectively. In the 1990 sector collective bargaining negotiations, the employer federation sought a re-vamping of job classifications precisely to eliminate this concentration of workers in top pay grades.

**II. Banking Sector:** (Data concern the 1980s; unless otherwise specified, all data are AFB member data which represent 64.7 percent of total banking employment; see table IV-2.)

As with insurance, the decline of the *Employé* category in Banking took place against a backdrop of stagnant growth in aggregate employment.

a. Since 1980, employment in banking has grown very slowly. It has grown faster in banks outside of the AFB than among AFB member banks. Furthermore, it has grown more slowly in the three largest banks (BNP, CRLY, Sté Gle; all are AFB members) than among others. The index of employment for all banks was 100 in 1980 and 107.5 in 1987; for the latter year, it was only 102.3 for AFB banks. From another source, data on all financial institutions, a broader category than banks, indicate slower growth for the period 1980-85 (-1.3 percent yearly) than for the period 1975-80

(2.3 percent yearly) (Bertrand and Noyelle, 1987). b. Of the 17 percentage point decline of the *Employé* category share of AFB member workforce between 1980 and 1989 (from 40.7 percent to 23.4 percent), the Middle job category (Gradés) made the greater relative gain with 13 percentage points over the period. The High category gained 4 percentage points. From these aggregate data, the relative weights of attrition (*Employés* leaving) and that of promotion (to Gradé classeII) are unclear. The relative weight of *Employés* in the total workforce is slated for further reduction and, in a context of limited job growth, this reduction in share means a decrease in aggregate numbers as well.

c. Workers most affected by the relative decline of the *Employé* category are women because they concentrate in this job category. They grew as share of *Employés* from 62 percent in 1980 to 67.3 percent in 1989. They also constitute a majority of the sector's total workforce; 50.2 percent in 1980 and 52.1 percent in 1989.

d. The banking sector workforce aged during the 1980s. As with Insurance, this aging is due to restricted hiring from the early to mid 1980s, and decreased turnover; the bulk of the workforce was hired through the 1960s and early 1970s. Data on all financial institutions (INSEE data; we do not have age data for AFB banks specifically) indicate that the 25-49 year old group grew as share of the total

workforce from 74.2 percent in 1980 to 81.9 percent in 1988. Meanwhile, 15-24 year olds declined from 9.6 percent of the workforce in 1980 to 5.3 percent in 1988. For comparison, in 1988 only 71.2 percent of the workforce in the economy as a whole fell in the 25-49 age group (up from 64.1 percent in 1980) and 12.1 percent were in the 15-24 age group (down from 16.1 percent).<sup>38</sup>

e. The existing workforce was recruited at a level much lower than current recruits. In the late 1980s, banks raised the educational level required at hiring time; they did so to raise the trainability of their workforce. As a result, the existing workforce has a substantially lower educational level than recent recruits. Thus, in 1987, 70.63 percent of the existing *Employés* workforce had less than a High School degree while only 21.6 percent of new hires did so. In the Middle category, 28.7 percent of the existing workforce had at least a high school degree as compared to 90.5 percent of new recruits.<sup>39</sup> This rise in recruiting requirements may reflect only "skill" needs or also labor market slackness. Employment conditions during

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<sup>38</sup> In financial institutions, workers over 50 declined from 16.2 percent of the workforce in 1980 to 12.8 percent in 1988 because of early retirements. In the economy at large, they declined from 16.2 percent of employment to 12.8 percent over the same time period.

<sup>39</sup> Corresponding numbers for the High category in 1987 were 59.6 percent and 93 percent of new recruits. In fact, over half of these, 49.3 percent, of new recruits in the High category had 4 years of post secondary education (AFB, *Résumé de l'Enquête Emploi 1987*, Paris, 1989: 6-7).



the 1980s were such that firms had a great deal of choice as to whom to recruit.

### III. Firm level statistics for banks and insurance companies

Tables with firm level data include:

-employment trends over time: the span of years covered varies with firms dependent upon data released in each firm. All firms interviewed display stagnant, if not declining, aggregate employment in the 1980s (table IV-4).

-workforce composition by the three major job categories and by sub categories for the Middle category. These also reflect the decline of the *Employé* category (table IV-5). One insurance company provides information on the high and growing rate of workers who are in the low rung (AM I) of the Middle category through seniority and without job change (table IV-9). This table presents interesting findings. For this single insurance firm, the share of AMI promoted into the category through seniority in the total AMI (lowest rung of the Middle cat.) rose steadily from 45 percent in 1978 to 73.6 percent in 1988. The share of these "seniority-AMI" in the total AM (Middle) category went from 15.6 percent to 34.5 percent over the same period.

-tables providing, where available, average age and seniority (tables IV-7 and 8) and their distribution (tables IV-6A to 6C). Both mean and distribution show a steady upward slide.

In the next chapter, I cover the means that banks and insurance companies have given themselves to make changes in workforce composition given the existing workforce, the rules of personnel administration, the social and institutional constraints in which they operate and the characteristics of the pool of workers from which they recruit.

APPENDIX TO CHAPTER 4

Firm interviews: (Code names are those used in tables providing employment information)

I. BANKS

- BK1: (Among the largest three French banks)  
Head of Research, Personnel department
- BK2: (Mid size national bank)  
Careers Department representative, Personnel department
- BK3: (Among the largest three French banks)  
Assistant Director of Personnel  
Director of a large branch
- BUS: (commercial bank)  
Personnel Director
- REG: (regional bank)  
Personnel Director

II. INSURANCE COMPANIES:

- IN1 (Major national insurance company)  
Personnel Director  
Personnel Department (workforce composition)  
Personnel Department, head of training  
Personnel Department, head of recruiting
- IN2: (Major national insurance company)  
Personnel Director
- IN3 (restructured insurance company)  
Personnel department, head of recruiting
- COO: (cooperative sector company)  
Personnel Director  
Plus 4 staff members

III. Temporary Help Services: (Are identified by name because they did not provide internal documents or statistics nor did they request anonymity.)

- Ecco (office temporaries)  
Director for Europe (previously director for Paris)
- Plus Interim, Plus Formation  
President

Professional Associations:

Association Francaise des Banques  
Director

Federation Francaise des Societes d'Assurances  
head of research  
Head of research on training

PROMATT- Temporary Help Services federation  
Chief Delegate

Fond d'Assistance Formation pour le Travail Temporaire  
(training fund)  
Director

Bourse des Emplois de l'Assurance (peer representation labor  
exchange)  
director (telephone interview)

Unions:

CFDT, Federation Banques  
CFDT, Federation Assurances

## CHAPTER 5

### STRATEGIES FOR TRANSITION: THE ROLE OF IRREGULAR EMPLOYMENT

Starting in the late 1970s, employment in Banking and Insurance has undergone a transformation with for most striking manifestation the decline of the *Employé* job category as share of employment. As described in the preceding chapter, this change has taken place in stages. In the first stage, until the early 1980s, it was facilitated by continued, if moderate, employment growth, and by workforce turnover. In the middle period, the mid 1980s, banks and insurance companies used government-subsidized early retirement programs (*Contrats de Solidarité*) to reduce their workforce and also instituted a hiring freeze. By the late eighties, firms in the two sectors faced significantly reduced workforce turnover, and rising age and seniority in the existig workforce due to restricted hiring. In addition to the *Employé* category, they also want to reduce the number of workers who, over the years, moved into the low rungs of the Middle job category. Banks and insurance companies created "incentives to quit" and early retirement programs because government subsidies for these policies had expired, but these company sponsored programs were more limited in scope than their public equivalent.

By 1990, firms in banking and insurance had decided to accelerate the process of workforce change by continuing

their employment reduction efforts and by renewing the workforce. They wanted to replace part of the existing workforce with new hires with higher education levels. The latter are to be put to work in positions different from those of the workers who leave. It is in this context that I place the use of irregular employment.

Irregular employment and early quit policies are the main tools, used by banks and insurance companies, for amplifying workforce flux at the margins of employment systems that have been rendered stagnant by practices of the previous two decades. To make room for new hires with the desired qualifications, personnel departments work to increase turnover and are very selective about hiring on long term contracts.

In these two sectors, irregular arrangements are tools used sometimes opportunistically, sometimes pro-actively, to take a system of employment and an existing workforce through a transformation. The key to understanding the use of irregular employment is in its interaction with regular employment as the latter undergoes significant change in terms of the rules that govern it, the contents of tasks and the kinds of workers who perform it.

Banks and insurance companies, as represented by their respective personnel departments, hold an image of the workforce composition and type they want to achieve. They operate within constraints, however. They must effect this

workforce reduction in a societal context and within the framework of an existing national collective bargaining agreement in which they are committed to avoiding large scale layoffs. They plan to implement qualitative changes in workforce composition while having severe restrictions on hiring. In the following sections, I elaborate on the concrete process of transition in employment structure given these constraints. Banks and insurance companies used early retirement and quit policies to reduce the workforce mostly during the early 1980s. They used all forms of irregular employment throughout the decade as strategic tools for effecting the transition in employment systems. Retirement policies are documented by other researchers (see Guillemard, 1990) so I discuss them briefly. This study focuses primarily on irregular employment.

Throughout this chapter, I use sectoral data and firm-level statistics to describe the **pattern** of use of each form of irregular employment. I then use firm interview contents to describe **how** each type of irregular employment fits into firm strategies for transition.

#### **STRAIGHTFORWARD EXIT POLICIES**

All banks and insurance companies interviewed reported that they no longer systematically replace workers lost through natural attrition. Before replacement, they first establish what part of the former worker's tasks is still

needed and whether it can be reassigned to other workers or another department.

#### **A. Early retirement policies.**

During the early 1980s, banks and insurance firms sought to reduce their workforce size with early retirement policies which affected *Employés* and Middle category workers. From 1982 to 1984, they used Solidarity Contracts (Contrat de Solidarité), a national government-sponsored and subsidized early retirement program. This program allowed workers to retire voluntarily and receive 70 percent of their earnings from contributions from the unemployment insurance fund (50 percent) and from the state (20 percent).<sup>1</sup> (Following official retirement at age 60, workers received the same pension as if they had worked with no interruption until retirement age.) The program also mandated employers to hire one job seeker for each person 55 years old and over who left on early retirement. By participating in the program, the employer was also committed to maintaining the existing size of the work force in full-time equivalents for one year following these exits (see Guillemard, 1990 for institutional detail).

The appeal of the program for firms was 1/ in reducing the numbers of workers near retirement age, their aged

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<sup>1</sup> This program opened early retirement to workers as young as age 55 following the lowering of the retirement age from 65 to 60 in 1983.



workforce; 2/ in being able to hire a new worker for a task or department different from that left by the early retirees and 3/ in bringing someone in with a higher education level. Most of all, for these two sectors which had always transformed their workforce by hiring new workers in times of employment growth, the program allowed for employment creation in a time when hiring budgets were severely restricted.

In addition to Solidarity Contracts, firms also used their own early retirement policies. Both combined to raise the relative weight of retirement in exits from firms. Data trends for the insurance sector show the "bulge" in retirement in 1982-83 (table V-2).

When the bulk of the Solidarity Contracts program terminated in 1983, large banks and insurance companies established firm financed early retirement programs. These, however, are expensive and are geared toward "surplus" workers in the Middle and High level categories. Personnel staff consider that they have reached the limits of usefulness of company early retirement policies. They deem the latter too expensive, in the absence of government subsidy, and too small in scope to make them an effective tool for personnel reduction.

There is still another option for "subsidized" early retirement benefits but it is not easily accessible to banks and insurance companies. Workers who have a long spell of

unemployment past age 55 can receive long-term allowances from the unemployment fund (Fond National de l'Emploi) until they reach 60. Firms throughout the economy have used this mechanism to get rid of older workers (Guillemard, 1990). Workers must be laid off, however, rather than be given incentives to quit and both banks and insurance companies have pledged to avoid layoffs. They would have to break this pledge to use this subsidy on a large scale.

#### **B. Incentives to quit**

Banks and Insurance companies also have created incentives to quit, or "early quit", policies. Workers employed in positions where reductions are desired and who have higher seniority (and compensation) are offered a lump sum payment to leave their company a substantial number of years before retirement. These programs are entirely employer initiated and are voluntary. They are not negotiated with social partners (institutions for worker representation and unions) and do not entail any employer obligation to offer retraining to the workers who leave. Lump sum payments are sometimes accompanied by workshops on setting up one's small business establishment or franchise. As one personnel official noted: "we are not talking big business here; it is more like knitting wool retail franchising."

One of the largest banks has a leave policy which provides financial incentives for workers to set up their own small scale business enterprise and, as an added incentive, allows them to return if their business fails within a set delay after leaving the bank. Another bank, a smaller commercial bank, had one program for people under 55 (costing about 275,000 FF/person on average). For those over 55 years of age (but under 60, the retirement age), people collect a "pre-retirement" benefit from a government pension fund (UNEDIC) and the bank pays them the shortfall between benefit and previous pay.<sup>2</sup>

Unions often object to "incentives to quit" policies because they entail no employer obligation to pay for retraining. Unions particularly object to the fact that "incentives to quit" are often implemented quietly and are not announced officially. Were they, the policies would become the subject of negotiations with social partners. As an added consequence, there are no official reports of the numbers involved and no sectoral statistics to document the evolution of these programs.

Bank and insurance executives think they have reached the limits of direct workforce reduction strategies because these are very costly and are not particularly successful with *Employés*, and with low level workers in the Middle

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<sup>2</sup> This incentive program is akin to an early retirement program.

category who know their chances of reemployment on the outside market -let alone their chances of succeeding in independent business- to be limited. Banks plan to continue to use these incentive strategies to the extent that they can afford them. They will resort to them to a greater degree than insurance companies because they have a much larger workforce to reduce.<sup>3</sup>

### **C. The possibility of large scale layoffs**

Large scale economic layoffs are not a tradition in these two sectors. They have been avoided by all but one of the large banks and by all insurance companies. Smaller regional banks have had limited layoffs. Tradition, union presence and government priorities all contribute to make economic layoffs a workforce reduction tool of last resort. Large parisian-based insurance companies signed an Agreement on Employment Guarantees (Accord sur les Garanties de l'Emploi) in 1973 in which they pledged to avoid layoffs. The national agreement for the banking sector (members of the Association Française des Banques) mandates the strict enforcement of the seniority principle in economic layoffs, a requirement which makes layoffs unappealing to banks which want to get rid of high seniority workers. The employer

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<sup>3</sup> They own their own sales network, unlike insurance companies, and all the personnel of branch banks are on payroll. These bank workers, however, are on average better educated than insurance workers and stand a better chance of being retained. Not all of these workers will be pushed out.

association sought to weaken this seniority requirement in the 1990 collective bargaining talks (AFB, 1988: 22).

In addition to collective bargaining restrictions, the state presence in the sector also restricts the use of layoffs. The French state plays an important role as major stockholder; all large banks and insurance companies are partially nationalized. They are under government pressure to avoid mass layoffs so as not to contribute to the national unemployment problem.

The Crédit du Nord is the only major bank which carried out a large scale layoff during the late 1980s (not interviewed for this study). According to an observer from the industry association, the layoff was to be expected. The bank had acquired another financial institution 10 years prior to the layoff and, according to this account, did not address the problem of worker duplication that resulted from the acquisition. In the 1980s, faced with the same competitive conditions as other banks, the Crédit du Nord also sought to increase productivity by introducing microcomputers in work stations at a more rapid pace than other banks. In 1990, whereas many banks had one microcomputer for five workers, Crédit du Nord had one for two workers. It thus made redundant a very large worker group in a shorter time span than other banks.

Because I did not interview this bank, it is difficult to say for certain whether computerization was speeded up

deliberately to force the issue of workforce "surplus" and address it with a single drastic layoff rather than resort to the progressive methods used by other banks.

Both insurance and banking are "cash rich" sectors, not expected to undergo mass layoffs. There remain questions in all observers' minds, however, as to the ability of some of these organizations to avoid layoffs. One large insurance company, the product of a series of mergers, has only promised to "do its best" to avoid layoffs. Some banks contend, officiously, that about 50 percent of their workforce is "not trainable" and will need to be replaced by a smaller number of new recruits. Whether they can reduce their workforce by the means discussed in this study and without resorting to economic layoffs remains an open question.

### **IRREGULAR EMPLOYMENT**

#### **or how to introduce flux at the margin of employment systems**

"CDDs fit well with the general philosophy (of management). They need other workers but do not need more workers" (CFDT union representative in banking)<sup>4</sup>

In the process of taking their employment systems through a transition, Banks and Insurance companies use irregular employment arrangements to operate between 1/ legal and contractual constraints on the use of large scale

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<sup>4</sup> "On a besoin d'autres emplois mais pas besoin de plus d'emplois."

layoffs, 2/ the restrictions they have put on the growth of their personnel budgets, and 3/ the limitations due to the characteristics of the existing employment system and workforce. Their use of irregular employment concentrates almost exclusively in the *Employé* (Low) category and in the lowest rungs of the Middle category, the job categories whose size all personnel departments are trying to reduce.

Banks and insurance companies convert full-time (FT) workers to part-time (PT) as a "piecemeal" strategy to reduce the number of *Employés* at work in some departments, thus freeing funds in otherwise constricted personnel budgets. Simultaneously, they provide a valued job benefit by offering hours reduction to previously FT workers. They use workers on Temporary help contracts and workers on CDD (Contrat à Durée Déterminée, limited duration contracts) to meet several goals, primarily to ensure that existing tasks are performed while a commitment of long-term employment is made to as few workers in the *Employé* job category as possible. By using Temp workers firms attempt to solve their recruitment difficulties with some occupations, in particular secretarial workers, whose skill transformation few personnel departments had anticipated and planned for with internal training (see section B below for further discussion). By using workers on CDD, firms try to keep a handle on the volume of hiring for both *Employés* and the low rungs of the Middle category.

## A. PART-TIME EMPLOYMENT

Part-time has been in existence since the early 1980s but it has grown very fast in the latter half of the decade because firms have pushed for its use by making it more easily available. Collective bargaining agreements in the two sectors prohibit the recruiting of part-time workers. Part-time in insurance companies and banks is a job benefit established by the collective bargaining agreement. All part-time takes place when full-time workers elect to work part-time; it is voluntary. Thus, part-time can only occur by conversion of a regular worker's schedule, if offered by the employer and accepted by the worker. Workers lose compensation commensurate with their hours reduction but remain eligible for benefits. (This ability to retain benefits is also due to the fact that health insurance is national, thus universal, and not employer based.) Part-timers continue to benefit from all collective bargaining provisions and from employer contributions to other social insurance funds. They keep the same eligibility for vacation time (for more detail, see chapter 3 on institutional history).

Part-time in these sectors is any schedule whose monthly hours are shorter by at least one fifth of the monthly FT hours.<sup>5</sup> In practice, most part-timers work four

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<sup>5</sup> For instance, in insurance, monthly hours were based on average full-time weekly hours of 38Hrs 18mns.



days a week. In the next chapter, I discuss why firms do not try to use PT employment at recruiting time and on a large scale for some position, as they do in the United States.

#### Sector-wide statistics on part-time<sup>6</sup>

In this chapter, I use sector-wide and firm level statistics to picture broad characteristics of PT workers and to establish that PT is used selectively for some worker groups only. In the next chapter, I discuss why firms use PT and why workers chose it. Part-time workers are predominantly female; women workers, who have responsibility for child or elder care, chose PT schedules more frequently than men.

Also, PT workers concentrate in the Employee and Middle categories for several reasons. First, firms offer PT more readily, and accommodate it more easily, among Employee and Middle workers in positions that are slated for numbers reduction. PT is also offered to workers with higher seniority and rarely to recent permanent recruits whom companies aim to train and keep. PT, which is a job benefit, is formally available to most other workers but is not so readily accommodated and sometimes refused on grounds of infeasibility.

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<sup>6</sup> For both sectors, the data sources used are the same as those used in the previous chapter. They are provided by the employer federations in both sectors.

Second, PT schedules are more feasible in central administrative services where issues of "coverage" for customer service are less important. These services employ many workers in the *Employé* and the low rungs of the Middle job categories; thus, they are the services where workforce reductions are planned.

Third, these administrative services employ large numbers of women who are the workers most likely to elect PT schedules as can be seen in sectoral statistics below.

Insurance sector (Statistics reported here are for the Administrative workforce and for the period 1984 to 1987. See table V-1A)

Part-time grew from 4 percent of the total Administrative workforce in 1984 to 6.7 percent in 1987. Its incidence is much greater in the female workforce than among males. Part-time workers amount to 6.1 percent of the female workforce in 1984 and 10.2 percent in 1987. The incidence of PT is minimal in the male workforce; it amounts to 0.6 percent of male workers in 1984 and 1.1 percent in 1987.

A more detailed 1986 industry survey finds that most part-timers (65.5 percent) cluster in the *Employe* category; 27.5 percent are in the Middle category and 6.7 percent in the High category. This distribution, when compared to that of the total workforce for a year close in time (1987, that

for which statistics are reported), underscores the over-representation of *Employé* among part-timers. In the total 1987 workforce, *Employé* account for only 42.5 percent of the total workforce. Middle and High workers account for 36.4 percent and 21 percent respectively.<sup>7</sup>

In insurance, few part-timers are young workers; new hires are not likely to go on part-time. In 1986, workers under 25 years of age account for 0.6 percent of part-timers. Prime age workers, 25 to 55, account for 91 percent of part-timers. Those over 55 account for the remainder, 8.4 percent of part-timers.<sup>8</sup>

Survey results for 1986 confirm the voluntary nature of conversion to part-time in insurance. For 1986, 91.3 percent of part-timers cite "personal convenience" as their main reason for choosing part-time. The rest cite health reasons (7.3 percent), and parental leave which is another form of legal worktime reduction (1.4 percent).<sup>9</sup>

Part-time for "personal convenience" is open to all workers in 56.8 percent of companies surveyed, to workers

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<sup>7</sup> This survey gathered schedule information for about 70 percent of the Administrative workforce in the entire insurance sector. See FFSA-GEMA, 1989: 3.

<sup>8</sup> FFSA-GEMA, 1989: 3.

<sup>9</sup> The availability of PT for "personal convenience" results from an enterprise-level agreement with the union federations in 57.6 percent of insurance companies surveyed, from a unilateral employer decision in 33.3 percent of firms and from an agreement with representative bodies (plant committee or worker representatives) in 8 percent of cases (FFSA-GEMA, 1989:3)

who meet a pre-set seniority level in 8.1 percent of cases, and to workers who demonstrate a specific need (family responsibilities, health, age) in 24.3 percent of firms in the 1986 survey.<sup>10</sup>

Banking sector (data source for part-time is the 1980 and 1988 Enquête Emploi of INSEE for Banks and financial institutions as reported by Association Française des Banques; see table V-1B)<sup>11</sup>

Part-time employment grew fast during the 1980s; the share of the banking total workforce who works part-time schedules went from 3.2 percent in 1980 to 9.2 percent in 1988. Part-time concentrates among women workers as is true in insurance. The share of the female workforce on part-time went from 6.4 percent in 1980 to 17.6 percent in 1988. The incidence of part-time in the male workforce is much lower; it was 0.4 percent in 1980 and 0.9 percent in 1988.

The use of part-time in the late 1980s in the two sectors:  
interview reports

"On fait de la place pour les autres." ("We make room for others", head of recruiting for a major insurance company.)

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<sup>10</sup> The rest of firms did not answer the question. (See FFSA-GEMA, 1989: 4).

<sup>11</sup> This survey covers a broader group of financial services institutions than the banking sector to which all banks interviewed belong. Statistics on this broader group are still relevant to banks.

In the latter half of the 1980s, banks and insurance companies used part-time, a job benefit, to reduce the hours worked by, and wages paid to, categories of workers whose numbers they want to reduce. The use of part-time has grown even more rapidly since 1987, faster in banks than insurance companies because, as discussed in the previous chapter, banks own their sales networks and thus have a much larger clerical workforce whose size they plan to shrink. Additionally, large banks are much bigger organizations than large insurance companies and thus any proportional reduction in the workforce is a massive undertaking.

In both sectors, part-time has grown fast in recent years because firms have actively pushed for its use. Its attraction as a tool for workforce management is that it allows firms to free up some of the wage bill for hiring new workers with a higher education level and in different positions from those of the workers who go on part-time schedules. Personnel departments proceed in a "piecemeal" fashion. With several workers going to 4/5th schedules, personnel departments save on their wages and make room in their stagnant budgets for new hires.<sup>12</sup> For this reason we

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<sup>12</sup> Average compensation figures from one insurance company provide a rough example of how savings are made. Gross average monthly compensation for *Employés* in 1988 was 7391FFrcs, amounting with benefit costs to about 11,087FF (150%). If one worker goes on 4/5th schedule, the firm saves 1478FF. If total compensation for an AM is 10,019 \* 150% = 15,029FF, it will take 10 *Employés* on 4/5th time to fund one AM. It will take 7.5 *Employés* on 4/5th time to fund a new *Employé*. It is easy to see how these ratios come

find part-time not only among *Employés* but in large numbers in the low rungs of the Middle categories (Classe II Gradés in banking and AMI in insurance) where workers have been promoted through seniority and with little change in job contents. Workers with little possibility for career mobility and whose job tasks are candidate for elimination are those most likely to be offered the option to work part-time and to be encouraged to take it.

Part-time has also spread rapidly because there is a desire for shorter work hours in the workforce. Women with children or those close to retirement (and whose older husband has already retired) make use of the PT option. The most prevalent schedule in central administrative services is a 4/5th schedule with Wednesday off, the school mid-week break, although other arrangements are theoretically possible. Bank branches, in contrast, use part-day schedules because they cannot ensure customer service with four-day schedules. Most often they make part-time available to those worker in the branch engaged in administrative tasks. Branch managers do not offer PT to commercial (marketing) workers; these often are recent hires being "groomed" for new tasks in marketing and customer relations and PT is considered antithetical to their career development.

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down if schedules turn to half-time (50%).

The particular incentive of saving on wages of workers who are considered redundant accounts for the greater availability of part-time to banking and insurance workers in the late 1980s and for its concentration in the *Employé* and Middle categories in central administrative services. However, it is also true that these work settings lend themselves easily to part-time schedules whereas customer service, marketing and others do not. Perhaps it is to be expected that, in sectors with long traditions of FT employment, part-time would be more easily implemented in jobs that are low skilled and more routine. Nevertheless, the sharp rise of part-time availability in the late 1980s, combined with explicit statements from personnel representatives in firms in both sectors, tie the use of part-time to a selective strategy of progressive workforce reduction and transformation. In the next chapter, I discuss more specifically the evidence on why firms use PT and on workforce preference for PT.

Lest it appear that the selective and systematic use of part-time by banks and insurance companies as a tool to manage employment restructuring is an idiosyncratic practice, large manufacturers have started to consider part-time in the same light. In December 1991, the auto manufacturer Renault unveiled an employment restructuring program which included 1/ a forecast of 3,746 positions reduction in 1992 (a number actually smaller than in

previous years) and 2/ the establishment of a direct link between the extension of part-time employment and the hiring of new workers.<sup>13</sup>

Renault plans to achieve this smaller, though significant, job reduction by now-standard exit policies of early retirement (1800 planned, which is 500 less than in 1991), sabbatical leaves to transfer to another occupation and incentives for voluntary quits. However, Renault is reaching the limits of early retirement and wants to renew the workforce which, as in banking and insurance, has aged because of reduced turnover and a virtual hiring freeze (mean age of 43). The solution devised to achieve a renewal of the workforce while keeping employment rolls in check is an agreement between management and unions to promote part-time so that one new worker will be hired for each current worker converting to half-time. Each half-time worker will receive 80 percent of full-time pay.<sup>14</sup> This policy also necessitates government participation and subsidy because part-timers nearing age 55 will likely need a guarantee of an early retirement subsidy from age 55 to 60, the age of full pension. This subsidy is to be provided by a special allocation from the national unemployment fund (Fond

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<sup>13</sup> Le Monde Sélection Hebdomadaire, Dec. 12-18, 1991: 9.

<sup>14</sup> The three unions which participate in this agreement are the Socialist CFDT, FO and CFE-CGC (technical workers union).



National de l'Emploi) and its availability to formerly part-time Renault workers will be contingent upon employment creation.

The difference between Renault and the banks and insurance companies studied is that the car manufacturer has a Plan Social, an explicit policy of using part-time in this manner and an agreement with unions and worker representation institutions to do so. Banks and insurance companies do not, because they do not have a negotiated agreement on workforce reduction.

#### Firm level statistics on part-time

Firm level statistics from the Bilan Social document the rapid growth of part-time among *Employés* from 1983 onward; those firms providing long data trends illustrate the virtual absence of part-time in the two sectors prior to 1983 (table V-3). In one large insurance company, part-time went from 0.4 percent of *Employés* in 1982 to 14.7 percent in 1988; corresponding figures for the total workforce were 0.3 percent and 11 percent. One large bank reports rates of part-time of 0.7 percent in 1982 and 11 percent in 1988; and for the total workforce, 0.5 and 7.5 percent respectively.

In all firms interviewed, the incidence of part-time is much greater for *Employés* than for the Middle category. One large bank provided statistics on part-time for sub-groups

within hierarchical job category. These statistics show that workers in the low rung of the Middle category (Gradés classe II) have a higher incidence of part-time than the Middle category as a whole; 13 percent for classe II and 9.1 percent for the total Middle category in 1988.<sup>15</sup> This pattern confirms the observation that part-time concentrates in the job categories slated for reduction which are also those in which part-time schedules are most easily accomodated.

For those firms which reported part-time statistics by sex, women workers constitute the overwhelming majority of part-timers, over 90 percent. This massive concentration results from the preponderance of women in the *Employé* category and the greater incidence of part-time among *Employé*.

Some firms show a rise of part-time slightly later than others but all report a very rapid growth of part-time in the later 1980s. This growth affected all job categories including the High category although incidence in this category never reached more than 3.5 percent.

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<sup>15</sup> Part-time rates for the other classes in the Middle category are 7.4 percent for classe III and 3.0 percent for class IV. In this comparison, differentials rather than levels of part-time are significant. Levels are inflated because this particular bank pro-rated total employment in full-time equivalents. Thus the rate of part-time is computed over a total workforce which is lower than in actuality.

Finally, the share of Employees part-timers account for the bulk of part-timers although, toward the end of the 1980s, Middle level workers come to constitute the majority of part-timers in some banks.

## **B. TEMPORARY HELP SERVICE CONTRACTS**

Banks and insurance companies use temp contracts for a few tasks only and for skills which are either "new" or specific to their industry. Both sectors have also relied heavily on temp service contracts for diffusing micro-computer based technologies in their work places and for screening and training secretarial workers with these skills.

Temporary Help Service ("temp") contracts and CDDs (see section C) look like alternatives to each other because they both are contracts for a limited duration. They turn out to be used in different ways both because of the needs of the banking and insurance sectors and because of the particular marketing strategies of the temp industry. Temp contracts have peculiar institutional characteristics. They involve a third party, the temporary help service agency which charges a fee to the user firm, whereas a CDD is a direct contract between worker and firm. This peculiarity has meant that another economic actor plays a significant role in the use to which temp contracts are put in insurance and banking.

Additionally, the use of temp contracts was restricted in 1982 through legislation that was stricter than that for CDDs; motives for use were relaxed in 1986 and 1989 (see institutional chapter). As a result, in the late 1980s, temp contracts were somewhat freer of administrative constraints than CDDs. They have remained, however, more expensive since 1982 because legislation mandates: 1/ a lump sum severance payment at the end of each assignment amounting to 10-15 percent of total compensation<sup>16</sup> and a payment for vacation time (pro-rated) and 2/ wage and benefit parity with regular workers in a similar position. Additional protection was added with the conclusion of a national collective bargaining agreement in 1985 for the Temp help industry. CDDs have a lower lump sum payment (5 percent of total compensation). They also entail wage parity but their total cost per hour is relatively lower because they do not involve the added costs (training, other benefits) provided to temp workers and which the temp services pass along to user firms.

As seen below, the use intensity of temps fluctuated over the 1980s, declining after 1982 (because of regulatory restraints) and showing a slight upward trend after 1986. The significance of temp employment to this study lies less in its volume, which is small, than in the specific ways in

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<sup>16</sup> "Indemanité de précarité de l'emploi" or compensation for unstable employment.

which it has been used to meet the needs born out of the transformation of employment systems. These ways are not directly apparent in sector-wide or even firm level statistics which are too aggregate. They were discussed in interviews, however.

#### Sector-wide statistics on temp contracts

There is no good measure of use intensity of temporary help service workers. Different sectors, and sometimes each firm, use diverse measures. The number of temp workers used is measured by the tally of contracts over a set given period, but that number is sometimes weighted by the average duration of assignment to obtain a measure of use intensity.

#### Insurance data (table V-1A)

. According to one industry survey, the use intensity of temp help workers declined during the 1980s. The number of temp workers as percent of average end-of-month employment went from 12.2 percent in 1980 to 10.2 percent in 1985. This percent fluctuated in the intervening years, however, and reached 15.1 percent in 1981. Temp workers counted as Full-time Equivalents as percent of total employment declined from 1.5 percent in 1980 to 0.8 percent in 1985.<sup>17</sup>

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<sup>17</sup> A later survey reports that this latter measure went down to 0.6 percent by 1987 (FFSA-GEMA, 1989:6).

. The duration of assignments also declined over the period, pointing to a reduced use-intensity for temps. The number of hours worked per temp worker (total number of temp hours divided by number of temp workers hired over the year) declined from 249 hours in 1980 to 139 hours in 1985, or from 33.2 to 18.5 workdays at 7.5 hours per day.

Banking sector data (table V-1B)

There are no reliable sector-wide data on the use intensity of temporary help service contracts in banking. A limited one-time survey of 37 members of the industry association (AFB) which includes major employers was conducted in 1989. Survey results indicate that 92 percent of all banks interviewed use temporary help service contracts. Additionally, in over half of them, the use of temp contracts increased between 1986 and 1989. Actual use intensity measures are not available in this survey.<sup>18</sup> All measures on use intensity come from individual firm data (see below).

A note on sectoral trends

The use of Temp workers grew in the late 1970s and until 1982, declined until the late 1980s, and grew slightly in the last year of the decade. This overall decline is due both to economic conditions<sup>19</sup> and to the jump in the cost

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<sup>18</sup> Survey conducted by a private consulting firm for the AFB and released in early 1990.

<sup>19</sup> On aggregate, temp use is sensitive to short-term changes in economic conditions.

of temp contracts following the enactment of benefits in 1982 and 1985 as mentioned above. Data provided by one large insurance firm is indicative of this sudden rise in cost. While the average hourly (nominal) cost to that firm of a temp worker grew yearly by about 12 percent in the 1970s, it jumped by 40 percent between 1981 and 1982 and by 22 percent between 1982 and 1983. Most of this increase is not attributed to general inflation, and comes instead from the change in regulation. Legislative changes in 1986 and later in 1989 (see chapter on institutional context), have made recourse to temp workers easier, though not cheaper, than that to CDDs. As a result, in late 1989 and early 1990, the use of temp workers was again on the rise as reported in interviews, a phenomenon not yet captured by statistics.

The use of Temporary Help Service contracts in the two sectors during the 1980s: interview reports

During the 1980s, banks and insurance companies centralized their budget and decision making for the use of temp workers. They did so to control their temp budget which had grown because of extensive use during the late 1970s and increased hourly costs. The effect of this management control was to narrow the recourse to temp contracts to specific uses.

Banks and insurance companies pay a premium for using temps for specific tasks and occupations. First, they rely

on the temp industry for the permanent recruiting of secretaries and other clerical workers and for training them in microcomputer use. Temp services have become an important institution for recruiting, screening and training workers with these skills and banks and insurance companies have come to rely on them for these functions rather than establishing their own recruiting and training programs for these worker categories. For the tasks performed by secretarial and clerical workers, office technology had changed little over the years so that firms had little concern with skill training and availability until the late 1980s.

Second, banks and insurance companies use temp contracts for middle level jobs that are specific to insurance and banking. Third, they use temp contracts for general clerical tasks, a use which belies the characterization of temp use as primarily by filling specific skill needs derived from change in transformation in technology and systems of employment in the two sectors. These uses are described below.

The temp industry has become a successful institution for the diffusion of new technology and skills. The fact that it is a separate industry that looks to protect and adapt its own market niches has played a significant role in the specific uses to which firms have put temp contracts.



## History of the Temporary Help Service industry

The temp industry is a key actor in the process of transformation of employment in banking and insurance. Elements of its history and its organization give the context for the use made of temp workers by banks and insurance companies.<sup>20</sup> In part because the operations of the temp industry have been regulated since 1972 and because temp workers are "expensive" as compared to workers on CDDs, the industry has become concentrated with a few large firms which have tried to shed the image of "sweat" merchants. The government scrutiny of the industry in the 1980s has also helped push out marginal operations from the industry. Smaller and medium size temp services have become specialized in providing workers in specific occupations to a few sectors. They try to compete on quality and specificity while large firms provide a broad array of workers.

As temp contracts became relatively expensive, temp services looked for ways to target their services to market segments. During the 1980s, their market strategy benefitted from the rapid introduction of micro computers in office environments and from the slack condition of the

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<sup>20</sup> In contrast to the U.S., most French temp service industry employment is in manufacturing and construction, not in clerical employment. Temp service firms interviewed for this study specialized in office activities.

labor market which provided them with a large pool of workers from which to draw.

When word and data processing software packages started to be marketed aggressively in France, few firms or training institutions were ready to handle the particular type of rapid training which they required. All training had to be short-term and its contents had to adapt frequently to adjust to software changes. Small, innovative, temp services took the lead of recruiting, screening and training workers on micro computers and large firms followed suit. A particular feature of French institutions provided temp services an added incentive for setting up extensive training programs. A 1975 legislation mandates all employers to allocate 0.8% of the wage bill to workforce training. The wage bill accounts for a large share of receipts in this industry and even a small percentage represents significant cash resources. If these resources are not administered and spent by the employer, they are collected by a general government administered fund and may not benefit the industry.<sup>21</sup>

In the early 1980s, innovative temp services took note of the new interest in productivity gains and cost control among user firms as well as the aggressive marketing of

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<sup>21</sup>The industry has also set up a training institute and fund for educational leaves for long-term temps. Few workers stay in the industry long enough to benefit from a training leave, however.

microcomputer manufacturers. They saw their market niche as providing workers skilled in several word processing and spreadsheet software and who would have adequate communication skills. The first temp service to set up a satellite training institute in the late 1970s did so as a cost-saving strategy. It realized that in order to train the temp workers it recruited, it should set up a separate company, specialized in training, whose main customer would be the original temp service but which would realize some scale economies by training workers from other firms. Originally, 70 percent of the receipts from the training institute came from the temp service. Over time, and as software and hardware changes became very frequent, training costs rose. The Temp/training institute responded by increasing its investment in teachers, materials, course development and equipment. Training expenditures reached 3 percent of the wage bill of the original temp service, which is higher than the legal requirement. This "temp training company" also broadened the type of training offered and, to finance all of it, expanded its customer base to other temp services and to any other firm needing clerical workers with micro computer literacy. By 1984, 80 percent of receipts of the training institute came from outside companies and 20 percent from the original temp service. This institute trains workers from other temp services but also workers from user firms in all sectors of the economy.

Following the lead of this highly successful example, larger established clerical temp services created their own training institute and strived to obtain an external client base as well. One of the largest clerical temp services reported trying to achieve a goal of 40 percent trainees from outside companies for 1990. This large clerical temp service reported that word processing knowledge (of several packages) was a requirement for 3 percent of daily assignments in 1985 and 12 percent in 1989, thus the need for training resources. Even if they do not target outside clients, most clerical temp services have spun off a satellite training institute with more or less strong financial ties to the original temp service. By training workers so actively the temp service industry also contributed to the rapid pace of introduction of micro computer technologies in office environments.

Starting in the late 1980s, leaders in the temp help service industry located a new market niche in mid-level occupations in the banking and insurance sectors. They anticipated that a number of tasks would emerge from employment restructuring in the two sectors during the 1990s and that they could recruit, screen and train workers for these tasks. They also figured that both sectors are "cash rich" and have sufficient resources to pay for temp contracts. One large company recently created a branch specialized in banking and insurance only. One of its

executives argued that, until recently, the banking and insurance sectors never had needed to practice workforce management, that is, recruiting and selecting. All their personnel departments have traditionally had to do is to hire "bodies" indiscriminately, "de l'embauche" (a term used for hiring for assembly line jobs). As a result, this temp service and others plan to move into a new market niche.

Three broad categories of temp contract use in insurance and banking:

a/ Banks and insurance companies report that they use temp contracts as their primary means of recruiting secretarial workers who have both traditional secretarial skills (oral and written communication) and the "new" computer skills. Instead of screening, recruiting and training secretaries on their own, they hire them at the end of their temp contract. They do so because the temp industry trains numerous workers successfully in word processing and spreadsheet software, a task which neither banks nor insurance companies have wanted to undertake in-house. Also, the two sectors traditionally have not invested in the recruiting and training of secretaries and thus have little experience doing so for hiring workers with knowledge of new office technologies. During the 1980s, firms needed to select more carefully the few secretaries to keep in regular employment because of restricted hiring budgets and of the need for more broadly trained workers.

Banks and insurance companies thus used the specialization of temp services in screening and training secretarial workers. A temp executive reported that his firm hires five persons out of 100 interviewed. In clerical employment, one out of five temp assignments ends in an offer by the user firm. It is accepted practice for user firms to hire on payroll a temp worker at the end of contract; offers of assignment from temp services usually specify whether the assignment is in view of recruiting by the user firm. This is done so that the temp service knows whether to send a "career temp" or a worker who is in the industry to look for a steady job. "One's recruiting efforts are destined to be thwarted" one temp executive noted.

b/ The temp industry has started to provide specialized workers to banks and insurance companies. These workers are hired in positions that are middle level, non secretarial, and located in central administrative services. These positions, created from the recombination of tasks of existing and destroyed positions, entail skills that are specific to the two sectors (such as "redacteur juriste", legal document writer). The number of these positions will grow as both sectors deepen their restructuring efforts during the 1990s. There is great heterogeneity across the sub-sectors of insurance in particular; positions appear in new forms of insurance (other than life and damages and such as reinsurance) while others disappear in the wave of

corporate mergers and concentrations. In this case, the marketing strategy of temp services, which have anticipated the effects of restructuring, has meshed with firm needs quite well.

c/ Finally banks and insurance firms use temp contracts for a large number of general clerical tasks ("employés de bureau"), for short-duration tasks or for positions slated to disappear. In this case, temps are used, not in view of recruiting, but simply to get work done. Following the pattern of specialization in the temp industry itself, general clerical workers are provided by large temp services which provide all types of workers and not by the leading specialized firms that specialize in computer training.

This particular use of temp contracts -for all purpose, unspecific, clerical tasks- contradicts the notion developed above that firms pay a wage premium for specific services and skills. The same type of worker could be hired on CDD, but is not, because temp contracts though more expensive have been somewhat easier to use than CDDs since 1986, as discussed above. The grounds for use of CDDs remain more restrictive (replacement and fixed duration tasks); temp contracts are comparatively more flexible in terms of grounds for use. Banks and insurance companies trade off the added cost of worker protections that come with temp contracts for the total ease of use and lack of regulatory

control which they provide. Additionally, for very short-term tasks, temp contracts are more appealing because they entail little processing by a firm's personnel department, unlike CDDs. In fact, some temp service executives contend that CDDs only are a substitute for temps because personnel departments prefer them. They do so because, with CDDs, they retain internal administrative control.

#### Firm level statistics on temp contracts

Measuring use intensity, as already mentioned, is problematic because it depends both upon the number of temp workers used and the duration of each contract. For our purposes, use intensity, although useful, does not capture the strategic way in which temp contracts are used.

Firms report both the estimated average monthly number of temps<sup>22</sup> and the average duration of contracts in work days. The incidence of temp use, as measured by the ratio of average monthly number of temp contracts to average monthly total employment, varies across firms and fluctuates over time although it stays below two percents. The disparity across firms is striking and attests to different internal administration of temp use. When we observe jointly the incidence and the average duration of contracts, firms still vary with some having low incidence and long

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<sup>22</sup> Estimated from billing as follows: (total number of contracts) (number of effective work hours\* average hourly cost)



contracts, while others have both higher incidence and long contracts. As reported in some interviews, 1987 and 1988 saw a renewed growth of temp use with a number of firms using longer contracts (see table V-4).

**C: CDD or LIMITED DURATION CONTRACTS** (CDD: contrat à durée déterminée)

We would expect firms to use limited duration contracts (CDDs) for quantitative variations in workload and for idiosyncratic tasks and skills (qualitative variation). In other words, firms would use a CDD for tasks limited either in duration or scope. In fact, banks and insurance companies use CDDs to meet qualitative requirements that are themselves derived from their perceived need to change the composition of the workforce. CDDs are the most amorphous of any irregular employment arrangement; firms use them to meet a range of goals, making it hard to characterize their use. In the following I regroup into broad categories the varied uses which banks and insurance companies have made of them in order to show that, while using them to meet the "daily" requirements of workforce management (variations in activity), firms in the two sectors have used CDDs to facilitate the transition in their workforce composition.

CDDs, unlike temp contracts, are an all purpose arrangement. Firms can use them for any position within the legal guidelines which restrict the motive for use and their

duration (see earlier institutional history chapter). In short, since 1986, all CDDs are restricted to a maximum duration of 24 months, all renewals included. In other words, one worker can have up to 3 CDDs with the same firm for a maximum of 24 months. Most CDDs last longer than temp assignments. Mainly, the legislation allows CDD use in three cases: 1/ replacement of an absent worker, 2/ an unusual excess workload (*surcroit exceptionnel d'activité*) such as special sales, or new accounts and 3/ seasonal activities. Replacement CDDs are particularly attractive to firms because their end date can be left open (return of the absent worker) and they have almost no restrictions on maximum duration and number of renewals.

Even though CDDs theoretically are all purpose, banks and insurance companies use them primarily in the *Employé* (Low) category. They hire workers on CDD to: 1/ control the hiring and thus the size of the *Employé* category; 2/ to gain longer probationary periods than those allowed under legislation and collective bargaining and 3/ to find workers to perform work in positions that are slated for elimination.

When asked if they used CDDs, almost all personnel officials interviewed responded that they use them little because they do little hiring. In other words, most hiring of workers other than those in the High category takes place on a CDD first even if a worker's contract may be turned

into a permanent contract later on. The implication to be drawn from interviewees' statements is that, were hiring to increase, so would the use of CDDs. Volume-wise, banks and insurance companies use CDDs little relative to other sectors such as retail trade, hotels and restaurants. The argument being made here, however, is that the use of CDD in insurance and banking is for qualitative purposes primarily, that is, to enable firms to keep a handle, on the workforce flux, that is sufficient to achieve a change in workforce composition. Firm use of CDDs in hiring plays a key role in the transition of employment structures in the two sectors. Unlike in retail trade which makes systematic use of CDDs for a growing segment of jobs, the two sectors likely will not make it their common practice to create large numbers of jobs to be filled by CDDs only.

#### Sector-wide statistics

Sector-wide statistics are available for the 1980s only and, for each sector, the available information covers separate aspects of the use of CDDs. In other words, the data for the sector do not parallel each other.

Insurance sector data (The following data refer to the Administrative workforce only; the sales workforce is excluded. Additionally statistics provided by the employer federation cover different data points so that some

workforce characteristics are documented for some years and not others)<sup>23</sup> (table V-1A)

.Firms limit their use of CDDs to the lower hierarchical job categories. In insurance, for the period 1980-85, over 99 percent of the CDD use (measured as workers on CDD) concentrated in the *Employé* category and in the lowest rung of the Middle job category (AM I).

. Because women predominate in the low job categories, they also constitute the majority of workers on CDDs, although they are slightly under represented. Women workers accounted for 55.8 percent of workers on CDDs in 1980 and 61.3 percent in 1985. In close years, women accounted for 71.6 percent of *Employés* in 1981 and 72.1 percent of *Employés* in 1984. They also accounted for 68.1 percent of AMI in 1981 and 67.9 percent in 1984. (Note: the years used for comparison do not overlap because of the constraints of published statistics.)

. CDDs account for a small share of employment stocks in the insurance sector but, as seen below, they account for a significant share of employment flux. The share of CDDs in the total work force of the sector was 1.8 percent in 1984 and 2.8 percent in 1988. For the female workforce, CDDs accounted for 2.1 percent and 3.2 percent in 1984 and 1988 respectively. They account for a smaller share of the male workforce; 1.3 percent in 1984 and 2.1 percent in 1987.

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<sup>23</sup> Data source is FFSA, 1989.

. CDDs account for a large share of employment flux, in particular, a large portion of exits from firms in the sector. The share of CDD expiration as share of exits grew during the 1980s, from 48.7 percent in 1980 to 61.1 percent in 1985. In other words, expirations of CDDs constituted most of the exits from firms. As will be demonstrated later from firm data, CDDs also constitute a significant share of entries into firms.

Another source, a one-time 1986 survey of the insurance sector, provides a description of the workforces affected by CDDs.<sup>24</sup> According to the survey results:

. The Employee category accounts for 98 percent of CDDs in 1986, a level which concurs with the 1980-85 results reported above.

. Workers on CDDs are young workers: 65.4 percent of CDD holders are under 25 years of age; 24.3 percent are 25 to 35; and 10.3 percent are aged over 35.

. The bulk of CDDs, 60 percent, range from 3 to 12 months; they last longer than temp assignments. The distribution of CDDs by duration is as follows: 8.2 percent are for 0 to 3 months; 25.4 percent are for 3 to 6 months; 34.7 percent are for 6 to 12 months and 9.3 percent are for

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<sup>24</sup> This survey covers 50 percent of the Administrative workforces of the insurance sector. It does not include insurance companies which belong to the employer association for the cooperative sector, GEMA, nor the for-profit companies that are not members of the FFSA. See FFSA-GEMA, 20 Sept., 1989.

over 12 months. The remainder of CDDs, 22.4 percent, are for durations that are not stated in advance, an option available under the law. These likely are replacement contracts whose end is determined by the return of the absent worker or contracts for seasonal activities.

#### Banking sector data

Most of the data on the banking sector is for the year 1987 (survey of 98 AFB member banks). (table V-1B)

. In the banking sector, CDD use concentrates in the Low and Middle job categories: 53.8 percent of CDDs are in the Employe job category and 28.3 percent are in the Middle (Gradés) job category. Note that the concentration is less skewed toward *Employés* than in insurance. This is due to the fact that the workforce to be reduced has slid up into the Middle category (Gradé classII) through seniority.

. CDDs account for a significant share of employment flux in the banking sector. For 1987, they account for 28.1 percent of entries for the total workforce. They are used extensively in the hiring of Employes; 43.8 percent of Employe entries are done on CDDs. By contrast, 15 percent of entries in the Middle category and 1.6 percent of entries in the High job category are done on CDDs.

. A larger share of women workers are hired on CDDs than male workers. In 1987, 37.2 percent of total female entries took place on CDD; compared to 16.8 percent for male workers.

. There is great variation across banks in the use of CDDs in hiring (entries). The three largest banks use CDDs comparatively less than other banks. For 1987, CDDs account for 13.3 percent of entries in the three largest banks. (These three banks account for the bulk, 59.7 percent, of employment in the sector surveyed.) Regional and local banks, usually smaller, rely extensively on CDDs for hiring; the latter account for 47.1 percent of entries in this part of the sector. Parisian banks (other than the three largest) use 35.6 percent of CDDs in their entries. Foreign banks use 20.9 percent of CDDs in their entries.

#### The use of CDDs in the 1980s: interview reports

##### **1./ Hiring workers on CDD for maternity and sick leave replacement**

Since the late 1970s, banks and insurance companies have systematically hired workers on CDDs to replace regular workers who are on maternity leave or extended sick leave. "Replacement" of a permanent worker is the use most easily accommodated by legislation and constitutes the majority of reported use. Firms in the two sectors use replacement-CDDs to manage the turnover of workers to whom they have a commitment of continued employment. The two sectors have a high concentration of women and frequent maternity leaves. Even if this workforce has aged, significant numbers are in

their child bearing years. Maternity leave policy is widespread (in contrast to the U.S.) and fairly long; it can last up to 6 months and entails the possibility of unpaid leave after that.<sup>25</sup>

The systematic use of CDDs for replacements characterizes the 1980s only and represents a departure from previous practices. During the period of employment expansion (late 1950s through the 1970s), banks and insurance companies usually hired a replacement worker on a regular contract and kept the worker on beyond the replacement period. With workforce rolls growing, replacement workers were natural additions to the workforce.

In contrast, replacement workers on CDDs benefit from some unstated priority of access to a permanent job, that is, they may be hired over an outside candidate with similar qualifications, but only if a position opens, a rare occurrence in the *Employé* category and the low rungs of the Middle category. A number of personnel officers reported cases in which it was convenient to use the same worker for a series of replacements (several maternity leaves) over two years and even more. A personnel official remarked that this practice borders on illegality. Regulations allows the same worker to replace several absent workers (a major

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<sup>25</sup> In insurance, maternity leave accounts for 12.9 percent of total absences for the total workforce (vacations included). If vacations are excluded, then maternity leaves are 28 percent of absences. (Tableau de Bord, FFSA, 1987: 3-4).



exception to restrictions) but prohibits the serial use of CDDs with the same worker for an indefinite period of time (Delamotte, 1987: 74-76). This practice is ambiguous enough, however, that it goes undetected in departments in which there are large numbers of workers on leave.

Hiring replacement workers on CDDs gives banks and insurance companies a handle on the size of the regular workforce in the *Employé* positions in central administrative services in particular. By hiring workers on CDDs, firms keep the option to reduce progressively the workforce each time a regular worker does not return from maternity or sick leave; they do not renew the contract of the worker on CDD. In the late 1980s, they systematically did not replace workers who left.

Clearly, the task of reducing the workforce would be easier were firms not to hire replacement workers. They must hire stand-ins for absent workers because they are mandated to do so by the collective bargaining agreement. More importantly, they cannot handle the excess workload created by maternity leaves by resorting to "informal work reassignment" practices such as overtime or doubling up, because the number of maternity and sick leaves is too high. Women workers dominate the *Employé* job category. In Banking, women constituted 62 percent of *Employés* in 1980

and 67 percent in 1989.<sup>26</sup> In insurance, they hovered around 70 percent of *Employés* from 1976 to 1985. The systematic and extensive use of overtime to avoid hiring replacement workers is not an option. In both sectors, major employers are committed under the national collective bargaining agreement to work toward a gradual reduction of weekly hours.

There is some evidence to the contrary, however, indicating that some firms attempt to use overtime systematically to handle excess workload due to absences but also to work reorganization. Two respondents, a bank personnel staff<sup>27</sup> and a bank unionist, reported a rapid increase of overtime in 1989. The example provided by the unionist concerned unreported overtime; it was the case of a large data processing center in which bank management hoped to phase out a large share of tasks and of the workforce. Workers who left were not replaced. With a reduced workforce, peak loads in work were faced with unreported overtime, that is, overtime compensated with promises of compensatory time for workers. Because the contract calls for premium pay for overtime hours and because there was little monitoring of compensatory time, the union enlisted

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<sup>26</sup> In banks, women accounted for 50.0 percent of the Middle job category in 1980 and 55.4 percent in 1989.

<sup>27</sup> Who had overtime statistics but would not release them.

the help of a labor inspector<sup>28</sup> to document overtime use. They did not succeed in proving the excessive use of unreported overtime.

## **2./ The use of CDDs for screening "the workers to keep", or planning for skill change**

Banks and insurance companies use CDDs "opportunistically" as well; they avail themselves of CDDs to gain longer probationary periods than that allowed under collective bargaining. In the two sectors, the probation period usually amounts to 3 months whereas a CDD can last up to 24 months. Ostensibly, the motive for use must fit under those allowed by regulation. The use of CDDs for replacement described in the previous section can also serve as a tool for screening; a worker hired under a "replacement CDD" can also be screened for long term hiring so that these two uses complement each other.

Firms in the two sectors use workers on CDDs to get work done; these workers have an education level lower than the "optimal" (to use the firms' term) level for permanent hires. It is surprising that banks and insurance companies should do so given the slackness of French labor markets during the 1980s; one would expect them to find the workers they want. In fact, workers on CDD have an education level

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<sup>28</sup> Representative of the Ministry of Labor who verify enforcement of labor legislation in the workplace.

which is higher than previous cohorts in the same position, in keeping with the general increase in education for the whole workforce, but it is still lower than the desired level for permanent recruits. The problem which the use of CDDs remedies, however, is that for some clerical and secretarial positions banks and insurance companies have yet to reorganize work tasks sufficiently to attract and retain the workers with the "optimal" education levels. In this transition period, they need work done and use workers on CDDs to that end. These workers are not likely to be retained and, if they are, only after a lengthy screening period, a succession of CDDs. With this screening period, extended beyond the standard probation period thanks to CDDs, firms can hire some permanent workers who have "sub-optimal" education and insufficient experience but who have proven to have a "potential for professional growth" during their extended probationary stay with the company. The use of CDDs affords firms a tool for filling their personnel needs for positions whose redesign, to accommodate a better educated workforce, has not been fully conceived and implemented.

Because so little permanent recruiting takes place and because personnel departments are committed to enforcing a higher quality of recruits, firms use CDDs for screening recruits to the Middle category as well. For instance, Middle level recruits who are put on in-house training

tracks for supervisory positions often get hired on CDD first. This is true even for those workers who meet the industry-wide new standard of two years of post-secondary education. A member of a peer-managed (employer/union) clearing house for hiring in insurance<sup>29</sup> noted that she advises young recruits to only accept CDDs that last a minimum of six months; anything shorter does not constitute a good opportunity for future employment.

### **3./ The use of CDDs to facilitate a transformation and the elimination of some tasks, or "planning for job destruction"**

Banks and insurance companies use CDDs for tasks that arise during the period of transformation of work organizations. The example most often cited, by personnel departments and unions, is that in which entire groups of tasks go through a rapid transfer to a computerized process; some positions are destined to be eliminated and the others to change in contents. The firm has anticipated the employment reduction by not replacing losses from workforce attrition and by encouraging early retirement and quits. When the firm runs into difficulties of any kind with the new computerized process, it hires large number of workers on CDDs to ensure continuity of operation in the traditional "paper handling" way. Conflicts with the union arise when difficulties with the computerization process are not

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<sup>29</sup> "Commission Paritaire de l'Emploi."

resolved quickly and these workers are kept on extended CDDs. At that point, unions start pushing for the conversion of these workers to regular contracts with the option for transfer to another operation later on.

Firms use CDDs to effect a rapid and drastic employment restructuring; the case of a large insurer provides a measure of how extensively CDDs can be used as a tool for transformation. In late 1989, following a long spell of acquisitions and mergers of several companies, one insurance company had some departments which operated with 50 to 60 percent of CDDs. This company came to rely so extensively on CDDs because it is being restructured. To make the "reconstituted" firm financially viable, the company's management has decided to reduce significantly the workforce and, partly to facilitate the reduction, to regionalize<sup>30</sup> and rationalize the whole corporate structure. Central administrative services in Paris are to be drastically reduced in size and function; the firm has acquired the administrative operations of several insurance companies that need to be consolidated. In addition, new regions are to be created with administration as well as sales functions. In such situation, the easiest way for management to restructure is to layoff workers in the Paris central services and to hire workers in the regions with a

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<sup>30</sup> Regionalization also satisfied other important goals of corporate strategy.

predominance of marketing and customer service workers. This "layoff and hire" strategy theoretically would allow for getting rid of workers with high seniority and low education levels and for hiring workers with the higher education levels which the insurance firm wants. However, the insurance company must effect its restructuring without layoffs or at least with an official commitment to avoiding mass layoffs.

As a result, this insurance company wants to meet divergent objectives concurrently and does so by relying heavily on CDDs. The objectives are as follows: a/ to downscale the aggregate workforce; b/ to change the firm structure and build the new regions; c/ to ensure that new insurance products are developed; and d/ to ensure that existing insurance contracts sold by acquired firms are serviced.

This company finds itself needing large numbers of workers on CDDs because it has successfully reassigned workers and reduced its workforce through attrition, incentives to leave, early retirements and quits (workers when asked to relocate outside the Paris area quit in droves). Until the process of regionalization is complete, tasks such as servicing existing contracts, must be maintained in a number of departments of central services in Paris and there is a shortage of workers to do them. Because the company does not want to retain workers in

Paris, it does almost all of its hiring on CDDs. Conflicts arise between administrators of the restructuring and existing department heads who lack the experienced and qualified personnel to keep their departments operating. Conflicts also arise with unions which object to the systematic and lengthy use of CDDs.

Firm-level statistics (from Bilan Social)

Firm-level statistics establish that CDDs indeed contribute importantly to flux in and out of banks and insurance companies, the more so to the movement of *Employés* in and out of employment.

. The ratio of CDD hiring over CDI (Contrat à Durée Indéterminée, the standard contract) hiring is a measure of relative concentration. It equals 1 when there is an equal number of CDD and CDI in hiring.<sup>31</sup> I report it for the total workforce and for *Employés* only, because the numbers of hires in the Middle category were very low throughout the period, making any proportional measure meaningless (table V-5). For *Employés*, the CDD/CDI ratio is high for most firms throughout the period, ranging from a low of 0.10 (1 worker on CDD for 10 workers hired on CDI) to a high of 3

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<sup>31</sup> I chose this relative measure rather than the share of CDDs in total hiring because of ambiguities and discrepancies across firms in reported figures on total number of hirings.



workers on CDD for each worker hired on CDI; confirming that most hiring for *Employés* takes the form of a CDD. The ratio is lower in years when total numbers hired are higher and very high in years of limited hiring. In other words, when total hiring is restricted, the weight of CDDs in total hiring increases. This seems to contradict an earlier observation that CDD use would increase were hiring to increase. The volume of CDDs obviously increases with total hiring but its weight relative to standard contract (CDI) decreases.

. In most years, CDD expirations contribute from 25 to 50 percent of exits from firm total employment (table V-6). Total exits include: retirement, quits, firings, CDD expirations and deaths.<sup>32</sup> In years in which the number of exits was inflated by early retirement policies (1982-83), CDD expirations do not contribute a large share of exits. For most firms, however, and for most years, they do account for a substantial share of exits. Moreover, they account for a much greater share of exits for *Employés* than for the total workforce; two to three times the size depending on the year.

#### **A note on "false CDDs"**

Firms in the two sectors also make use of other forms of short-term contracts in addition to CDDs. Some observers

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<sup>32</sup> As already noted, these firms do not layoff.

call these "false CDDs." Banks and insurance companies use young workers hired under government-subsidized internships in similar ways to their use of workers on CDDs. These internship programs include Contrats de Formation-Qualification (training contracts) and Stages d'Initiation à la Vie Professionnelle (SIVP; government subsidized employment program for labor market entrants who are under 25 and have experienced unemployment). A table with numbers of these workers for the nation is in chapter 1.

Thus, these internships are short contracts which firms use to handle short-term needs, to screen potential permanent workers and to select workers with limited education and work experience who prove themselves on the job. Officially, these internships should have a high training content but in practice many turn into short assignments with, as CDDs, the potential for "getting one's foot in the door." Some observers contend these are indistinguishable from CDDs from the firm's standpoint and from the experience of the worker concerned.

Finally, if firms hire a worker on CDD but in the context of a government subsidized employment preservation or job training program, then they derive some benefit. The legal limit on maximum duration for a single contract does not apply, although this type of CDD can only be renewed once.

## TRADITIONAL CASUAL WORKERS AND CONTRACTING OUT

Under pressure from unions over the past 15 years, banks and insurance companies have virtually eliminated their seasonal, casual, worker categories; these were hired for excess workloads, for instance, in resort areas. Banks in particular have been under pressure, in collective bargaining, not to create positions that, at the outset, are short-lived and seasonal. This type of hiring has since been funneled into specific irregular employment contracts, mostly CDDs. Smaller regional offices and bank branches report a heavy use of CDD during seasonal vacations.

Finally, the use of part-time, CDDs and temps for activities central to the business of banking and insurance has not precluded the use of contracting out. Since the 1960s, banks and insurance companies have contracted out most tasks that are peripheral to their main activities such as cleaning, maintenance, and food services. These workers are not covered by the national or regional collective bargaining agreements. They remain "outside the (banking/insurance) status" (hors statut) in large firms. Small banks acted later, in the 1980s, to push these workers out; they have used contracting firms or temp services.

For instance, in a major insurance company, the "outside contractor" workers engaged in support activities amount to the equivalent of less than 5 percent of the workforce that is covered by the collective bargaining

agreement. The size of outside workers is not negligible. Contracting out, however, dates back to the 1960s and 1970s and is not so immediately tied to the transformation of employment systems of the 1980s that is documented in this study. As worker protection and wage growth increased under collective bargaining, large banks and insurance companies put these workers out of the reach of the internal labor market through contracting out.

### CONCLUSION

First, observations based on evidence at the corporate level may be mitigated by establishment data had these been made available to me. It is likely that I would have found more concentrated uses of CDD in some processing centers than is evident in corporate level statistics. Smaller regional offices outside of Paris are also heavier users of CDDs. These distinctions were gleaned from comments during interviews but cannot be confirmed in the absence of establishment statistics.

Second, I have argued that banks and insurance companies have formulated clear goals of workforce transformation and that they use irregular arrangements to implement their strategies for change. What remained unclear at the time of interviews, however, is whether firms in both sectors will achieve the transformation they seek. They have been hiring new workers with levels of skill that

are higher than the requirements of the tasks assigned to them at the outset. They are having difficulty retaining these workers because the organization of work has not changed enough to provide them with sufficient access to tasks commensurate to their skill and to possibilities for career advancement. Furthermore, these new recruits find themselves supervised by hierarchical superiors with significantly less education and have not blended in easily in numerous work settings. Hence the dilemma of a number of firms which were able to hire workers with high education levels in a period of labor market slackness but which, in the short to medium term, are having difficulty retaining them. Quits among these workers are frequent. As quoted in the previous chapter, a representative from the banking federation noted that banks are looking for individuals who can be trained as work organization changes but who have few career expectations for firms to fulfill; a rather tall order.

Third, it is also likely that firm commitment to training the existing workforce, or lack thereof, will become apparent in the mid 1990s. If little investment is put into training, then growing numbers of workers will be given incentives to leave. Banks and insurance companies with significant resources will have incentive programs. Other less financially stable organizations may after all resort to layoffs.

Fourth, there is no dramatic job destruction taking place in the implementation of the transition described here. There is also no clear pattern of growing substitution of irregular arrangements for regular employment. Once the transition is complete, however, a certain type of job will no longer be available to female workers with limited education. Since the 1960s, insurance and banking have provided opportunities for stable employment with prospects for a modicum of pay increases to large numbers of low skilled clerical workers. The next cohort of entry-level clerical workers will either have enhanced education levels or find employment outside the two sectors.

## CHAPTER 6

### THE ROLE OF DEMAND IN SHAPING IRREGULAR EMPLOYMENT IN BANKING AND INSURANCE

#### Introduction

Banks and insurance companies have tailored the use of irregular employment to their specific needs to affect a transition in system of employment given, first, an existing workforce composition and, second, a set of rules for governing the internal labor market. In this chapter, I discuss how labor demand and the characteristics of the workforce affect the use of irregular employment economy-wide and in these two sectors in particular. In discussing labor demand, I focus not on whether labor demand plays a role at all but primarily on how it has shaped the ways irregular employment is used in the two sectors. In examining the role of labor supply, I ask to what extent there has been an overlap between firm needs and worker preferences and characteristics. Looking for such an overlap assumes a milder version of the role of labor supply than one which would have workforce preferences unilaterally drive all use of irregular employment.

This discussion of the relative effects of labor demand and labor supply factors starts first with the national context for irregular employment and then moves on to the experience of the banking and insurance sectors. Needless to say, patterns that are at play in the national economy may not apply to the two sectors. All the same, the

national evidence on workforce characteristics and preferences provides the context for understanding workforce behavior in these two sectors.

**What it means for irregular employment to be driven by labor supply as opposed to labor demand.**

To argue, on one hand, that irregular employment is driven primarily by the labor supply is to contend that the workforce in these arrangements has characteristics distinct from those of the regular workforce in terms of preferences and availability for certain schedules and types of work attachment. The workforce in irregular arrangements is expected to have a distinct pattern of labor market participation and irregular arrangements fit its needs.

On the other hand, irregular employment if demand driven is tailored to fit firm needs. Firms structure job opportunities that include irregular arrangements and workers take these for lack of better employment options.

The premise of the case study of banking and insurance is to document how **firms** use irregular employment. My starting point is to develop an account based on how employers view their use. By definition, this project is bound to provide more information on the ways in which firm demand drives the use of irregular employment than it does on labor supply characteristics.



Before discussing evidence from the banking and insurance cases, I discuss briefly the evidence from the national economy.

**The aggregate picture for irregular employment- the context for research on irregular employment**

The terms of the national debate on irregular employment help us understand how research questions were cast and have structured the available results discussed below. In the French contexts for policy, industrial relations and research, irregular employment is usually depicted as a group of arrangements that arose to fit firm needs rather than workforce preferences. This view prevails for CDDs (limited duration contracts) and for temp help contracts. It is more mixed for part-time.

CDDs in particular are pictured as employment contracts designed to fit firm needs for an attachment of lesser degree than the standard, implicit, contract of indeterminate duration (CDI).<sup>1</sup> In the section outlining the history of regulation on CDDs, we saw that the need to legislate CDDs arose in response to their growing use in sectors with a norm of long term employment and as a consequence of the growth of worker rights under the standard contract. In the latter half of the 1970s, as the terms of standard employment contracts granted more codified protection against layoff and discharge, then CDDs with

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<sup>1</sup> Contrat à Durée Indéterminée.

their explicitly limited duration of employment grew in their appeal to, and use by, firms.

Much of the research on CDDs and temp employment has focused on the movement of workforces between unemployment and these arrangements. The national context of high rates of unemployment and of low job creation has given emphasis to studies of workforce flux and of employer hiring practices (see Audibert, 1980; Audier, 1983,1985; Corbel, Guergoat and Laulhé, 1986; INSEE, 1980; Voisin, 1989.)

Temp employment is viewed, even by temp help service business associations, as a transitory situation on the way to employment either under a regular contract or a CDD. Temp recruitment advertisements usually specify whether or not an assignment is in view of possible future hiring so as to send the appropriate worker. Unlike in the U.S., temp services do not apply a penalty when a user firm recruits a temp worker. Temp services see their mission mostly as facilitating access to (any) employment and only partly as meeting the needs of segments of the workforce for intermittent employment.

A survey commissioned by PROMATT, the leading temp help service business association, emphasized workforce movement into stable employment rather than worker preferences or characteristics. In survey results, about three fourths of people who worked as temps in January 1989 responded affirmatively to having entered temp employment "in hopes of

finding permanent employment during an assignment" (73 percent) and/or because they "could not find anything else." (77 percent)<sup>2</sup> In the same sample, 39 percent reported looking for work experience. Only 18 percent answered affirmatively that they had entered temp employment because they wanted intermittent employment. Of those workers who were still temps in July 1989 (57 percent of the January sample), 66 percent were still temps because they had not found other employment and 32 percent because temp employment suited their needs.

In an earlier survey, temp workers demonstrated a similar lack of interest in temp employment. In a 1980 national labor force survey supplement, 17 percent of temp workers declared that temp employment suited them whereas 60 percent were looking for stable employment. Younger women were less inclined toward temp employment than older women temp workers; 11 percent of those under 25 reported satisfaction versus 32 percent of those over 25.<sup>3</sup>

Perspectives on part time arrangements, however, are more mixed. In some sectors part-time is a job benefit for

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<sup>2</sup> Survey conducted by Institut Français de l'Opinion Publique (IFOP) for PROMATT in July 1989. A representative sample of 10,000 persons who were temp workers in January 1989 were interviewed in July 1989 as to their motivations for having entered temp employment and their employment situation 6 months prior to temp employment and at the time of survey (PROMATT, 1989).

<sup>3</sup> INSEE, Enquête Emploi of October 1980 reported in Huet and Schmitz, 1984, p. 54.

the existing workforce: firms do not hire on part-time and only convert existing full-time workers to part-time (banks, insurance, national and local governments). In other sectors, it has become the prevailing form of hiring during the 1980s (retail trade). Moreover, government policy since the early 1980s has sought to encourage the availability of part-time schedules to workers who prefer them both as a social benefit and as part of a national policy to "share" (spread around) employment.<sup>4</sup> Observers have pointed out, however, that the rapid growth of part-time in the economy as a whole started as early as 1975 thus preceding the implementation of these policies (Letablier, 1986). Research on part-time arrangements has looked both at worker preferences and choices (Kergoat, 1984) and the structure of job opportunities (Maruani and Nicole, 1988).

**To give less weight to labor supply effects and, correspondingly, more weight to labor demand effects, we only need argue that the workforce in irregular employment does not bear the characteristics expected of such workforce. Even if it does, however, aggregate statistics do not evaluate the extent of choice and availability of alternatives per se.**

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<sup>4</sup> Since 1970, government employees have benefitted from a relative ease of access to half-time employment. For private wage and salary workers (includes workers in nationalized firms), a law of 1981, reinforced in the 1982 ordinances, removed all relative over charges for part-time in terms of social benefits and legal obligations.

If irregular employment is a phenomenon that is primarily supply-driven, its workforce should have labor market characteristics such as weak attachment to work, limited employment experience (lower job skills), and restricted availability for year round, long term employment. It is also expected to prefer non standard schedules (part-time, part-year) because of involvement in other activities. Women, particularly women with young children, youths and older workers are likely candidates for irregular arrangements. These are the workforces often associated with irregular employment in industrial societies. Foreign-stock workers, recent immigrants or guest workers, are also expected to concentrate in irregular employment. The situation of foreign-stock workers is covered only slightly in this study because they concentrate in Manufacturing and Construction and are not well represented in clerical employment in banking and insurance, the two sectors studied in detail here.

#### **YOUTHS AND LABOR FORCE ENTRANTS**

One characteristic singles out workers in irregular employment, particularly in CDDs and temp contracts; many are labor force entrants or re-entrants. Economy-wide, irregular arrangements constitute the first form of employment for a broad segment of labor force entrants. Also, the unemployed tend to become re-employed via irregular employment, particularly young workers. Voisin

(1989) points out that young workers are more likely to leave unemployment than older workers but are also more likely, if hired, to end up in irregular employment. In August 1986, 8,238 persons registered with the national unemployment service (Agence Nationale pour l'Emploi) were randomly selected for repeated interviews.<sup>5</sup> Of workers under 25 years of age, 58 percent of males and 48 percent of females were employed in November 1987 (18 mos later). Corresponding numbers for the age group 25-49 were 51 and 35 percent respectively. For persons over 50, only 12 percent of males and the same amount of females had found any form of employment. However, for those persons under 25 who had found employment, a minority had found regular full-time employment (CDI); 45 percent of males and 33 percent of females. The majority had been rehired in non-standard employment; 23 percent of males and 17 percent of females were hired on CDD or temp assignments. The balance was recruited into a broad range of government sponsored internships and apprenticeships programs designed for youths; many of these are part-time (see Voisin, 1989).

Evidence from an earlier survey also shows the concentration of youths in CDDs and temp assignments. Of 149,600 males with CDDs in an October 1980 national survey, 55 percent were aged 15-24. Of the 150,200 females with

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<sup>5</sup> They were interviewed then and three times over an 18 months period.

CDDs in the survey, 59 percent were in the same age category. The incidence of CDDs (share of employment) in total wage and salary employment for this age group was 5.9 percent for males, as compared to 1.9 percent for males as a whole. The incidence for females in this age group was 8.2 percent as opposed to 3.3. percent for females as a whole.

--CDDs: 1980 --

Age distribution		Share of group's employment
	%	%
Males	100	1.9
15-24	55	5.9
25-39	32	1.5
40+	13	0.7
Females	100	3.3
15-24	59	8.2
25-39	30	2.5
40+	11	1.0
Total	100	2.5
15-24	57	6.9
25-39	31	1.8
40+	12	0.8

Source: Private non-agricultural wage and salary employment, Supplement to Enquête Emploi, October 1980 (1/300 sampling) from Huet et Schmitz, 1984: 53.

For temps, the age distribution was less skewed for males than females. Forty-two percent of the 103,300 male temps in the same survey were under 24 years old; another 42 percent were aged 25-39. For female temps, 54 percent were under 24; another 35 percent were aged from 25 to 39. Temp assignments may be used with greater frequency by males with labor market experience (older) than by females.

--TEMPS: 1980--

	Age distribution	Share of group's employment
	%	%
Males	100	1.3
15-24	42	3.1
25-39	42	1.3
40+	16	0.6
Females	100	1.1
15-24	54	2.5
25-39	35	1.0
40+	11	0.3
Total	100	1.2
15-24	46	2.8
25-39	39	1.2
40+	15	0.5

Source: Huet-Schmitz, 1984:53

Among recent recruits in 1980, the incidence of CDDs and temps was all the greater (recent recruits are defined as wage and salary workers at work for under 12 months preceding the survey). For males, CDDs accounted for 12 percent of new hires under 25, and 8 percent of those 25 and over. Temps accounted for 5 percent of male recent hires under 25, and 6 percent of those over 25. For female recent hires, 19 percent of those under 25 were hired under CDD, and 10 percent of those 25 and over. Corresponding figures for the incidence of temp employment for female recruits are 5 percent and 3 percent respectively.<sup>6</sup>

This pattern of concentration of youths in irregular employment may be interpreted either as driven by labor demand, irregular employment being the prevalent form of

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<sup>6</sup> Huet et Schmitz, 1984: 54. Data source is same as above.



hiring (the first step out of unemployment), or by labor supply, young workers entering the market with steadily lower job skills and constituting a higher risk for firms, thus the use of temporary assignments. Both arguments have been advanced and aggregate statistics do not effectively confirm either explanation. Studies of how the structure of employment opportunities has changed and those which survey workforce preference allow us to assess each claim and are reviewed below.

#### GENDER BREAKDOWN OF IRREGULAR EMPLOYMENT

##### 1. National evidence on part-time:

Part-time (PT) is overwhelmingly a female phenomenon although it grew faster among male workers during the 1980s. Because of the peculiarities of French published statistics, I present two part-time statistics: one for workers working under 40 hours (usually around 32 to 35 hours) and one for those working under 30 hours. Before 1982, only those reporting under 30 hours per week of usual employment were counted as part-time (table VI-1). After 1982, the national labor forced survey counted as part-time any one reporting under 40 weekly hours and all workers who self-report as part-timers without question (work less than the regularly scheduled hours in their work place).

Neither of these definitions fits the U.S. definition of 35 hours or less, although most part-timers included in the post 1982 definition likely work under 35 hours. For

instance, 11.6 percent of the total private and public wage and salary workforce worked under 40 hours in 1987 and the bulk, 9.3 percent of the total workforce, worked under 30 hours. I discuss primarily statistics which use the broader 1982 definition of part-time, the earlier definition being useful only because it allows documentation of longer time trends.<sup>7</sup>

Women are the bulk of PT workers; in 1987, they account for 83.9 percent of part-timers as opposed to 43.2 percent of total private and public wage and salary employment.<sup>8</sup> This concentration of women in PT jobs is even greater than in the U.S. where they constitute about 60 percent of part-timers and share these jobs with significant numbers of youths and retirees.

In 1987, the incidence of PT is 11.6 percent for women and 3.3 percent for men. Over time, however, the share of PT in male employment grew from 2.0 percent in 1982 to 3.3 percent in 1987. Male PT employment, while considerably smaller than female part-time, has grown faster during the 1980s, a 55 percent total growth from 1982 to 1987, as

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<sup>7</sup> The rate of part-time employment is reported here for both private and public sector employment. Unlike CDDs and temp contracts which were not reported for the public sector (which has a separate employment classification), part-time is. I report both private and public figures partly because of the constraints of published data but also because part-time developed first in the public sector.

<sup>8</sup> Because women's jobs concentrate heavily in national and local government, they constitute a greater share of the total workforce than they do of private employment.

compared to a 36 percent growth for females over the same period.

Women are more likely to work part-time if they combine family responsibilities with paid employment. Duvernet (1987: 19) notes that 27 percent of PT wage and salary workers never work on Wednesday, the weekly school break. For 1980, Huet and Schmitz (1984: 51) report that the incidence of PT among women wage and salary workers increases with the number of children: 13 percent of part-timers among women workers with one child, 20 percent for those with two children, and 30 percent for those with more than 2 children.<sup>9</sup> Women workers over 40, however, have higher rates of PT than younger women either because they work in sectors and occupations with high prevalence of PT schedules (personal services, child care, housekeeping, cleaning) or because they are close to retirement age and want light schedules.

Part-time, among all forms of irregular employment, is that whose growth is most likely to be driven by the scheduling needs and preferences of the workforce. Nevertheless, there is some evidence that even the growth of part-time through the 1980s, has components driven primarily by labor demand. Letablier (1986) draws a distinction between two types of part-time. "Social part-time", that is

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<sup>9</sup> Authors' analysis based on statistics from Enquête Emploi, March 1980.

part-time promoted by policy to "share the work" only takes place through transformation of full-time (FT) workers into part-timers and almost exclusively in establishments with 200+ workers. "Economic part-time" jobs are created mostly through recruiting workers on PT schedules, in the trade and services sectors with small establishments being the most intensive users (p.24). The author further notes that PT jobs "created" through transformation usually are more qualified than those created through recruiting.<sup>10</sup>

It is easier to argue that PT jobs of the "social" type, created on a formally voluntary basis, by converting the schedule of incumbent workers is at least in part a phenomenon driven by the characteristics of the labor supply. It is more problematic to argue with a high degree of certainty that all the PT recruiting, "economic part-time", has taken place to meet workforce needs. For instance, from 1975 to 1981, the rates of PT employment for women wage and salary workers under 25 were lower (2-5 percentage points) than those of women aged 25 to 39, supporting notions that child rearing affects women's likelihood of being in PT employment (Letablier, 1986). However, the situation changed by 1986. Duvernet (1987) points out that in 1986 (Enquête Emploi) the share of part-

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<sup>10</sup> This distinction resembles that drawn by Tilly (1989) between retention and secondary part-time. However, "social part-time" has not been used to retain valuable workers so much as to phase out progressively some workers until full retirement.

timers was greater among women under 25 than among their 25 to 49 year old counterparts. This was true even after excluding from the count young women in government subsidized internship programs for youths (mostly PT jobs). Additionally, the 25-49 age bracket includes women who are older than those included in the earlier study, and whose rates of PT are even higher, thus making the increased incidence of PT among those under 25 all the more striking.

In the 1986 survey, of women part-timers under 25, 30.8 percent reported searching for full-time work as compared to 9.3 percent of those 25-39 and 10.4 percent of part-timers of all ages. At least in 1986, the incidence of PT is higher among very young women than among middle-aged ones even though the younger women are more likely to want full-time employment than the older cohort.

2. National evidence on temps: The demographic composition of the workforce in the temporary help supply industry mainly represents the industry composition of the pool of user firms. Workers in the January 1989 survey sample discussed earlier (PROMATT, 1989) are predominantly male (71 percent) because the temp industry caters to demand from the Construction and Manufacturing sectors which accounted for 68 percent of all temp assignments in 1987.<sup>11</sup> Temp workers

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<sup>11</sup> Statistics from Ministère du Travail, cited in PROMATT, 1989a. Detailed statistics from an earlier survey provide similar statistics. Construction accounted for 21.6 percent of temp work-years in 1982 and 23.8 percent in 1986. In the same years, Manufacturing accounted for 45.9 percent and 49.8 percent

in these sectors are usually on full-time, if intermittent, assignments. If preference for part-time or intermittent work schedules were an overriding factor, we would have expected temp employment to locate primarily in sectors with heavy female workforce representation.

The national labor force survey, *Enquête Emploi*, also underscores the disproportionate representation of males in temp employment (table VI-2). Male workers accounted for 61.2 percent of temp workers in 1982 and 69.5 percent in 1988. These proportions are greater than the male share of the workforce which declined from 63.2 percent in 1982 to 61.2 percent in 1988. As a result, the incidence of temp employment for males grew steadily from 0.9 percent of male employment in 1982 to 1.4 percent in 1988 whereas it remained around 0.99 percent of the female workforce in these years ( it even declined in between these two end years to a low of 0.75 percent).

The concentration of males in temp employment in France differs dramatically from that for the United States. The fact that temps are overwhelmingly male in France and female in the United States says more about the nature of demand by user firms and about the history of the temp help service sector in each country than it does about workforce preferences. In order for workforce characteristics to be

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respectively. Note that work-year is a full time equivalent measure which is different from a count of individual assignments regardless of duration. See Henry et Guergoat, 1989.

an overriding factor, we would have to find significant similarities between the scheduling needs of female temp workers in the U.S. and male temp workers in France. In fact, temp workers are primarily male in France because the two largest customers are sectors with predominantly male workforces; construction and manufacturing.<sup>12</sup> These two sectors are small but fast growing users of male temp workers in the United States as well.<sup>13</sup>

The French temp workforce was not always predominantly male, however. Rather, the gender composition of the industry's workforce has evolved to follow the industry composition and needs of user firms. As Huet and Schmitz (1984) recount, women were the majority of the temp workforce in 1962. They were slightly over represented in 1968, accounting for 40 percent of the temp industry's workforce as compared to 34 percent of the total wage and salary workforce. Later on, most of the industry's growth came from unskilled jobs in manufacturing thus leading to the decline of female employment in the industry. The share of women in temp employment declined from 38 percent on January 1, 1970 to 30 percent on January 1, 1975 to 28

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<sup>12</sup> Earlier studies also confirmed the use of temp workers in these two sectors. See Germe et Michon, 1978; Tallard, 1983; Centre d'Etude de l'Emploi, 1979.

<sup>13</sup> Plewes, 1987; Carré, forthcoming 1992.

percent on January 1, 1981.<sup>14</sup> The under representation of women comes from their concentration outside of manufacturing jobs (three fourths of women work outside blue collar jobs) and the fact that women in manufacturing work in sectors that are light users of temp workers (Huet et Schmitz, 1984: 45).

An anecdote told by a PROMATT representative illustrates the role of user firm demand in construction. In the early 1980s, the Paris construction sector went through a major economic downturn; major employers cut their workforce permanently only to find themselves short of specific workers (such as site foremen) in the late 1980s, hence the heavy demand for construction workers in specific trades from the temp industry.

The industry composition of user firms drives the concentration of male workers in temp employment. In banking and insurance, however, most temp workers are female because both sectors hire women primarily in the clerical positions in which they hire temps as well.

Foreign-stock workers are over-represented in temp employment as compared to their share of the workforce. In one report, all foreign workers accounted for 11.6 percent of temps in 1984 but accounted for only 9.4 percent of the

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<sup>14</sup> Data source used by the authors is the establishment file of the UNEDIC, the unemployment insurance fund run jointly by employer and union representatives.



regular permanent workforce during the same year.<sup>15</sup> These workers concentrate on low-skill occupations in construction and manufacturing.

### 3. National evidence on CDDs:

The incidence of CDDs in total employment grew steadily from 1982 through 1988 from 2.2 to 4.1 percent of total private wage and salary employment (excludes salaried workers of national and local government but not those of nationalized enterprises) (Enquête Emploi; table VI-2).<sup>16</sup> Throughout the period, males account for the majority of workers on CDDs but are under-represented as compared to their share of the private wage workforce. Correspondingly, females are over-represented in the CDD workforce relative to their share of the total workforce. The incidence of CDD employment is thus greater among women workers (2.7 percent in 1982; almost 5 percent in 1988). For males, CDDs accounted for almost 2 percent of employment in 1982 and grew to 3.6 percent in 1988.

Women are indeed more likely to find themselves hired under CDDs. So are young workers as demonstrated by the survey discussed above (Voisin, 1989).

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<sup>15</sup> In earlier years, they accounted for an even larger share of temps; 17.7 percent in 1982 and 15.7 percent in 1983. (Statistics from Ministère du Travail and Enquête Emploi reported in table 6, p. 203 in Tableaux Economiques, 1986.)

<sup>16</sup> Data on CDDs and temps concern only the private wage and salary workforce. The national and local governments have a different way of classifying workers because of the civil service system.

## **THE PREFERENCE FOR REGULAR, FULL-TIME, EMPLOYMENT AMONG WORKERS IN IRREGULAR EMPLOYMENT**

Aggregate statistics on irregular employment paint an ambiguous picture of the relative role of labor supply and labor demand effects in the growth of irregular employment. Evidence presented in published research weighs rather heavily in favor of labor demand explanations of the growth of irregular arrangements. If these arrangements fit the needs of segments of the workforce, it may be in being a gateway from inactivity to employment, particularly for young workers with limited job skills. For these young workers, irregular arrangements add themselves to a long list of government sponsored internships and apprenticeships as means of potential access to stable employment.

Statistics from the March 1986 national employment survey indicate worker preferences for regular, FT, employment. Worker reports of job search indicate that 28.2 percent of those under CDDs and 44.8 percent of those in temp employment were looking for another permanent job. These proportions compare to a 5.9 percent rate of job search for the total employment workforce in the survey. Rates of job search are even higher for those under 25 years of age. For these, 32.1 percent of young workers under CDD and 49.4 percent of young temp workers were looking for

permanent employment.<sup>17</sup> Rates of job search were higher for women than for men, especially for women under 25.

Part-time workers in the same survey have high rates of search for full-time employment. Men of all ages and young women have higher rates. Rates of job search are particularly high for part-time workers (excluding those on government subsidized internships) working less than 30 hours per week. Heller (1986) notes that, overall, the rate of job search of those working under 30 hours is twice as high as that for those working 30 or more hours (11.6 percent versus 5.6 percent). Women who work 30 hours or more have rates of job search no different from those of women working full-time (4.8 percent versus 4.4 percent). Women working under 30 hours, particularly women under 25 among whom this type of schedule is relatively widespread, have significantly higher rates of job search (35.9 percent for young women) (Heller, 1986:33).

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<sup>17</sup> Table from Duvernet, 1987 who used data from Enquête Emploi and Heller (1986).

RATE OF JOB SEARCH: 1986

	(%)		
	Total	Under 25	25-49
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Search for another permanent job			
Employed workforce	5.9	17.8	5.2
M	5.1	14.5	4.9
F	6.9	21.6	5.6
Temps	44.8	49.4	43.9
M	43.5	45.9	43.7
F	48.1	57.8	44.3
Under CDD	28.2	32.1	26.4
M	23.8	26.6	22.6
F	32.7	38.7	29.7
Search for another full-time salaried job			
PT employed workforce	13.6	41.3	9.5
M	23.5	38.9	23.8
F	11.6	42.6	9.5
-excl.internships*/	10.4	30.8	9.3
M	17.9	26.5	23.5
F	9.1	32.8	7.7
FT employed workforce	4.5	12.7	4.3
M	4.6	12.0	4.6
F	4.4	13.6	3.7

Note: This category excludes workers in government subsidized internships which are usually part-time.  
Source: Heller, 1986: 33. Data from Enquête Emploi, March 1986.

Analyses of survey results on the reasons why employed workers are looking for another job provides more information on worker preferences for steadier employment. In 1986, 39 percent of all those who look for work do so to find "less precarious" employment and 37 percent to find "better" employment. In the survey question, looking for "less precarious" employment simply means that there is a fear or a certainty that the current job will end. Looking for "better" employment means better paid, or more suited to one's skill level. (The balance of job searchers fall under the "diverse reasons" category.) Overall, 36 percent of

male and 42 percent of female job searchers report "less precarity" as the reason for their job search. Job searchers working in irregular employment cite looking for less precarity more frequently as the reason for their search: 72 percent of those under CDD, 76 percent of temps, and 41 percent of part-timers (internships excluded) do so. From 1983 to 1986, the desire for "less precarious" employment grew as motive for job search in all categories of workers except for temps for whom it stayed level.<sup>18</sup>

**THE ROLE OF FIRM DEMAND AND OF LABOR SUPPLY PREFERENCES  
IN THE USE OF IRREGULAR EMPLOYMENT IN INSURANCE AND BANKING:  
EVIDENCE FROM THE CASES**

Earlier, I argued that the use of irregular employment in banks and insurance companies does not readily fit predictions derived from the dual labor market model. The latter's adoption by researchers has led them to equate irregular employment with secondary employment, to associate its use with increased uncertainty and instability in product markets, and to predict a growing share of secondary employment in the economy. Instead, I tie the use of irregular employment by French banks and insurance companies to the transformation of their system of employment; irregular employment being a strategic tool in this

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<sup>18</sup> Analysis of Enquête Emploi for March 1983 and 1986 conducted by Heller, 1986:31.

transition, without its use generating a large number of secondary jobs.

The dual labor market model portrays the use of irregular employment as driven primarily, though not exclusively, by firm demand. In the case of Banking and Insurance, I also argue that the use of irregular employment is shaped by firms' needs, even if the character of labor demand in these two sectors differs from that depicted by current predictions from the dual model. Common predictions would point to a growing "secondary" portion of employment in the two sectors.

In the following, I describe how firm demand for labor has shaped the ways in which irregular arrangements are used in the two sectors. Firms offer irregular arrangements to the workforce in ways that shape the broad outlines of their use.

**The ways in which irregular employment is driven by firm demand.**

First, irregular employment is demand driven in a simple way. Personnel departments did not go out and survey workers, existing and potential, to find out their preferences for particular schedules, or employment arrangement.

Second, while irregular arrangements per se have not been created by firms in the sector, the timing and form of their introduction has been tailored by firm needs. For

instance, as will be discussed below, the option to convert to a part-time schedule is desired by broad segments of the workforce but has spread rapidly, starting in the mid 1980s, only among workers whose presence in the workplace firms want to reduce.

Third, firm requirements regarding the education levels of their new permanent recruits has driven their demand for irregular employment, as we will see below. They have raised their recruiting standards for all entry-level positions and contend that, for some tasks, they cannot find the entry-level workers they would want to keep. As a result, they fill-in positions with workers on short-term assignments in view of either screening or simply getting the work done until a suitable candidate is hired. These high recruiting requirements drive firm recourse to CDDs and temps in particular.

The hiring requirements adopted by banks and insurance companies during the 1980s are very high by French standards and as compared to the history of both sectors. The slackness of the national labor market has enabled firms to raise their standards this high. Some observers, union and non union, argue that recruiting standards are also exceedingly high given the salaries and opportunities for training, promotion and advancement which even permanent hires will obtain in the middle run. As a result, irregular arrangements provide an avenue for firms to maintain

exceedingly high recruiting standards while getting the job done in the medium term.

Fourth, irregular employment is driven by the character of labor demand in yet another simple way. Banks and insurance companies would not rely upon irregular employment in these ways during the current period had they managed their workforce over the past 15 to 20 years to facilitate training and job change. While this assessment can only be made in hindsight, it nevertheless underscores the weight of past firm practices in current uses of irregular arrangements.

#### **PART-TIME**

Of the three forms of irregular employment discussed here, part-time is the one where there is has been the greatest overlap between workers preferences and firms needs. This because, in these two sectors, part-time is a job benefit promoted by government and unions. Part-time employment is created only through the conversion of the schedules of existing workers from full-time to part-time. This conversion is voluntary, at least formally. The collective bargaining agreements in each sector prohibit hiring on part-time schedules. Employers have not sought to change this restriction in recent bargaining rounds because, unlike the retail trade sector, they do not plan to create



large numbers of part-time shifts for reasons we will discuss below.

### **Part-time is a job benefit**

Before becoming a tool for phased workforce reduction, part-time was, and continues to be, a job benefit encouraged by government policies of 1981-82 for increased hours variability and total hours reduction (Aménagement et Réduction du Temps de Travail). These worktime management policies were also pursued by unions in the two sectors as part of their general goal of achieving a shorter workweek. Insurance sector unions, in particular the socialist led CFDT, have made worktime management and reduction one of their priorities. The availability of part-time, along with flexitime, is a source of sense of achievement.

As discussed in the previous chapter, part-time consists of the voluntary conversion of workers' schedules. Workers incur a reduction of their wage income but not of benefits when they switch to part-time. Some but not all firms guarantee the right to return to full-time schedules.

### **Firms' discovery of part-time**

In the mid 1980s banks and insurance companies made an opportunistic use of part-time schedules to facilitate movement in their otherwise stagnant system of employment and workforce composition. In so doing, they tapped into long-standing desires for shorter schedules by parts of their workforce.

Banks, in particular, and insurance companies seized upon part-time to meet several goals. By offering and encouraging its use by categories of workers slated for reduction, firms could: 1/ save on wage costs though not on benefits; 2/ free up a fragment of their personnel budgets for hiring new workers in other positions; 3/ reduce the presence of workers in some work settings where task reorganization was being undertaken and 4/ create jobs, an implicit obligation to the government which large nationalized banks and insurance companies have.

This approach to creating new positions by saving on the wages of existing workers is piecemeal because it takes several workers to go on part-time to free up enough budget monies to cover the wage and employer contribution to social benefit programs for one full-time worker. Not to mention that the position to be created usually occurs at a higher wage rate than that of workers whose wage cost is saved. Nevertheless, the fact that a piecemeal approach to funding hiring appeals to recruiting officers is a testimonial to how constricted hiring budgets have been in the 1980s. The rapid growth of part-time use as a tool to "free up" budget monies to create new positions is more widespread among banks than insurance companies although recruiting officers in some insurance companies talked explicitly about this practice as well.

The clearest statement of opportunistic use of part-time to solve firm difficulties with funding recruiting comes from one of the three largest (formally fully nationalized) banks. Part-time grew faster in this bank in the late 1980s than in the other large banks (from 0 percent in 1983 to 8 percent in 1986.) In 1989, in the face of reaching the limits of worker demand for part-time, as other banks have, the bank instituted a policy of offering workers to pay them 60 percent of their wage for 50 percent attendance. As an added incentive, the bank offered to maintain the same rate of seniority-based promotion among part-timers as among full-timers. This policy was instituted for the sole purpose of reducing the numbers of workers at work at a given point in time and was aimed at those workers the bank considers a liability because of their low education level and high seniority. Reducing their presence in the workforce not only cuts wage costs but allows for faster and smoother work reorganization.

Evidence that firms use part-time as a workforce management tool, and with greater eagerness than workers, is reinforced by the following observations:

. by the late 1980s, banks and insurance companies bumped into the limits of voluntary worker demand for part-time schedules, at least of the kind made available. When confronted with this limit, some firms instituted incentives to increase the use of part-time by Employees in jobs slated

for reductions and by Middle level workers with high seniority.

. Banks and insurance companies have offered part-time schedules almost exclusively to workers in the departments slated for job reduction and where task reorganization is underway.

. Workers in the crop of young recruits who are currently training for future job advancement are discouraged (although not prohibited) from asking to go part-time or even face outright refusal because their job are deemed too important to turn part-time. This is also true of the High (*cadres*) category.

. Some firms prohibit return to full-time so as to have a certainty of reduced costs. Unions are fighting to make the option to return full-time to a job of equal pay grade a guaranteed right under the collective bargaining agreement in both sectors.

Overall, firms use part-time as a simple way to reduce workforce size (measured in full-time equivalent), the wage bill, and worker presence. They also see it as a way to phase workers into progressive early retirement and thus further reduce the size of the workforce.

**At least for now, firms have little interest in hiring workers on part-time schedules as a way to save on labor costs.**

It would be a lot cheaper for these firms to hire workers on part-time schedules, such as half time, if they were allowed under collective bargaining and were they not compelled by legislation to provide benefits to their part-time workforce. Part-time shifts have been used extensively by North American banks and insurance companies to save on labor costs and provide extended business hours.

There is little interest in the systematic use of part-time of this kind among French firms in both sectors. First, there are restrictions on business hours extension both in legislation and in collective bargaining which reduce the need for short shifts.<sup>19</sup> Unless practices change deeply as they have begun to in retail trade, there will be no great need for short shifts for a long while. Second, as already noted, collective bargaining and the personnel practices of the sectors preclude savings on benefits by the conversion of full-time jobs into part-time ones. Firms can save on wages but cannot eliminate all benefits as they can in the United States. Third, the organization of production and the socio-institutional

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<sup>19</sup> Banking, particularly the networks of large banks, is affected by a March 31, 1937 law on opening hours for tellers which mandates the uniform distribution of weekly hours across five days with two consecutive days off (one must be Sunday). See AFB, Rapport Annuel, 1988: 22.

setting being what they are, there is a profound lack of interest in the systematic and wholesale use of part-time jobs for back office or paper processing tasks. The lack of interest may also be due to the perceived difficulties with reorganizing work in ways that accomodate part-day schedules. When asked whether he would hire people on part-day, or part-week, schedules if allowed, a personnel official of a large bank responded: "why would I want to do that? It would not help our work." This is not to say that the social and technological context could not change sufficiently in several years' time for firm attitudes toward part-time to change. Also, in the current circumstances, part-time is most feasible for workers in large centralized administrative services in Paris. These workers have long commutes which make part-day options unattractive.

### **Summary**

Part-time did not come into existence because of firm needs but it has grown and expanded in specific segments of the two sectors because of firm strategies for employment transformation. Part-time came into existence first as a benefit promoted by government and unions; it became visible in the early 1980s in the two sectors. It grew in the latter part of the decade because firms in banking and insurance seized upon it as a tool to reduce the workforce size. It turned out to be an effective, if piecemeal tool,

because workers wanted part-time schedules and because firms provided incentives to make part-time more palatable. There was an overlap of labor supply and demand characteristics in this case.

Given the opportunistic use of part-time which banks and insurance companies have made, it is hard to predict the incidence of it in the future once personnel departments determine that they have downsized and recomposed their workforce as planned.

#### **TEMPORARY HELP SERVICE EMPLOYMENT**

Temp contracts meet worker needs primarily in providing them with access to some form of clerical employment, an access which they might not gain otherwise given the office skills they receive in the public education system. In particular, temp service firms recruit, screen and train secretarial workers in the new micro computer based office technologies.

Banks and insurance companies use both temp contracts and CDDs to keep a handle on the volume and permanency of recruiting. In the next section, I discuss how these goals play themselves out in the case of CDDs. Firm recourse to temps, however, is geared to specific occupation and skill needs and responds to the marketing strategies of temp help service firms. It is more skill specific than the use of CDDs.

## **The novelty of micro computer skills and the use of temp contracts**

"The role of temp services is to make user firms digest the progress in office technologies." (temp service executive)

Temp contracts, and temp help services as institutions, have played a significant role in the diffusion of new micro computer based office technologies. These technologies penetrated the banking and insurance sectors in the early 1980s. These two office environments had not witnessed any significant technological innovation since the electric typewriter. The introduction of mainframe computers during the seventies had altered some paper processing jobs, but for the most part office workers -secretaries, accountants, filing and archive clerks- had experienced little change in their day to day tasks.

The diffusion of new micro computer skills, primarily familiarity with wordprocessing and spreadsheet software, created a problem for firms, workers and the educational system in the 1980s. It is not the fact that these skills were more complex but the mere fact that they were new that created difficulties of adjustment. For firms, which latched onto these new technologies as a way to gain a competitive edge, it was a matter of finding workers with the needed skills in the labor market. Traditional in-house training programs were ill-adapted to disseminating fast changing technologies. For workers, it was a matter of



gaining computer literacy and thus a job in a slack labor market. For the educational system, it was a problem of adjusting a curriculum of long courses to a fast changing and varied software environment. In the gap created by the slow adjustment of these actors, innovative office temp help services developed a specialty in recruiting, screening and training office workers (see the previous chapter).

**The characteristics of the labor supply which contribute to the use of temp contracts by banks and insurance companies**

During the 1980s, young workers coming out of the educational system faced an economic climate of low job creation and few employment opportunities. They used temp help service assignments to find employment and to gain access to the few permanent clerical positions open in the two sectors. They also used temp assignments to gain computer literacy.

No interviewed personnel official mentioned that workers they hired took temp assignments because they liked intermittent work and moving around office settings. Had I interviewed temp workers, I would have found some reporting that they liked intermittent assignments; some report satisfaction in temp industry surveys. I also would have found workers who drew the full benefit of having software literacy in high demand and preferred temporary assignments. However, no personnel representative reported that they could not retain temps once they offered them a permanent

position as part of the regular workforce of a bank or insurance company.

### **Firm needs which shape the use of temp contracts**

Banks and insurance companies use temp contracts even though their hourly costs are higher than those for CDDs. Banks and insurance companies pay a premium for temp help contracts for secretarial workers, office clerks and specialized banking and insurance occupations. They do so because temp contracts enable them to keep a handle on the volume of permanent hiring and also because, through these contracts, they can recruit workers with a set of skills which cannot easily be acquired in the school system or inside the firm. The use of temp contracts in the two sectors results from the meshing of firm demand for new skills and from the market strategies of the temp help service industry.

#### **1. Recruiting secretaries with temp contracts**

Banks and insurance companies rely on temp help service contracts to recruit secretaries with micro computer skills. They do so for several reasons.

First, the two sectors have little history of investing in the screening and further in-house training of low and middle level clerical workers. These occupations have traditionally had low priority in personnel policy because tasks were simple enough to be performed by graduates of the

public vocational and regular school system at levels below the 12th grade and with a modicum of on-the-job training. Additionally, firms expected high turnover in this workforce and got it; they saw little need to invest in these occupations. During the 1980s, firms' reluctance to invest in recruiting and training these workers was different. Even if they were willing and possessed the know-how to develop in-house training programs, they saw micro computer skills as highly transferrable across firms and thus not worthwhile of firm investment.

Second, banks and insurance companies do not want to establish recruiting and training programs for secretarial occupations when they have yet to decide on the occupations' place in their future organization. The occupation of "secretary" has been in transition through the 1980s and firms have not decided upon its future within their organization. Some contend that they expect to eliminate secretarial positions altogether ("everyone will do their own typing") and it is true that for the most part large scale typing pools no longer exist. Others contend that secretaries will be needed for all tasks they do other than straight typing.

Third, banks and insurance companies have high recruiting standards for the permanent hiring of secretaries. They want secretaries with, enhanced, traditional secretarial skills, such as writing and oral

communication skills, but also versed in more than one word processing and spreadsheet software packages. Few workers with these skills came out of public education during the 1980s.<sup>20</sup> Additionally, because of their indecision regarding the future of secretaries, firms have not redesigned secretarial positions sufficiently to retain workers, with these skills and with work experience, who are in high demand.

## **2. Using temp contracts for new middle level positions**

"(Firms) come to us for what they cannot find." (temp service executive)

Similarly, firms in the two sectors started in the late 1980s, and will continue in the 1990s, to create large numbers of "new" middle level positions as they go through employment restructuring and recombine tasks from existing and eliminated jobs. These positions are middle-level non-secretarial positions in administrative services and entail skills that are specific to the two sectors. As firms lose, through exit programs and attrition, workers they consider obsolete and as they create positions that recombine tasks, they encounter some difficulty finding workers with the appropriate skills and professional experience. In addition firms have decided to hire on the external market, something with which they have little experience. Until the 1980s,

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<sup>20</sup> The entry-level secretaries coming out of the public education system are at the level of "dactylo débutante niveau BTS" (Brevet de Technicien Supérieur, a secondary vocational degree).

they generated recruits for middle level positions by promoting workers through the ranks. For these reasons, banks and insurance companies will increasingly need workers recruited and screened by temp services, a service the temp industry is eager to provide. For "hard to find" workers, the temp help service usually works out a compromise with the user firm to extend the temp contract duration so as to recoup some of its recruiting costs.

### **3. Using temp contracts for all purpose clerical help**

Banks and insurance companies also use temp contracts for a number of general clerical tasks ("employés de bureau") which are either of short duration or in positions slated to disappear. In this case, the character of firm demand is shaped by specific aspects of regulation. With regulatory changes in 1986 and 1989, most restrictions on the grounds for using temp contracts have been dropped; these contracts are easier to use and administer than CDDs. Thus, paying a premium in order to obtain full control of the use of some clerical workforces, is still a worthwhile option for personnel management.

#### **Summary**

Temp contracts in insurance and banking enable firms to control their hiring levels and to gain access to workers with needed micro computer based office skills. The particular use they have made of temp contracts has resulted from the meshing of their need for transition workers and of

the services (screening and training) which the temp service industry developed as its market niche in the eighties. Labor supply characteristics enter into this picture through the oversupply of workers from which temp services can do extensive screening and through the limits of skills provided by the public vocational education system. Out of temp employment, workers stand to gain access to a permanent position. For many in secretarial positions in particular, it is the most common avenue to a permanent job.

#### **CDDs (LIMITED DURATION CONTRACTS)**

Perhaps even more than of part-time or temp contracts, the use of CDDs is primarily driven by firm needs. CDDs meet the needs of the workforce to the extent that they are, in some cases, the only way to gain access to permanent employment. Banks and insurance companies use CDDs in many situations because they are a form of employment contract that can fit any task. However, firms in both sectors concentrate their use of CDDs on the hiring of workers in the *Employé* and the Middle job categories as they do for the other two forms of irregular employment.

**It is difficult, almost impossible, to argue for labor supply effects in the use of CDDs in the two sectors**

Workers who are hired on CDDs would prefer to be hired into permanent employment. It is difficult to argue otherwise because the work performed by workers on CDDs does

not differ from that of other workers in the same department, most of the time. It also does not present some of the advantages of temp employment such as employer hopping<sup>21</sup> or the access to training for computer use. Worker preference for intermittent or unstable work probably does not play a role in the presence of CDDs in the two sectors; firms did not start using CDDs because of the existence of a supply of workers only willing to work on CDDs. Workers work on CDDs because it is the form in which hiring takes place in many instances and because it might lead to permanent employment. Thus, CDDs mesh with worker preferences because the latter need jobs, the more so in a slack labor market. As reported in the previous chapter, hiring for *Employé* positions is usually on CDDs.

For workers, a CDD is a "foot in the door", potential access to permanent employment. It is an opportunity to prove themselves on the job for those workers who do not meet the educational level required by firm hiring policies and to obtain conversion to permanent employment. This is the extent to which labor supply characteristics, the lack of education in this instance, play any role in the use of CDDs, albeit a relatively small one.

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<sup>21</sup> Although, as discussed above, even temp workers take permanent positions when these are offered to them.

### **The role of firm demand in the uses of CDDs.**

As described in the previous chapter, firms use CDDs to control the size of the workforce in the *Employe* category and in the low rungs of the *Middle* category. In summary, they use CDDs in three ways:

-for the systematic replacement of workers on maternity and on sick leave whereas, during the period of employment growth, they would have hired replacement workers on permanent contracts and would have kept them as part of their growing workforce;

-for screening potential permanent workers;

-for getting work done during a period of planning for job destruction.

According to the terms of legislation, CDDs are meant to be for short duration or idiosyncratic tasks, or for replacement of absent workers. Banks and insurance companies use them in this way but they have applied them to uses which reflect qualitative needs derived from their plan for transformation of their system of employment.

For replacements, CDD have become systematic in a period of planned reduction of the *Employé* workforce in administrative services. Firms can cancel the contract of the replacement worker on CDD if the original worker does not return. In effect, a position is cancelled. Because the numbers of workers on maternity leave is large and quite



a few do not return, the use of CDD is a "soft" way to reduce workforce size in a targeted way.

When banks and insurance companies use CDDs for screening, their practice is primarily opportunistic; they use CDDs to extend the effective probationary period from the legal limit of 3 months to a possible 24 months with a CDD. In this case, they only avail themselves of CDDs because they hesitate to hire permanent employees and because CDDs are an easy way to buy time for their decision.

They also use CDDs because they are planning for skill upgrading and change, do not want to hire workers with less than "optimal" education level but need work done until tasks are reorganized to retain "optimal" workers. During the 1980s, banks and insurance companies could find the workers with the preferred level of education in the labor market so they were not driven to use workers on CDDs because of a skill bottleneck. Rather, it is because they have not reorganized tasks sufficiently to employ fully and satisfactorily the preferred workforce of the future that they hire workers with lower education levels essentially to "get the job done" until deeper changes in work organization are accomplished.

Lastly, the use of CDDs to keep a company's operating while it is undergoing a radical and rapid restructuration accompanied by massive, planned, job destruction cannot be

described analytically in any other way than as being driven by firm demand (see previous chapter).

### CONCLUSION

In national surveys, the workforces in part-time, temp or CDD employment exhibit a marked preference for employment that is more stable and/or full-time. Most of these workers see and use temp and CDD assignments as a means of access to permanent employment. It is only in this way that temp and CDD employment can be said to meet worker needs. Whether workers are young and without employment experience, or simply faced with the consequences of a slack labor market, they benefit from irregular employment if the latter leads to permanent employment. The evidence paints a more mixed picture of part-time because it is, on one hand, a job benefit for the regular workforce in some sectors and, on the other, a primary form of hiring in other sectors.

The national evidence does not point to a clear pattern of labor market participation by some workforces that would compel firms to generate part-time, temp or CDD arrangements. The evidence on the temp industry presents unambiguously the case of an idiosyncratic form of employment, which on the face of it could be a response to worker needs for intermittent employment, and turns out to have diffused primarily because of the needs of user firms and the marketing strategies of temp services.

Irregular employment in banking and insurance, its characteristics and pace of introduction, have been governed primarily by firm qualitative needs for easily recruited workers with micro-computer skills and for workers to get work done while waiting for full task reorganization. Its use has also been driven by firms' need to make as few commitments of regular employment to low-skill workers as possible and by the desire to cut employment rolls and total labor costs. This study has for focus the characteristics of firm demand and thus emphasizes the role for firm practices. Nevertheless, the tenor of all interviews was **not** one in which personnel officials portrayed their work as a response to worker characteristics. Rather, they described the work of their department as actively engaged with a broad task of product and employment transformation with the fall-out for the existing workforce, and for the pool of potential hires, being conceived as a residual category.

## **CHAPTER 7**

### **CONCLUSIONS**

The following conclusions have two main objectives. One is to discuss what the next "steady state" of employment would look like for insurance and banking and for the macro labor market if "restructuring" strategies are a significant component of firm practices in the 1990s.

The second objective is to discuss essential features of the restructuring polar case and to ask whether the banking and insurance cases are specific to France. These essential features fall into two categories: organizational features of the two sectors that have steered firms away from core-periphery strategies; and socio-institutional features that have mediated their adaptation strategies and use of irregular employment. The issue of the role of institutions in this case stands out because of obvious contrasts between the French and American contexts for employment. Both of these discussions have implications for policy making as I first discussed in Chapter 1.

Before addressing these two broad issues, I first consider the ways in which the French banking and insurance cases are consistent with other accounts of transformation of internal labor markets in the 1980s.

#### **CONSISTENCIES WITH OTHER ACCOUNTS**

First, the French banking and insurance cases confirm the pervasiveness of irregular arrangements as a tool for

workforce management. They permit the addition of a demand-side explanation, other than the creation of a core-periphery workforce structure, without invalidating the presence of the latter strategy in other sectors. Irregular arrangements, at least in the French economy, cover a range of work experiences, jobs and demand-side strategies.

Second, the nature of market changes that have prompted firms in the two sectors to alter their employment systems are of the type described in the U.S. and French literature. They differ in intensity, and not nature, from the market changes affecting firms that have adopted core-periphery strategies. The fact that these French firms operate in a frame of regulation of financial and insurance products that is distinct from the U.S. one (our point of reference) does not seem to have rendered different their diagnostic of how their markets have been impacted by the competitive conditions of the 1980s. This context does affect, however, the terms in which banks and insurance companies consider possible alternatives for adapting their organizations.

Third, so far, banks and insurance companies intend to implement the new computer technologies in ways that broaden the range of tasks -decentralized access to account and policy information, more developed customer service functions-- and increase the responsibilities of Middle level, and some Low category, clerical workers. The rapid transition of the economic environment of these two sectors,

from easy growth, to more difficult access to customers, was accompanied by foreign companies' inroads in the domestic market but also by the potential to move into other countries' markets. This choice of planning to move into other European markets may have pushed major French banks and insurance companies to concentrate their use of computer technologies on enhancing product, and service, quality and on making sales efforts more aggressive; this is the account that officials gave during interviews. It may have rendered insufficient the option of looking to compete on simple cost reduction achieved through deeper work fragmentation and routinization and through a shift of the burden of risk onto secondary workforces.

Fourth, these firms have certainly considered how to reduce their labor cost as an adaptation strategy but not to the degree that firms engaged in core-periphery strategies seem to have. For the firms interviewed, labor cost reductions do not need to be drastic and for the short term. Rather, personnel officials are more concerned about long term personnel cost "control." In this way, they have articulated a workforce goal with an avowedly contradictory nature. They need "new" educated workers who are trainable and flexible but whose expectations of promotion and compensation growth over the course of a career are not so high as to constitute a financial burden to the firm. Additionally, "not so high" for most workers likely means a

lower rate of compensation growth over their career than current Middle and High workers have experienced. As I mentioned in previous chapters, it definitely means less pay improvement for workers who stay in the Low category for most of their career.

Fifth, the diffusion of post-secondary education has also affected career ladders for Middle and High level positions by making feasible recruiting from the outside and lateral mobility. One aspect of the role of rising education levels is particularly French; it is the emphasis of diplomas as screening mechanisms. Banks and insurance companies raised their recruiting standards as high as they could, given a slack labor market (to at least two years of post secondary education in most instances). They did so in hopes of guaranteeing themselves a competitive edge in the future. It is somewhat unclear, even to the companies themselves, however, how they will use these educated workers fully. These possibly "over educated" workers may be easier to train than workers recruited in the 1960s with an 8th grade education but they will probably be more difficult to retain in the firm and even in each sector, and some industry representatives have already expressed concerns to that effect.

## IMPLICATIONS FOR FUTURE EMPLOYMENT

### What the next "steady state" of employment systems may entail in insurance and banking

Before going on to the future steady state of employment in insurance and banking, I must step back and underscore historical aspects of employment in the two sectors that may have steered them away from the core-periphery strategy. The state of employment systems in the two sectors in the late 1970s and early 1980s cannot easily be described as a mix of "salaried" and "secondary" arrangements to use the typologies developed by Osterman (1989.) Instead, in French banking and insurance, low skill clerical workers were integrated into firms' internal labor markets even though they performed fragmented tasks, experienced little job change, were expected by firms to have high turnover and were in fact excluded from significant job change. Moreover, they were covered by internal labor market rules, not because of administrative simplicity, but because bank and insurance management had needed to attach these workers to the firm and had wanted to generate in-house their pools of middle and high level workers. Thus, by 1980, these firms had not fostered weak institutional ties with their clerical workforces.

If banks and insurance companies indeed succeed in transforming their employment systems and workforce



composition as they plan to, then employment systems will have the following features:

- A "salaried-type" employment system for professionals and technical workers. These workers will be recruited from the outside more frequently than in the past. Nevertheless, banks and insurance companies have great hopes of "grooming" these workers in-house as cutting-edge knowledge of technologies for marketing, data processing, and communications becomes less scarce. In fact, personnel departments in both sectors are working fast to find ways to integrate all the new competencies into firm career ladders so that they can better control their supply of such workers.

-Middle level workers will also be in salaried-type employment. They are the group whose jobs will have experienced the greatest qualitative change. Their numbers relative to clericals will have increased substantially. Instead, they will operate in a work environment in which they will be less responsible for direct hierarchical supervision of large numbers of clericals. They will have more responsibility for product quality, customer service, and marketing that is, the direct generation of business for either the bank or insurance company. Firms will recruit these workers with the intent of retaining them. However, many will have been recruited at fairly high levels of education given the tasks they are expected to perform.

Thus, retaining them may be more problematic than previously. Providing them with career mobility will also depend on each firm's ability to dispense with specialists recruited from the outside. There probably will be more lateral mobility (across firms and outside each sector) of these workforces than in the past.

-Low level clericals are the neglected category of the transformation of employment systems planned by banks and insurance companies. They have been recruited sparingly throughout the 1980s. The main thrust of firm strategies, and their main reason for using irregular employment, is to reduce the size of this group and to renew the workers in it, replacing high seniority workers, schooled in old work practices and deemed untrainable, with younger more flexible ones. Nevertheless, and because so much of firms strategies has focused on numbers reduction, the relative neglect of the design of the tasks and career ladders of this category (as compared to the other two categories) will have consequences for work effort and quality. One bank official noted that all secretarial-type occupations are overdue for career redesign as are a number of other teller-type occupations. Firms have already experienced difficulties retaining better educated workers in these positions.

Overall, however, menial tasks will not be completely eliminated either by productivity-enhancing technologies or by task recombination. One insurance personnel executive

echoed comments made by several others: "we will still need lots of little hands."<sup>1</sup> Who will be hired for these positions and whether or not they will be encouraged to turnover rapidly (or put another way, be given very few incentives to stay) is very much an open question; personnel departments have not given much thought to this worker category. Their single strategy has been to raise the education level at recruiting time. However, as of 1990, they did not plan to design ways to push these workers on the periphery of the firm either by subcontracting for services or by expanding their use of irregular arrangements. Nor did they plan to recruit "secondary workforces" prone to high quit rates. If anything, they plan to stabilize this workforce but keep it very small. The question of whether this approach is feasible into the 1990s has no clear answer yet. It may turn out that, if the two sectors are studied ten years hence, the employment pattern for this workforce will be one of growing "secondarization" but there were no clear sign of this in 1990.

#### Implications for the future structure of labor markets

As I discussed in the introduction, explanations of irregular employment which subsume it under secondary employment and tie its use to firm "core-periphery"

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<sup>1</sup> "On aura toujours besoin de petites mains."

strategies have a very clear prediction for the future of labor markets. The latter will display a growing share of secondary employment loosely attached to primary sector firms as well as increased employment in periphery firms and subcontractors. Models of the core-periphery strategy predict a greater degree of labor market segmentation and widened income distributions at the macro level.

Predictions are altered, however, if we accept that not all use of irregular employment is part of core-periphery strategies. The use of irregular employment for "restructuring" prefigures reduced total employment in primary firms once they have fully completed their transition. Firms which follow restructuring strategies, however, will not generate large numbers of low wage, secondary jobs. They will stop providing numerous "average pay" jobs to low education workers, however, and this will have consequences for future workforces. (They will also in the short term generate a significant number of early retirees whose need for income replacement will be an issue for firms and governments.)

Economy-wide, the presence of both core-periphery and restructuring strategies, modifies the straightforward prediction of quantitative change in the mix of primary and secondary employment. (It also manifests the diffusion of irregular employment across sectors with high flux and uncertainty, as well as those with more limited variability

in activity.) The relative preponderance of each strategy across sectors and across firms will affect the degree of **changes** to employment in primary sector firms **and** the nature and volume of irregular arrangements. The predictions derived from a characterization of firm practices across the economy as spanning both polar strategies are less clear to delineate than if only the core-periphery strategy were at play. There is greater ambiguity in predictions precisely because the restructuring strategy entails changes to what has been understood to be primary employment and a revision of acquired notions of irregular employment.

One straightforward prediction, however, is that the more firms are steered away from the Core-Periphery strategy, the lower the likelihood of growing secondary/periphery employment economy-wide.

Another prediction is that it will be more difficult to steer firms away from core-periphery strategies in sectors and firms that, prior to the 1980s, had already developed patterns of reliance on partially externalized workforce with loose institutional attachments to the firm's internal labor market. Additionally, firms in sectors with high flux and uncertainty prior to the 1980s are more likely candidates for adopting core-periphery strategies. For example, low wage service sector firms such as food retailers accentuated strategies of reliance on peripheral workers, in the 1980s, that they had adopted in the 1970s.

One study of French food retailing (CEREQ-ADEP, 1990) indicates the presence of a growing part-time, high turnover, female workforce with very limited promotion options. For example, among large scale retailers, part-time grew from 13.5 percent of the workforce in 1983 to 25.4 percent in 1988, the heaviest users being the "hypermarkets."<sup>2</sup> In this sector, part-time is not a benefit (for originally full-time workers) but a characteristic of job offers.

Thus, the pool of economic sectors and of firms more likely to use irregular employment for restructuring, and be steered away from core-periphery strategies, are those which until the 1980s had strong internal labor markets in the limited sense of having strong institutional ties between worker and firm. These firms have not fully questioned these ties in the 1980s even if they have reconsidered hiring volume, career paths and rewards to seniority.

#### The limits of predictions for the structure of the macro labor market

In this general research area --in which authors have looked at the change in internal labor markets and the growing use of irregular employment for activities central to production-- predictions about the structure of the macro labor market are hard to come by. This is due to that fact

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<sup>2</sup> CEREQ-ADEP, 1990, v.2, p.61

that the area's very subject of study is the increasing difficulty, during the 1980s, (even more so than before) of assigning firms to a macro market segment (such as core or periphery) and to tie specific industrial sectors to an employment strategy in a straightforward way.

For the purposes of this study, the units of analysis were large, coherent, internal labor markets in sectors dominated by a few large firms. Implications, then, can only be drawn for the evolution of firms with large internal labor markets. Prior to the 1980s, it was customary to assign these firms to a core segment of the economy. That concept has evolved since; there has been more heterogeneity in employment systems across firms within industrial sector and/or market segment. Noyelle (1987) observed that, in the 1980s, firms (and the sector to which they belong) had lost their determining role as the locus of the origin of market segmentation. Instead, the author argued, the skill contents of job would have that function (and thus generate the distinction between skilled and unskilled contingent work.) Another way to draw the same conclusion is to say that the characteristics of work organizations, their history, and the way their current choice of technology implementation are affected by past decisions, all shape employment strategies but also that the industrial sector is no longer a straightforward predictor of types of work organizations. The literature on the organization of

production and subcontracting patterns has made a strong claim to growing heterogeneity within conventionally defined industrial sectors.

Thus, restructuring strategies (as a motive for the use of irregular employment) may not characterize an entire industrial sector, and neither will core-periphery strategies. However, there is still insufficient evidence to abandon the expectation that industries with past practices of low-wage/cost-cutting strategies will have a greater representation of core-periphery structures while other sectors, with less of these habits, will not. Aggregate evidence on the concentration of irregular employment in each sector misses the heterogeneity of irregular employment in terms of its function in firm strategies. It does capture the incidence of irregular arrangements, however, and sectors with high incidence are those whose firms tend to have core-periphery strategies. (They also include, however, those sectors which, in the past, had casual employment or less developed internal labor markets with few career ladders. In the 1980s, these sectors have even more reduced internal labor markets.<sup>3</sup>)

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<sup>3</sup> In some of the sectors that are heavy users of irregular employment in the 1980s, the arrangements themselves -the bundle of regulation that they entail- seem to have "gathered or codified" existing casual employment, for example in Restaurants and fast foods.



## **ARE THE BANKING AND INSURANCE CASES SPECIFIC TO FRANCE ?**

The concerns which give rise to the above question relate to the boundaries between firm and national institutional context. If firm practices are entirely shaped by national legislation, then the cases are indeed unique; I think not. The appropriate way to address these concerns, then, is to point out essential elements of the French banking and insurance cases as they relate to their use of irregular employment. In this way, observers may decide whether these elements are, in and of themselves, never to be found in other firms, other economic sectors, and, importantly, other countries. This approach has another benefit which is to draw lessons from these cases that may be applicable to other contexts.

Essential features of the two cases fall into two categories: a/ organizational characteristics and historical elements specific to the two sectors; and b/ aspects of the French socio-institutional context which have mediated these firms' use of irregular employment.

### Organizational characteristics and historical elements

I have referred to these in the introduction and, partially, in the preceding section. First, major French banks and insurance companies behaved as if they had "time" to transform their systems of employment. In the 1980s, they were coming out of a twenty year period of easy market expansion which had left them with financial reserves. The

strategies described in this study are those they devised in anticipation of further growth in their personnel budgets and only a couple of years into the realization that their future ability to compete would depend partially upon stricter control over their operating budgets.

Second, as mentioned above, these banks and insurance companies had not had practices of pushing clerical workers in deskilled clerical jobs into part-time shifts or other tenuous arrangement prior to the 1980s. They had, however, large processing centers where work was routinized and low-skilled and workers had experienced no promotions but they considered these the relics of a prior form of work process (centralized data processing and computer use) and not a formula to be replicated extensively in the future. Needless to say, there may be variations across firms in the future. For example, the cooperative sector insurance company was least interested in "core periphery" strategies, and most interested in retaining and retraining its existing workforce.<sup>4</sup> In contrast, the private insurance companies that was the product of successive mergers and acquisition was much more of a mystery in terms of future firm practices. In early 1990, its personnel management seemed most interested in keeping workforce costs as low as possible (because of the burden of financing the corporate

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<sup>4</sup> Its use of CDDs in hiring in the mid 80s was little different from that of other firms, however.

restructuring process) and much more variable than it had been in the firms that had been taken over.

Third, there was little explicit interest in core-periphery strategies historically among these firms. As one banking personnel official stated: "here we store up people for future use."<sup>5</sup> I discuss below to what extent this attitude is associated with elements of the French institutional context on employment relations.

Fourth, banks and insurance companies had very low turnover which, in the absence of drastic layoffs, would make it very difficult to implement a core-periphery strategy. The latter entails a vast workforce change which presumes either high turnover (replacing those who leave with secondary workforces), or rapid employment growth (not the case in these sectors), or massive layoffs.

Aspects of the French socio-institutional context which have mediated the use of irregular employment by banks and insurance companies.

Before discussing the ways in which the French socio-institutional context mediated firm practices in the restructuring polar case, I step back and define how to think of this context in comparative perspective. Firstly, if we look at the set of laws directly pertaining to employment relationships, then countries such as France and the United States are very wide apart and the expectation is of very different employment outcomes (see Piore, 1986.)

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<sup>5</sup> "Ici, on engrange les gens."

However, where the banking and insurance sectors are concerned, these broad distinctions in legal systems do not account for their use of irregular employment for restructuring. If they could, then research could neatly sort countries into those with core-periphery employment and those without. So far, it has proved difficult to do so.

Secondly, if we look at the specific industrial relations context defined narrowly (as it was in U.S. industrial relations research prior to the reformulation by Kochan, Katz and McKersie, 1986) in the two sectors, there is not enough union power in the sectors and in the French context at large to account for banks and insurance companies having so far steered away from core-periphery strategies.

Thirdly, if we consider, however, generalized socio-institutional characteristics that affect economic activity in a broad sense, that color the nature of social protection, and finally that shape expectations of the nature of employment relations,<sup>6</sup> then there are factors in the French case which clearly mediated the use of irregular employment by banks and insurance companies. These factors acted by regulating firm behavior and/or by improving the

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<sup>6</sup> From a comparative perspective, some of the earlier works to draw the implications of the socio-institutional context defined in such a way include the study of French and German plants by Maurice, Sellier and Silvestre (1982) and Berger and Piore, (1980.)

status of workers in irregular employment, thereby indirectly affecting firm practices. I discuss them here.

The fact that the French state is a major shareholder in all the large banks and insurance companies affects the latter's responsiveness to concerns of national employment policy. And concerns about layoffs were heightened by a sluggish national employment growth through much of the 1980s. As already discussed, these firms avoid generating unemployment through mass layoffs. As nationalized firms and major employers, however, they have benefitted from closer government policy attention. During the 1980s, they received subsidies to facilitate early retirement and to hire young workers so as to renew their workforce progressively.

They are also committed to avoid layoffs through their collective bargaining agreement. Smaller banks have had layoffs, however, but these cases are sparse. Because layoffs are not standard practice in these sectors, and have not become so in the 1980s, establishing a substantial periphery of workers subject to frequent layoffs is not part of easily accessible options for workforce management. Layoff avoidance, coupled with low workforce turnover, did compel these banks and insurance companies to use irregular arrangements but to use them for a progressive transformation of employment systems.

Both of these restraints on layoffs have affected the banking and insurance sectors more directly than the legislation on administrative oversight on layoffs originally enacted by a conservative government in the early 1970s and in place until 1986. In the insurance collective bargaining agreement for the Paris area, the clause pledging to avoid layoffs was signed the same year as the national legislation and reflects the meshing of the practices of large employers and the objectives of the national government.

The fact that the "social protection" function (Jacoby, 1987) is largely socialized, rather than tied to employers, may have made core-periphery strategies less appealing to French firms. It is harder for firms to shelter themselves from benefits costs by externalizing workers.<sup>7</sup> In fact, sectors, such as insurance and banking, with developed internal labor markets are among those for whose workforce the socialization of employment benefits is most advanced. In other sectors of the French economy, the social protection function is less socialized, more in the control of employers, and thus core-periphery strategies may be more appealing. For example, in food service or construction, it

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<sup>7</sup> Another aspect of "uniformization" is the process of "mensualization" of workforces which proceeded apace during the 1980s. Full-time manual and clerical workers have for the most part been brought onto a salaried pay system which has stabilized earnings for numerous workers. Workers receive full pay even if hours are cut but receive overtime rates for hours over 39 per week.

has been possible for firms to resort to contracting out to individual workers in order to avoid regulations governing employment relationships and the cost of socialized benefits.

The government's ability to extend clauses of a major collective bargaining agreement to all establishments and workforces in a sector (another aspect of socialized "social protection") has also contributed to steer these employers away from externalizing clerical workforces. Banks and insurance companies have in the past excluded workers in non-banking, non- insurance related activities through service sub-contracting. They cannot, however, elude clauses of a collective bargaining agreement for their clerical workers by opening a new establishment in a different location.

The restrictive aspects of regulation on irregular employment contracts per se has acted in two ways. It has altered the terms of trade offs between CDDs and temp contracts, making the latter costlier but has also made temp contracts easier to use after 1989. The regulatory power of the government was also instrumental in compelling collective bargaining in the temporary help industry.

The national government's ability to regulate the operations of the temporary help service industry first "cleaned" the industry of marginal operators, and then

contributed to the industry's specialization.<sup>8</sup> The threat of further regulation, and the ability to carry out that threat, compelled the temporary help industry to engage in collective bargaining negotiations which yielded an agreement giving temp workers a legal status with significant protection. The government's ability to carry out that threat was enhanced by the combined effect of the unpopularity, in the public's eye, of irregular employment of any form during a period of high unemployment, and that of the high visibility of the temp industry as a major "culprit" (publicized cases of bankruptcy and violation of the labor code.)<sup>9</sup>

The government's action on the temp help service industry both built worker protection and altered the decision terms for user firms as well. It contributed to turning temp employment into a form of employment they used sparingly and in particular ways only.

The lesson from the French experience of collective bargaining for temp workers is that bargaining took place, and innovative solutions such as seniority portability were

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<sup>8</sup> Puel (1988) noted that from 1980 to 1988, the number of temp services was cut in half. Unskilled workers in the industry decreased from 55 to 30 percent of employment. Skilled occupations (administrative secretaries, nurses, solderers, machine tool and die workers) represented over 50 percent of employment in 1980.

<sup>9</sup> Those publicized cases are similar to what has happened in recent months with employee leasing in the United States.



found, only once the government threatened the industry with further costly regulation and conveyed to major union federations that temping was "there to stay."<sup>10</sup> In the absence of the regulatory threat, collective bargaining, a more flexible option to control terms of employment than legislation, might not have taken place. Also, in the absence of government monitoring, the temp help industry might not have been compelled to compete on service quality --in this case worker micro computer skills-- and might not have jumped in to fill the training gap left by the vocational education system where office technologies skills are concerned.

Finally, government regulation favoring the conversion of full-time workers to part-time schedules both provided a job benefit wanted by numerous workers and enabled firms to renew their workforce by selectively using it to reduce the presence of some worker categories in the workplace. While this was not an intended use of part-time, it allowed banks and insurance companies to increase workforce turnover (several workers on part-time amount to one worker leaving) in a time when they needed it while satisfying the preference of some workers for reduced hours. Needless to say, it did not meet the needs of all the workers who

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<sup>10</sup> As a caveat, the novel benefits for temp workers may be affordable only because of minority of them are career temp workers.

desired reduced hours since part-time was selectively offered to some worker categories only.

#### **ATTEMPTS AT CATEGORIZING NATIONAL ECONOMIES**

From the start, this study has stayed away from a perspective of cross-national comparisons according to which national differences in legal systems drive all observed differences in employment structures. These national differences, however, do provide a context that mediates firm practices without fully determining them. During the 1980s, the debate of labor market flexibility stimulated research attempts to sort national economies according to their degree of labor market regulation. Two polar arguments were made. Given the new competitive conditions and technological changes, a/ countries with little labor market regulation had more wage flexibility and thus were more competitive, or b/ countries with little regulation would rely on external flexibility (and core-periphery strategies) and those with extensive labor market regulation would be compelled to rely on internal flexibility (job change and redesign) and would use irregular employment little (see for example, Brunhes for OECD, 1988.) The drawback of this approach has been that researchers have found numerous counter examples in each country to contradict the predictions drawn from relying primarily on national labor legislation.

If I were to put the French case in a similar framework, it would fall in a category different from the U.S. but also far from the paragons of the "internal flexibility" approach which researchers provide, such as the former Federal Republic of Germany. Marchand (1989) put France in a category with Italy as an intermediate case of a "European" model exemplified by Sweden and the RFA. On aggregate, French firms spend too little time and funds on workforce training to fit the "internal flexibility" model provided by researchers.

This study provides an added perspective on this debate; looking at national levels of irregular arrangements makes it difficult to sort economies into camps because these statistics hide the range of employer strategies in which these arrangements fit. Additionally, one cannot derive conclusions about the role of national regulation by focusing on a few firm cases because, as several researchers have pointed out (e.g. Bertrand and Noyelle, 1989), there can always be found a counter case (for instance, researchers find cases of internal flexibility in the U.S. and extensive subcontracting in Sweden.)

With the possibility of the existence of a range of strategies -from "core-periphery" to "restructuring"- then national levels of irregular employment can be read in the following way. Some of the irregular employment is generated by restructuring polar strategies and most of it

is generated by core-periphery strategies. National contexts of labor legislation may steer certain firms away from core-periphery strategies, and thus alter projected levels of irregular employment. That is more likely to happen, however, if those firms have organizational histories and attributes of the type displayed by the banking and insurance cases.

#### **GENERIC ASPECT OF THIS STUDY**

As already mentioned in the introduction, this study moved away from the U.S. debate on irregular arrangements whose two sides were: a/ irregular employment is secondary (and imposed on workers) versus b/ irregular employment is not secondary because it is driven by the preferences of the workforce. Instead, I took issue with the formulation of the first side of the debate which is the nature of the demand for irregular employment, thus assuming that irregular employment use is demand driven but keeping in mind that the degree of workforce availability for these arrangements also affected firm practices.

To draw the distinction between two polar cases of firm strategies for use of irregular arrangements, I considered irregular arrangements as a pliable form of employment, meaning "pliable" in two ways:

. irregular arrangements are pliable in that firms put them to different uses in order to meet varied strategies,

and they cannot easily be equated with secondary employment, the category of economic analysis. This first distinction allowed for a more textured account of irregular employment than one that would treat it as a residual category of core-periphery strategies.

.irregular arrangements are pliable in the sense that their institutional contents (terms and conditions of employment) vary not only across countries (as is commonly assumed) but across time in each country and that firm strategies (which vary within countries) give a different meaning to it for workers and for economic analysis.

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**APPENDIX**

**TABLES FOR CHAPTERS**

**I, IV, V AND VI**

TABLE I-1: RECOURSE TO LIMITED DURATION CONTRACTS: PERCENT OF ESTABLISHMENTS USING THESE CONTRACTS AND PERCENT OF WAGE WORKERS HOLDING SUCH CONTRACTS: 1977-1983

	Establishments with:									
	10 to 49 workers		50 to 199 workers		200 to 499 workers		over 500 workers		TOTAL	
	% of estab.	% of wkrs.	% of estab.	% of wkrs.	% of estab.	% of wkrs.	% of estab.	% of wkrs.	% of estab.	% of wkrs.
1977	8.1	1.2	22.1	1.7	38.4	1.9	47.5	1.2	12.2	1.4
1980	20.9	3.0	44.5	3.7	65.0	3.6	74.8	2.2	27.0	3.0
1983	24.8	2.2	52.5	2.7	70.4	2.5	74.8	1.6	30.6	2.3

Source: Ministère du Travail, Tableaux Statistiques (Paris: Documentation Française, 1986), p. 204. April 15 survey dates.

TABLE I-2: RECOURSE TO TEMPORARY HELP CONTRACTS: PERCENT OF ESTABLISHMENTS USING THESE CONTRACTS AND PERCENT OF WAGE WORKERS HOLDING SUCH CONTRACTS: 1977-1983

	Establishments with:									
	10 to 49 workers		50 to 199 workers		200 to 499 workers		over 500 workers		TOTAL	
	% of estab.	% of wkrs.	% of estab.	% of wkrs.	% of estab.	% of wkrs.	% of estab.	% of wkrs.	% of estab.	% of wkrs.
1977	5.0	0.7	13.9	1.2	26.7	1.1	44.7	1.4	7.9	1.1
1980	8.1	1.2	22.6	1.6	39.8	1.9	59.3	1.8	12.3	1.6
1983	5.1	0.5	19.5	0.9	38.6	1.2	63.0	1.2	8.7	0.9

TABLE I-3: SHARE OF CCD IN TOTAL PRIVATE WAGE AND SALARY EMPLOYMENT

CDD - BOTH SEXES	1982	1983	1984	1985	1986	1987	1988
Unspecified sector	4.13	2.05	4.25	2.79	2.39	5.07	2.05
AGRICULTURE	3.88	3.59	3.65	5.57	6.50	7.48	7.06
Food processing	3.26	2.94	2.34	2.46	3.67	5.13	4.34
Energy	0.70	1.29	0.33	0.83	0.81	1.08	1.21
Intermediate goods mfg.	1.57	0.93	1.09	1.83	2.24	2.62	3.52
Production goods mfg.	1.55	1.40	0.84	1.66	1.78	2.64	3.47
Consumer goods mfg.	2.34	2.26	2.15	2.26	3.10	3.41	3.93
TOTAL MANUFACTURING	1.87	1.64	1.36	1.90	2.39	3.02	3.57
CONSTRUCTION AND PUBLIC WORKS	2.57	1.65	1.67	2.27	2.40	3.57	3.76
Trade	2.55	2.27	2.19	2.64	3.35	3.82	4.10
Transportation and Communications	1.20	1.08	1.10	1.65	1.66	2.46	2.61
Market services	2.98	2.91	3.26	3.61	4.49	5.11	5.59
Financial institutions	0.99	1.38	1.42	1.83	1.65	2.27	2.05
Non-market services	2.22	1.76	2.47	2.50	3.97	4.24	5.50
TERTIARY SECTOR	2.35	2.20	2.41	2.78	3.49	4.05	4.48
ALL ACTIVITIES	2.24	1.96	1.97	2.44	3.03	3.71	4.14

Source: Table PA09, Enquete Emploi, 1982-88.

All surveys are for March except for April-May 1982 survey.



TABLE I-4: SHARE OF TEMPS IN TOTAL PRIVATE WAGE AND SALARY EMPLOYMENT

TEMPS -BOTH SEXES -----	1982	1983	1984	1985	1986	1987	1987
Unspecified sector	3.73	1.37	1.22	3.23	0.61	0.51	2.18
AGRICULTURE	0.00	0.36	0.12	0.00	0.13	0.25	0.36
Food processing	0.82	0.78	0.58	0.78	1.16	1.24	1.05
Energy	1.18	1.03	1.34	0.80	0.50	0.81	1.08
Intermediate goods mfg.	0.95	1.01	0.99	1.29	1.11	1.24	2.32
Production goods mfg.	1.64	1.35	1.00	0.99	1.43	1.34	1.86
Consumer goods mfg.	0.59	0.61	0.87	1.13	0.86	0.65	0.99
TOTAL MANUFACTURING	1.09	1.00	0.94	1.07	1.12	1.10	1.62
CONSTRUCTION AND PUBLIC WORKS	1.07	0.72	0.88	1.02	1.42	1.16	1.77
Trade	0.57	0.39	0.55	0.52	0.52	0.38	0.57
Transportation and Communications	0.47	0.61	0.43	0.39	0.65	0.71	0.72
Market services	1.35	1.36	1.14	1.19	1.50	1.55	1.57
Financial institutions	0.34	0.43	0.60	0.48	0.55	0.36	0.86
Non-market services	0.38	0.37	0.14	0.27	0.28	0.21	0.30
TERTIARY SECTOR	0.79	0.76	0.69	0.71	0.87	0.84	0.96
ALL ACTIVITIES	0.93	0.84	0.79	0.87	1.00	0.95	1.26

TABLE I-4: SHARE OF TEMPS IN TOTAL PRIVATE WAGE AND SALARY EMPLOYMENT

TEMPS -BOTH SEXES -----	1982	1983	1984	1985	1986	1987	1987
Unspecified sector	3.73	1.37	1.22	3.23	0.61	0.51	2.18
AGRICULTURE	0.00	0.36	0.12	0.00	0.13	0.25	0.36
Food processing	0.82	0.78	0.58	0.78	1.16	1.24	1.05
Energy	1.18	1.03	1.34	0.80	0.50	0.81	1.08
Intermediate goods mfg.	0.95	1.01	0.99	1.29	1.11	1.24	2.32
Production goods mfg.	1.64	1.35	1.00	0.99	1.43	1.34	1.86
Consumer goods mfg.	0.59	0.61	0.87	1.13	0.86	0.65	0.99
TOTAL MANUFACTURING	1.09	1.00	0.94	1.07	1.12	1.10	1.62
CONSTRUCTION AND PUBLIC WORKS	1.07	0.72	0.88	1.02	1.42	1.16	1.77
Trade	0.57	0.39	0.55	0.52	0.52	0.38	0.57
Transportation and Communications	0.47	0.61	0.43	0.39	0.65	0.71	0.72
Market services	1.35	1.36	1.14	1.19	1.50	1.55	1.57
Financial institutions	0.34	0.43	0.60	0.48	0.55	0.36	0.86
Non-market services	0.38	0.37	0.14	0.27	0.28	0.21	0.30
TERTIARY SECTOR	0.79	0.76	0.69	0.71	0.87	0.84	0.96
ALL ACTIVITIES	0.93	0.84	0.79	0.87	1.00	0.95	1.26

TABLE I-5: SHARE OF INTERNSHIPS (ALL TYPES) IN PRIVATE WAGE AND SALARY EMPLOYMENT

	1982	1983	1984	1985	1986	1987	1988
Unspecified sector	1.99	0.60	0.00	0.56	0.58	3.11	1.11
<b>AGRICULTURE</b>	0.51	0.35	0.55	0.26	0.99	1.41	1.44
Food processing	0.41	0.29	0.12	0.10	0.55	0.73	0.79
Energy	0.48	1.73	1.28	0.92	0.43	0.23	1.24
Intermediate goods mfg.	0.18	0.19	0.18	0.14	0.42	0.56	0.59
Production goods mfg.	0.17	0.20	0.15	0.33	0.47	0.64	0.68
Consumer goods mfg.	0.27	0.29	0.25	0.25	0.49	0.71	0.89
<b>TOTAL MANUFACTURING</b>	0.24	0.31	0.24	0.27	0.47	0.62	0.75
<b>CONSTRUCTION AND PUBLIC WORKS</b>	0.25	0.24	0.18	0.15	0.23	0.99	1.19
Trade	0.41	0.46	0.30	0.28	0.39	1.42	1.68
Transportation and Communications	0.29	0.26	0.41	0.42	0.56	0.47	0.64
Market services	0.96	0.66	0.63	0.85	1.46	2.03	2.51
Financial institutions	0.36	0.38	0.63	0.54	0.84	0.76	0.54
Non-market services	0.50	0.80	0.56	1.12	2.70	2.75	3.09
<b>TERTIARY SECTOR</b>	0.60	0.54	0.49	0.64	1.14	1.64	1.95
<b>ALL ACTIVITIES</b>	0.43	0.42	0.37	0.44	0.80	1.22	1.45

NOTE: Internships ("stages") combine government sponsored and private ones.

TABLE I-6: TOTAL PRIVATE WAGE AND SALARY WORKERS IN EACH MAJOR SECTOR

	1982	1983	1984	1985	1986	1987	1988
Unspecified sector	92,567	47,398	44,518	45,309	49,312	58,866	56,964
<b>AGRICULTURE</b>	<b>309,930</b>	<b>268,288</b>	<b>280,463</b>	<b>247,683</b>	<b>251,606</b>	<b>242,021</b>	<b>260,250</b>
Food processing	497,080	519,660	520,563	554,377	543,460	517,053	501,828
Energy	249,589	254,733	259,706	267,198	278,278	253,995	249,402
Intermediate goods mfg.	1,371,491	1,331,025	1,246,822	1,287,485	1,223,520	1,192,600	1,133,306
Production goods mfg.	1,733,574	1,708,436	1,662,061	1,607,946	1,554,946	1,504,531	1,472,632
Consumer goods mfg.	1,266,581	1,228,217	1,197,278	1,226,928	1,212,344	1,139,621	1,129,556
<b>TOTAL MANUFACTURING</b>	<b>5,118,315</b>	<b>5,042,071</b>	<b>4,886,430</b>	<b>4,943,934</b>	<b>4,812,548</b>	<b>4,607,800</b>	<b>4,486,724</b>
<b>CONSTRUCTION AND PUBLIC WORKS</b>	<b>1,378,058</b>	<b>1,345,163</b>	<b>1,225,561</b>	<b>1,223,262</b>	<b>1,202,489</b>	<b>1,234,029</b>	<b>1,251,574</b>
Trade	1,920,449	1,956,640	1,969,899	1,921,706	1,894,258	1,948,174	1,981,576
Transportation and Communications	756,545	765,875	755,058	763,443	759,509	769,366	772,547
Market services	2,274,589	2,245,844	2,303,585	2,308,948	2,408,677	2,533,367	2,639,754
Financial institutions	614,728	604,331	622,441	603,382	638,568	648,478	674,309
Non-market services	870,569	850,863	882,374	826,218	838,648	853,440	879,085
<b>TERTIARY SECTOR</b>	<b>6,436,880</b>	<b>6,423,553</b>	<b>6,533,357</b>	<b>6,423,697</b>	<b>6,539,660</b>	<b>6,752,825</b>	<b>6,947,273</b>
<b>ALL ACTIVITIES</b>	<b>13,335,750</b>	<b>13,126,473</b>	<b>12,970,509</b>	<b>12,883,885</b>	<b>12,855,615</b>	<b>12,895,541</b>	<b>13,000,785</b>

Note: Included are "Salaries sauf de l'Etat et des Collectivites Locales"

TABLE I-7: SHARE OF PART-TIME IN TOTAL (PRIVATE AND PUBLIC) WAGE AND SALARY EMPLOYMENT  
PART-TIME UP TO 30+ HRS (BUT < 40HRS)

	1982	1983	1984	1985	1986	1987
Unspecified sector	11.59	8.08	15.34	13.06	13.02	12.32
<b>AGRICULTURE</b>	15.52	13.31	12.45	12.77	13.22	11.67
Food processing	4.66	4.99	5.47	6.00	7.36	6.62
Energy	1.93	3.54	2.93	4.10	2.99	3.41
Intermediate goods mfg.	2.03	2.01	1.84	2.05	2.31	2.04
Production goods mfg.	1.61	1.90	2.00	2.39	2.56	2.27
Consumer goods mfg.	4.83	5.57	4.96	5.40	6.02	5.59
<b>TOTAL MANUFACTURING</b>	2.82	3.21	3.10	3.54	3.92	3.57
<b>CONSTRUCTION AND PUBLIC WORKS</b>	2.88	2.31	3.00	2.77	3.11	3.05
Trade	11.35	11.45	12.09	13.25	13.98	13.69
Transportation and Communications	4.38	5.17	5.66	6.42	7.52	7.87
Market services	11.53	12.15	13.06	13.92	15.59	15.15
Financial institutions	7.25	6.75	7.35	8.86	8.26	8.64
Non-market services	8.58	16.16	17.29	18.78	20.00	20.64
<b>TERTIARY SECTOR</b>	11.77	12.36	13.26	14.46	15.63	15.72
<b>ALL ACTIVITIES</b>	8.53	8.96	9.67	10.52	11.55	11.60

Source: INSEE, Enquete Emploi.

TABLE I-8: TOTAL PRIVATE AND PUBLIC WAGE AND SALARY WORKERS IN EACH MAJOR SECTOR

	1982	1983	1984	1985	1986	1987
Unspecified sector	106,673	53,741	52,232	53,774	60,354	66,601
<b>AGRICULTURE</b>	<b>317,384</b>	<b>275,657</b>	<b>287,324</b>	<b>254,193</b>	<b>256,439</b>	<b>245,023</b>
Food processing	500,356	524,725	527,668	560,807	548,317	522,886
Energy	264,251	267,398	274,449	291,010	297,476	271,681
Intermediate goods mfg.	1,375,632	1,333,751	1,251,285	1,292,408	1,227,697	1,199,207
Production goods mfg.	1,782,659	1,762,652	1,716,663	1,657,450	1,601,601	1,551,061
Consumer goods mfg.	1,273,697	1,237,552	1,203,738	1,232,371	1,217,050	1,144,436
<b>TOTAL MANUFACTURING</b>	<b>5,196,595</b>	<b>5,126,078</b>	<b>4,973,803</b>	<b>5,034,046</b>	<b>4,892,141</b>	<b>4,689,271</b>
<b>CONSTRUCTION AND PUBLIC WORKS</b>	<b>1,384,544</b>	<b>1,350,596</b>	<b>1,234,584</b>	<b>1,228,434</b>	<b>1,210,471</b>	<b>1,240,239</b>
Trade	1,923,289	1,960,428	1,972,823	1,923,679	1,895,438	1,952,164
Transportation and Communications	1,225,490	1,233,208	1,217,307	1,240,278	1,271,440	1,251,015
Market services	3,128,146	3,140,955	3,206,536	3,256,986	3,437,758	3,551,839
Financial institutions	663,054	650,443	671,886	651,552	684,937	694,792
Non-market services	6,831,872	3,944,080	4,026,107	4,102,792	4,255,537	4,227,115
<b>TERTIARY SECTOR</b>	<b>10,771,851</b>	<b>10,929,114</b>	<b>11,094,659</b>	<b>11,175,287</b>	<b>11,545,110</b>	<b>11,676,925</b>
<b>ALL ACTIVITIES</b>	<b>17,777,047</b>	<b>17,735,186</b>	<b>17,642,602</b>	<b>17,745,734</b>	<b>17,964,515</b>	<b>17,918,059</b>

Note: Included are "Salaries sauf de l'Etat et des Collectivites Locales"

TABLE I-9:INCIDENCE OF CDDs IN TOTAL PRIVATE WAGE AND SALARY EMPLOYMENT

BOTH SEXES -----	1982	1983	1984	1985	1986	1987
EXECUTIVES AND INTELLECTUAL PROFESSIONS	1.39	1.18	1.70	1.69	1.43	1.97
MIDDLE LEVEL OCCUPATIONS	1.63	1.72	1.59	1.71	2.15	2.60
EMPLOYEES	2.68	2.29	2.49	2.76	3.73	4.36
MANUAL WORKERS	2.35	2.00	1.88	2.71	3.30	4.15
TOTAL	2.24	1.96	1.97	2.44	3.03	3.71

Notes: 1/ No one from the public sector is included in this table.  
 2/ This table includes workers in nationalized companies  
 3/ Artisans and business owners not included because CDDs do not apply to them.

TABLE I-10:INCIDENCE OF TEMPS IN TOTAL PRIVATE WAGE AND SALARY EMPLOYMENT

BOTH SEXES -----	1982	1983	1984	1985	1986	1987
EXECUTIVES AND INTELLECTUAL PROFESSIONS	0.34	0.18	0.14	0.06	0.26	0.09
MIDDLE LEVEL OCCUPATIONS	0.56	0.54	0.49	0.42	0.67	0.54
EMPLOYEES	1.05	0.87	0.89	0.81	0.65	0.82
MANUAL WORKERS	1.11	1.06	0.98	1.26	1.51	1.40
TOTAL	0.93	0.84	0.79	0.87	1.00	0.95

Notes: 1/ No one from the public sector is included in this table.  
 2/ This table includes workers in nationalized companies  
 3/ Artisans and business owners not included because CDDs do not

TABLE I-11: TOTAL PRIVATE WAGE AND SALARY EMPLOYMENT IN MAJOR OCCUPATIONS

BOTH SEXES -----	1982	1983	1984	1985	1986	1987
EXECUTIVES AND INTELLECTUAL PROFESSIONS	1,034,285	1,067,535	1,106,460	1,092,529	1,173,832	1,185,688
MIDDLE LEVEL OCCUPATIONS	2,382,137	2,422,316	2,446,375	2,473,655	2,457,280	2,512,474
EMPLOYEES	3,607,433	3,539,606	3,559,055	3,480,757	3,512,676	3,548,672
MANUAL WORKERS	6,311,895	6,097,016	5,858,619	5,836,944	5,711,827	5,648,707
TOTAL	13,335,750	13,126,473	12,970,509	12,883,885	12,855,615	12,895,541

Notes: 1/ No one from the public sector is included in this table.  
 2/ This table includes workers in nationalized companies  
 3/ Artisans and business owners not included because CDDs do not apply to them.



TABLE IV-1: SECTORAL STATISTICS-INSURANCE

Job Categories: Employes (Low)

AM (Agent de Maitrise, Middle)

Cadres (High)

December of	1960	1963	1965	1967	1976	1978	1980	1981	1982	1983	1984	1985	1986	1987	1988
AGGREGATE EMPLOYMENT: Administrative and sales wkers	55,980	74,691		85,900					121,400	123,000	123,200	122,700	122,600	122,500	123,000
INDEX 100=1960	100		142		202.7	203.9	205.1	205.5	207.8	210.1	210.5	209.4	209.2	209	210.1
% FEMALE WKERS IN AGGREGATE EMPLOYMENT		45.5		45.5					52.2	52.4	52.4	52.6	52.7	52.6	52.6

## --ADMINISTRATIVE WORKFORCE ONLY--

TOTAL ADMINISTRATIVE WORKFORCE	47,800			66,500						97,000	97,700	97,400	97,500	97,200	96,600
ADMINISTRATIVE AS % OF TOTAL WORKFORCE			77.70		76.82	77.97	78.94	79.07	79.02	78.86	79.33	79.38	79.53	79.35	78.50
% FEMALE IN ADMINISTRATIVE WORKFORCE		55.30		56.50						62.14	61.96	62.15	62.01	62.05	62.24
EMPLOYES AS % OF ADMINISTRATIVE WORKFORCE					59.8	56.9		52.4			49.4			42.5	
AMs AS % OF ADMINISTRATIVE WORKFORCE					24.9	27.6		30.4			32.2			36.4	
CADRES AS % OF ADMINISTRATIVE WORKFORCE					15.3	15.6		17.2			18.4			21.0	

## CHARACTERISTICS OF EMPLOYES CATEGORY

AVERAGE AGE OF EMPLOYES				32	32		32			32				34	
AVERAGE SENIORITY OF EMPLOYES				5	5		6			7				9	
% FEMALE IN EMPLOYES				69.9	69.6		71.6			72.1				71.8	
% FEMALE EMPLOYES IN TOTAL WORKFORCE				41.8	39.6		37.5			35.6				30.5	

## CHARACTERISTICS OF AM CATEGORY

AVERAGE AGE OF AMs				40	39		40			39				39	
AVERAGE SENIORITY OF AMs				14	15		15			14				15	
% FEMALE IN AMs				61.6	63.7		64.5			64.9				65.8	
% FEMALE AMs IN TOTAL WORKFORCE				15.2	17.6		19.6			20.9				24.0	

## PROMOTION THROUGH SENIORITY

% OF EMPLOYES WHO ARE IN 'D' LEVEL					9.6		12.0			14.8				16.9	
% OF AMI WHO ARE IN 'D' LEVEL					27.2		31.8			36.8				36.6	
% OF AMII WHO ARE IN 'D' LEVEL					37.6		42.1			45.1				45.5	
% OF AMIII WHO ARE IN 'D' LEVEL					55.3		58.2			61.1				61.7	

Source: FFSA, 1989

TABLE IV-2: SECTORAL STATISTICS- BANKING

	Job Categories: Employes (Low)			Grades (Middle)			Cadres (High)		
	1980	1982	1984	1985	1986	1987	1988	1989	
AFB BANK EMPLOYMENT	243,220	247,165	250,973	251,735	250,988	248,869			
AFB INDEX	100.0	101.6	103.2	103.5	103.2	102.3			
TOTAL OF ALL BANKS	375,989	390,922	403,464	405,205	404,303	404,190			
INDEX ALL BANKS	100	104	107.3	107.8	107.5	107.5			
AFB EMP. AS % OF ALL BANKS	64.7	63.2	62.2	62.1	62.1	61.6			

DATA ON BANKING AND OTHER FINANCIAL INSTITUTIONS COMBINED

(Bertrand and Noyelle, 1986)

	1975	1980	1985
TOTAL EMPLOYMENT	376,000	412,000	450,000
PERCENT CHANGE		2.3 (1975-80)	1.34 (1980-85)

	1980	1982	1984	1985	1986	1987	1988	1989
AFB DATA (March survey of member banks)								
EMPLOYEES AS % OF TOTAL	40.7	36.7	34.5	32.3	30.5	28.3	26.0	23.4
GRADES AS % OF TOTAL	45.7	49.0	50.9	52.7	53.9	55.5	57.0	58.8
CADRES AS % OF TOTAL	13.6	14.3	14.6	15.0	15.6	16.2	17.0	17.8
% FEMALE IN TOTAL	50.2	50.3	50.7	50.7	51.3	51.5	51.8	52.1
% FEMALE IN EMPLOYEES	62.0	63.3	63.8	64.0	65.3	65.9	66.6	67.3
% FEMALE IN GRADES	50.0	50.5	51.7	52.0	52.9	53.6	54.5	55.4
% FEMALE IN CADRES	15.8	16.5	17.3	17.4	18.4	19.3	20.4	21.6

DISTRIBUTION OF FEMALE WORKERS ACROSS CATEGORIES

% EMPLOYEES IN FEMALES	50.2	46.1	43.3	40.7	38.8	36.2	33.5	30.2
% GRADES IN FEMALES	45.5	49.2	51.7	54.1	55.6	57.7	59.8	62.4
% CADRES IN FEMALES	4.3	4.7	5.0	5.2	5.6	6.1	6.7	7.4

DISTRIBUTION OF MALE WORKERS ACROSS CATEGORIES

% EMPLOYEES IN MALES	31.1	27.1	25.4	23.6	21.8	19.9	18.1	16.0
% GRADES IN MALES	45.8	48.9	50.0	51.2	52.1	53.1	53.9	54.8
% CADRES IN MALES	23.1	24.0	24.6	25.2	26.1	27.0	28.0	29.2

AGE DISTRIBUTION OF EMPLOYED WORKFORCE

----- (all financial institutions, a broader sector than banks)

PERCENT IN 15-24 GROUP	9.6						5.3
PERCENT IN 25-49 GROUP	74.2						81.9
PERCENT IN 50+ GROUP	16.2						12.8

Source: AFB, 1989 unless otherwise specified.

TABLE IV-3: TOTAL EMPLOYMENT IN FOREIGN BANKS

	Foreign banks*/	All banking activities
Metropolitan France		
1980	14,683	226,818
1987	18,441	229,901
% change	+26.0	+1.4
Total activities		
1980	16,238	243,220
1987	19,855	248,869
% change	+22.3	+2.3

Notes: \*/ includes branches and subsidiaries

Source: AFB, 1989

Note to me: Effectifs reels , "real" total employment

**TABLE IV-4: EMPLOYMENT IN FIRMS INTERVIEWED**

(Number reported here is that of workers on payroll as of 12/31 of each year)

	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989
<b>INSURANCE</b>												
IN1 Admin	7,852	7,750	7,788	7,722	7,765	7,830	7,665	7,543	7,438	7,336	7,401	
Sales	5,472	5,384	5,322	5,169	5,222	4,859	4,730	4,834	4,787	4,556	4,916	
IN2 Total			17,403	17,212	17,557	17,907	17,590	17,558	17,792	18,126	18,342	
Admin		10,716	10,502	10,192	10,176	10,154	10,157	10,250	10,303	10,273	10,099	
Sales		6,549	6,534	6,660	7,021	7,400	7,440	6,979	7,175	7,543	7,944	
Cleaning*/		375	367	360	360	353	353	329	314	310	299	
COO Total **/ (Admin+sales)	2,857	3,026	3,249	3,506	3,698	3,909	4,036	4,109	4,250	4,264	4,203	
<hr/>												
<b>BANKS</b>												
BK1					43,197	43,478	43,439	43,180	42,691	42,373	41,979	41,649
BK2***/					7,471	7,474	7,515	7,568	7,822	7,993	7,807	
-covered by contract					150	150	147	145	109	105	94	
-not covered by contract												
BK3					48,380	48,433	47,912	47,262	46,400	45,376		
REG					1,108	1,077	1,254	1,249	1,225	1,112		
BUS					1,370	1,390	1,420	1,437	1,438	1,355		

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\*/ Includes security workforce

\*\*/ This cooperative sector firm owns its sales network and does not separate its administrative and sales workforces.

\*\*\*/ This bank draws a distinction between workers covered by bargaining unit and those not included in the bargaining unit

NOTE: employment figure reported includes all workers on CDI, CDD and in special assignments. It corresponds to line 111 of the Bilan Social

The last bank in the table reports only average employment (line 114)

All firms interviewed were renamed. "COO" indicates the cooperative sector insurance company.

REG" stands for a regional banks and "BUS" for a business customer bank.

TABLE IV-5: COMPOSITION OF FIRM TOTAL WORKFORCE BY BROAD JOB CATEGORIES

	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989
<b>INSURANCE</b>												
IN1 Total	7,852	7,750	7,788	7,722	7,765	7,830	7,665	7,543	7,438	7,336	7,401	
Employes	55.3	53.8	52.0	50.9	50.7	52.0	47.0	41.3	38.4	35.3	33.1	
AMI	10.7	11.2	12.3	13.0	13.5	13.1	15.8	19.1	19.8	21.5	22.9	
AMII	11.1	11.4	11.8	12.0	11.8	11.8	12.7	13.5	14.4	14.9	15.3	
AMIII	9.1	9.5	9.4	9.4	9.5	8.7	9.3	9.9	10.4	10.6	10.6	
Middle (AM Total)	31.0	32.1	33.5	34.3	34.8	33.6	37.8	42.5	44.7	47.0	48.8	
High (Cadres)	13.7	14.1	14.5	14.4	14.5	14.4	15.2	16.1	16.9	17.7	18.1	
<hr/>												
IN2 total							10,250	10,303	10,273	10,099		
Employes							56.5	55.4	53.4	51.1		
AMI							7.0	7.5	8.0	8.6		
AMII							11.4	11.3	11.5	11.9		
AMIII							6.7	7.0	7.0	7.2		
Middle (AM Total)							25.2	25.8	26.4	27.6		
High (Cadres)							18.4	19.3	20.1	21.2		
<hr/>												
COO								4,250	4,264	4,203		
Employes								54.7	52.8	48.6		
AMI								12.8	13.5	14.8		
AMII								10.1	10.6	11.8		
AMIII								4.7	4.7	5.3		
Middle (AM Total)								27.5	28.7	31.9		
High (Cadres)								17.8	18.4	19.5		
<hr/>												
<b>BANKS TABLE IV-5</b>												
	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989p/
BK1					43,197	43,478	43,439	43,180	42,691	42,373	41,979	41,649
Employes					32.0	31.0	30.1	28.2	26.1	24.8	22.5	19.2
Grades II					27.9	28.4	28.6	29.5	30.5	31.1	31.8	33.4
Grades III					16.9	17.1	17.6	18.1	18.6	18.6	19.3	20.2
Grades IV					10.4	10.5	10.7	10.8	11.0	11.3	11.6	11.7
Middle (Grades Total)					55.2	56.0	56.9	58.4	60.1	61.0	62.7	65.3
High (Cadres)					12.8	12.8	13.0	13.4	13.8	14.1	14.8	15.6
<hr/>												
BK2					7,471	7,474	7,515	7,568	7,822	7,993	7,807	
Employes					37.0	33.7	33.0	31.6	29.7	27.7	23.7	
Grades II					21.2	21.9	22.5	22.4	22.7	22.4	24.2	
Grades III					14.4	15.8	15.9	16.5	16.7	16.9	17.9	
Grades IV					8.5	8.9	8.9	9.2	9.8	11.8	11.2	
Middle (Grades Total)					44.1	46.6	47.3	48.0	49.3	51.1	53.4	
High (Cadres)					18.9	19.7	19.8	20.2	21.0	21.2	22.9	

	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988
BK3 a/									48,380	48,433	47,912	47,262	46,400	45,376
Employes	50.8	48.1	47.0	46.0	43.2	40.9	38.7	38.8	36.6	34.7	32.7	30.3	27.7	25.3
Grades II									25.5	25.9	26.7	28.0	29.3	30.5
Grades III									15.0	15.5	16.0	16.2	16.6	16.8
Grades IV									11.4	11.9	12.2	12.6	12.9	13.4
Middle (Grades Total)	39.5	41.9	42.7	43.6	46.2	48.1	50.1	50.1	51.9	53.3	54.9	56.8	58.8	60.7
High (Cadres)	9.7	10.0	10.3	10.4	10.6	11.0	11.2	11.1	11.5	12.0	12.4	12.9	13.5	14.0

	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988
REG						1,108	1,077	1,254	1,249	1,225	1,112
Employes						40.5	36.8	34.2	30.4	29.5	26.4
Grades II						24.2	24.7	23.9	25.0	23.7	23.9
Grades III						12.6	14.5	14.5	15.5	16.0	17.2
Grades IV						6.0	6.1	8.2	9.5	10.9	10.4
Middle (Grades Total)						43.2	46.2	46.7	49.6	50.6	51.5
High (Cadres)						16.2	17.0	19.1	20.0	19.9	22.0
BUS									1,404	1,393	1,203
Employes									35.5	31.5	27.0
Grades II											
Grades III											
Grades IV											
Middle (Grades Total)									41.2	43.1	44.7
High (Cadres)									23.3	25.3	28.3

NOTE: p/ preliminary count

a/ For this bank, the proportional breakdown of the workforce pro rates part-timers in full-time equivalents. As a result, the share of Employes is underestimated. Also, proportional breakdown and total employment are not available for 1975 to 192.

TABLE IV-6A: SENIORITY DISTRIBUTION OF TOTAL WORKFORCE (p.1 of 2)

	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988
<b>INSURANCE</b>											
IN1 Total	7,852	7,750	7,788	7,722	7,765	7,830	7,665	7,543	7,438	7,336	7,401
< 6 yrs	32.5	29.6	27.2	25.2	25.9	28.0	24.0	21.7	18.3	16.4	13.4
6 to <16 yrs	41.5	42.6	43.2	43.6	42.4	41.7	43.0	39.5	37.4	37.6	38.0
16 to 25 yrs	16.0	17.6	19.3	20.5	21.1	21.5	23.3	28.3	32.8	32.8	34.3
26 to <35 yrs	10.0	10.2	10.3	10.8	6.0	6.0	6.9	7.8	8.8	10.4	11.4
35+ yrs	NA	NA	NA	NA	4.6	2.8	2.8	2.6	2.7	2.8	2.9
<hr/>											
IN2 Total								10,250	10,303	10,273	10,099
< 5 yrs								16.4	17.2	15.1	10.4
5 to < 15 yrs								46.3	39.4	35.0	30.8
15 to < 25 yrs								26.2	31.5	37.3	44.9
25 to < 35 yrs								7.2	8.2	9.0	10.5
35+ yrs								4.0	3.7	3.7	3.4
<hr/>											
COO Total								4,250	4,264	4,203	
< 1 yr								5.2	4.2	2.6	
1 to <6 yrs								29.6	25.8	20.1	
6 to < 11 yrs								23.7	25.3	28.2	
11 to < 15 yrs								14.5	15.5	15.8	
15+ yrs								27.0	29.2	33.3	

TABLE IV-6A (cont'd): SENIORITY DISTRIBUTION OF TOTAL WORKFORCE (p.2 of 2)

BANKS	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988
BK1 Total					43,197	43,478	43,439	43,180	42,691	42,373	41,979
< 5 yrs					8.8	10.1	10.9	10.6	10.2	10.9	10.1
5 to < 10 yrs					22.0	16.4	9.5	7.4	6.9	7.6	8.6
10 to < 20 yrs					46.3	48.8	53.0	53.4	52.7	49.9	46.7
20+ yrs					22.9	24.6	26.7	28.5	30.2	31.6	34.7
<hr/>											
BK2 Total a/					7,471	7,474	7,515	7,568	7,822	7,993	7,807
< 5 yrs					20.1	21.9	21.1	18.8	25.0	24.4	22.7
5 to < 15 yrs					39.1	32.6	28.1	27.4	41.0	38.5	36.1
15 to < 25 yrs					31.0	35.1	40.0	43.2	24.7	28.5	32.7
25 to <35 yrs					6.8	5.6	5.6	5.4	4.8	4.9	5.7
35+ yrs					6.0	6.0	5.1	5.2	4.4	3.6	2.8
<hr/>											
BK3 total b/					47,408	47,169	46,571	45,852	44,997	43,999	
< 5 yrs					17.2	16.5	15.5	14.0	9.7	8.0	
5 to < 10 yrs					19.2	15.3	13.5	13.6	16.4	15.9	
10 to < 20 yrs					37.9	41.2	42.4	42.6	41.0	42.3	
20 to < 30 yrs					18.2	19.8	21.4	22.5	25.1	25.4	
30+ yrs					7.5	7.2	7.2	7.3	7.8	8.4	
<hr/>											
REG Total					1,108	1,077	1,254	1,249	1,225	1,112	
< 11 yrs (<10 yrs for 1983-85)					56.5	47.2	42.8	52.7	50.7	42.7	
11 to <26 yrs (10 to <25 for 1983-85)					42.1	48.7	52.8	44.7	45.6	52.8	
26 to <35 yrs (25 to 35 yrs for 1983-85)					1.2	3.6	3.8	2.3	3.2	4.1	
35+ yrs					0.2	0.5	0.6	0.3	0.5	0.4	

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BUS no data provided

Note: For 1978 to 1981 all workers with over 25 years of seniority are included in the next to last category

a/ the distribution for 1982 and 1983 does not add to 100 because the figures given by this bank were slightly inflated in some categories. No correction was possible.

b/ This bank provides a breakdown for the workforce with part-timers pro-rated in full-time equivalents. Thus, total employment is lower than in previous tables.



TABLE IV-6B: SENIORITY DISTRIBUTION OF EMPLOYES JOB CATEGORY (p.1 of 2)

	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988
<b>INSURANCE</b>											
IN1 Total Employes	4,344	4,169	4,052	3,929	3,935	4,071	3,601	3,118	2,854	2,591	2,453
< 6 yrs	53.7	49.7	46.7	44.2	45.4	47.0	43.4	42.5	36.4	32.8	24.9
6 to <16 yrs	45.4	49.4	52.5	55.0	53.7	52.4	56.0	55.8	61.2	65.1	73.2
16 to <25 yrs	0.9	0.8	0.8	0.8	0.8	0.5	0.6	1.7	2.4	2.0	1.9
26 to <35 yrs	0.0	0.0	0.0	0.0	0.1	0.1	0.0	0.0	0.0	0.0	0.0
35+ yrs											
<hr/>											
IN2 Total Employes								5,789	5,682	5,486	5,163
< 5 yrs								23.3	24.3	20.9	14.3
5 to < 15 yrs								57.1	49.3	44.6	39.9
15 to < 25 yrs								18.4	24.9	32.9	43.9
25 to < 35 yrs								0.9	1.2	1.3	1.8
35+ yrs								0.3	0.3	0.3	0.2
<hr/>											
COO Total Employes								2,325	2,253	2,044	
< 1 yr								7.9	6.4	3.4	
1 to <6 yrs								36.3	32.8	26.5	
6 to < 11 yrs								23.1	25.5	30.1	
11 to < 15 yrs								14.5	14.7	14.3	
15+ yrs								18.2	20.5	25.7	
<hr/>											

TABLE IV-6B (cont'd): SENIORITY DISTRIBUTION OF EMPLOYEES JOB CATEGORY (p.2 of 2)

BANKS	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989
BK1 Total Employees					13,836	13,491	13,063	12,185	11,137	10,519	9,461	7,976
< 5 yrs					24.3	28.3	30.3	29.6	28.5	29.4	26.8	27.0
5 to < 10 yrs					43.1	33.6	21.4	19.1	18.5	19.8	22.7	25.0
10 to < 20 yrs					31.7	37.0	46.9	49.7	50.8	47.9	46.8	42.9
20+ yrs					1.0	1.1	1.4	1.7	2.2	2.9	3.7	5.2
<hr/>												
BK2 Employees a/					2,761	2,522	2,481	2,395	2,327	2,216	1,854	
< 5 yrs					37.5	42.8	41.2	37.8	47.8	44.3	36.4	
5 to < 15 yrs					48.6	41.1	37.5	38.0	42.9	43.8	46.8	
15 to < 25 yrs					13.3	15.1	20.4	23.3	8.8	11.1	15.5	
25 to <35 yrs					0.9	0.7	0.6	0.7	0.6	0.6	1.1	
35+ yrs					0.6	0.3	0.4	0.3	0.2	0.2	0.4	
<hr/>												
333 BK3 Employees b/					17,359	16,384	15,225	13,880	12,490	11,120		
< 5 yrs					40.7	40.3	38.8	35.6	24.6	19.8		
5 to < 10 yrs					29.6	25.4	24.2	25.7	34.5	35.5		
10 to < 20 yrs					26.9	31.2	33.5	34.5	35.5	38.6		
20 to < 30 yrs					2.3	2.7	3.1	3.8	5.0	5.6		
30+ yrs					0.4	0.4	0.4	0.4	0.4	0.5		
<hr/>												
REG Employees					449	396	429	380	361	294		
< 11 yrs (<10 yrs for 1983-85)					79.7	71.0	66.9	71.8	71.7	57.5		
11 to <26 yrs (10 to <25 for 1983-85)					20.3	28.8	32.9	27.9	28.0	41.8		
26 to <35 yrs (25 to 35 yrs for 1983-85)					0.0	0.0	0.0	0.3	0.3	0.7		
35+ yrs					0.0	0.3	0.2	0.0	0.0	0.0		

TABLE IV-6C: SENIORITY DISTRIBUTION OF MIDDLE CATEGORY (AMs and GRADES) (p.1 of 2)

	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988
<b>INSURANCE</b>											
IN1 Total Middle cat.	2,433	2,490	2,610	2,669	2,703	2,629	2,897	3,209	3,324	3,448	3,611
< 6 yrs	2.9	2.2	2.6	2.6	2.6	3.5	3.7	4.0	3.9	3.7	3.6
6 to <16 yrs	42.0	39.7	37.0	35.0	34.3	33.8	34.7	30.0	23.0	23.4	20.9
16 to <25 yrs	36.4	39.5	42.6	44.4	45.6	48.2	47.0	52.2	58.6	56.2	57.5
26 to <35 yrs	18.7	18.5	17.8	18.1	9.8	10.2	10.7	10.6	11.5	13.6	14.8
35+ yrs	NA	NA	NA	NA	7.7	4.3	3.9	3.2	3.1	3.0	3.2
<hr/>											
IN2 Total Middle cat.								2,578	2,643	2,717	2,792
< 5 yrs								2.4	3.1	3.2	1.8
5 to < 15 yrs								35.1	29.4	25.4	20.9
15 to < 25 yrs								42.6	46.7	49.2	53.5
25 to < 35 yrs								13.4	14.9	16.3	18.5
35+ yrs								6.5	5.9	5.9	5.2
<hr/>											
COO Total Middle cat.								1,169	1,225	1,341	
< 1 yr								1.3	1.1	1.2	
1 to <6 yrs								18.3	15.0	12.0	
6 to < 11 yrs								26.9	27.6	28.7	
11 to < 15 yrs								16.3	18.9	19.5	
15+ yrs								37.3	37.3	38.6	

TABLE IV-6C(cont'd): SENIORITY DISTRIBUTION OF MIDDLE CATEGORY (AMs and GRADES)

(p.2 of 2)

BANKS	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989
BK1 Total Middle cat.					23,849	24,386	24,712	25,216	25,665	25,878	26,303	27,189
< 5 yrs					1.3	1.7	2.1	2.7	3.1	4.0	4.1	5.8
5 to < 10 yrs					13.7	9.8	4.8	3.1	3.0	3.7	4.7	5.6
10 to < 20 yrs					59.4	60.8	62.8	61.9	60.1	56.9	52.8	46.9
20+ yrs					25.6	27.7	30.3	32.3	33.8	35.4	38.5	41.7
<hr/>												
BK2 Middle cat. a/					3,297	3,479	3,549	3,639	3,853	4,084	4,167	
< 5 yrs					9.5	10.2	10.2	9.0	14.1	15.6	15.8	
5 to < 15 yrs					35.2	32.1	26.3	24.6	45.3	40.8	36.8	
15 to < 25 yrs					42.0	46.2	51.5	55.1	30.8	35.0	38.9	
25 to <35 yrs					8.4	6.5	6.8	6.4	5.7	5.7	6.5	
35+ yrs					7.0	5.1	5.2	4.9	4.0	2.9	2.1	
<hr/>												
BK3 Middle cat. b/					24,601	25,119	25,520	26,035	26,447	26,728		
< 5 yrs					3.1	3.4	3.7	4.1	3.3	3.0		
5 to < 10 yrs					14.9	11.3	9.3	9.2	10.5	10.0		
10 to < 20 yrs					49.5	52.0	52.3	57.1	48.0	48.6		
20 to < 30 yrs					24.6	26.2	28.0	28.7	31.6	31.3		
30+ yrs					7.9	7.1	6.7	6.5	6.6	7.1		
<hr/>												
REG Middle cat.					479	498	585	619	620	573		
< 11 yrs (<10 yrs for 1983-85)					40.1	33.7	29.7	28.1	38.1	30.2		
11 to <26 yrs (10 to <25 for 1983-85)					57.8	62.9	67.0	63.3	58.1	65.1		
26 to <35 yrs (25 to 35 yrs for 1983-85)					1.7	3.0	2.7	2.6	3.5	4.5		
35+ yrs					0.4	0.4	0.5	0.5	0.3	0.2		

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TABLE IV-7: AVERAGE SENIORITY IN FIRMS WHICH PROVIDED THE INFORMATION

	1983			1984			1985			1986			1987			1988		
	T	M	F	T	M	F	T	M	F	T	M	F	T	M	F	T	M	F
INSURANCE																		
IN2 Total							14	14	14	14	14	15	15	15	15	16	15	16
Low							10	10	11	11	10	11	12	11	12	12	11	13
Middle							18	16	20	19	17	20	19	17	20	20	18	21
High							19	18	21	19	18	20	19	18	20	19	18	20
COO Total										10.1	9.4	10.4	11.2	10.6	11.4	12.1	11.4	12.3
Low										8.2	6	8.7	9.3	7.8	9.5	10.2	7.5	10.7
Middle										12.4	10	13.3	13	10.4	13.9	13.4	11.2	14.1
High										12.7	12	13.7	13.7	13	14.5	14.5	13.9	15.2
<hr/>																		
BANKS																		
BK3 Total a/		14	13	15	13	15	14	16	15	17	15	17	15	17	16			
Low		6	7	6	8	7	9	7	9	8	10	9	10	9	10			

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Note: a/ This bank provides average seniority by gender only but not for the total workforce. It also does not provide average seniority for the aggregated Middle and High categories.

TABLE IV-8: AVERAGE AGE FOR FIRMS WHICH PROVIDED THE INFORMATION

	1983			1984			1985			1986			1987			1988			
	M	F	T	M	F	T	M	F	T	M	F	T	M	F	T	M	F	T	
INSURANCE																			
IN2 Total										39	37	38		40	38	39	40	39	39
Employes (Low)										35	34	35		36	35	35	36	36	36
AM (Middle)										40	42	41		40	42	41	41	42	42
Cadre (High)										44	44	44		45	44	44	45	44	44
COO Total										36.3	34.3	34.8		36.8	35.1	35.5	37.9	36.2	36.6
Employes (Low)										31.2	32.5	32.3		31.7	33.3	33.1	32.8	34.6	34.3
AM (Middle)										36.2	36.2	36.3		36.2	37.1	36.9	36.7	37.3	37.2
Cadre (High)										40.6	39.6	40.1		41.2	39.9	40.6	34.9	35.6	35.4
BANKS																			
BK3 Total a/	36	34		36	35		37	35		37	36		38	37		39		37	
Employes (Low)	29	29		29	29		30	31		30	31		31	32		32		33	
Grades (Middle)																			
Cadre (High)																			

Note: <sup>a/</sup>This bank provides average age by gender only. It does not provide it for aggregated Middle and High categories.

TABLE IV-9: SHARE OF MIDDLE CATEGORY PROMOTED THROUGH SENIORITY ONLY  
IN ONE MAJOR INSURANCE COMPANY

	Ratio of AMI (low rung of Middle cat.) who were promoted through seniority										
	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988
*AMI Seniority	380	423	497	541	582	556	746	976	1,035	1,132	1,247
Total AMI	844	872	958	1,002	1,052	1,022	1,210	1,442	1,476	1,578	1,694
Total AM	2,433	2,490	2,610	2,669	2,703	2,629	2,897	3,209	3,324	3,448	3,611
Percent of *AMI seniority* in:											
-Total AMI	45.0	48.5	51.9	54.0	55.3	54.4	61.7	67.7	70.1	71.7	73.6
-Total AM	15.6	17.0	19.0	20.3	21.5	21.1	25.8	30.4	31.1	32.8	34.5

\*/This is the only company which provided this information.

TABLE IV-10: TOTAL TRAINING BUDGET AS SHARE OF THE WAGE BILL IN FIRMS INTERVIEWED

(Includes wages paid to workers during training and expenses)

In %	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989
<b>INSURANCE</b>												
IN1a/	4.62	4.14	4.34	4.13	4.64	5.07	4.60	4.97	5.17	4.97	6.03	
IN2								3.05	3.31	4.51	5.41	
Admin								2.80	3.15	3.51	4.36	
Sales								3.52	3.64	5.94	6.75	
COO b/									4.39	4.35	5.77	
<hr/>												
<b>BANKS</b>												
BK1					3.30	3.60	3.90	3.98	4.28	4.32	4.76	5.77
BK2					2.79	3.26	4.02	3.48	3.59	3.94	4.22	
BK3						4.61	4.54	4.74	5.17	5.13	5.04	
REG						3.5	4.66	4.39	5.32	4.61	5.54	
BUS						1.80	2.25	3.40	3.49	4.67	4.64	

a/ This insurance company aggregated training expenses for the Administrative and Sales network workforces.

b/The cooperative company does not have separate sales and administrative workforces.



TABLE V-1A: IRREGULAR EMPLOYMENT IN INSURANCE \*/  
Administrative workforce only

December of	1980	1981	1982	1983	1984	1985	1986	1987
% Employee and AMI in CDD total	99.8	99.5	99.2	99.0	99.4	99.4		
% Female in CDD total	55.8	56.9	57.0	59.8	62.3	61.3		
% of CDD in female workforce					2.1	1.6	1.9	2.5
% of CDD in male workforce					1.3	1.3	1.5	1.7
% of CDD in total workforce					1.8	1.5	1.8	2.2
% of CDD expiration in exits	48.7	40.7	37.8	38.5	62.6	61.1		
"Turnover" a/	16.4	14.2	14.9	17.4	13.1	11.4		
Number of temp workers as % of av. end of month employment	12.2	15.1	12.9	10.7	12.7	10.2		
Hours wked per temp wker	249h	186h	143h	148h	142h	139h		
Temps (FTEs) as % of employment	1.5	1.5	1.0	0.8	0.9	0.8		
% Part-time in female workforce					6.1	7.8	8.2	10.2
% Part-time in male workforce					0.6	0.7	1.3	1.1
% Part-time in total workforce					4.0	5.1	5.5	6.7

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Note: FFSA Tableau de bord(1988): coverage is 37-45 % of all insurance employment.  
Covers part of the sector to which companies interviewed belong except  
for the cooperative firm.  
a/ "Taux de rotation"

TABLE V-1B: IRREGULAR EMPLOYMENT IN BANKING

	1987
% CDD in total hiring	28.06
% CDD in Employe hiring	43.75
% CDD in Middle hiring (Grades)	15.04
% CDD in High hiring (Cadres)	1.60
% CDD in male hiring	16.80
% CDD in female hiring	37.21
% of total hiring in:	
Employes	53.76
Grades	28.25
Cadres	17.99
% CDD in hiring by type of bank	
3 largest banks	13.26
Other Parisian banks	35.52
Regional and local banks	47.13
Foreign banks	20.94
% CDI hiring as share of employment stock (long term hiring)	
by type of bank	
3 largest banks	2.56
Other Parisian banks	7.75
Regional and local banks	2.80
Foreign banks	9.95

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PART-TIME: Enquete Emploi INSEE on Financial institutions

	1980	1988
% PT in female workforce	6.4	17.6
% PT in male workforce	0.4	0.9
% PT in total workforce	3.2	9.2

Source: AFB, 1989b

TABLE V-2: RETIREMENT AND QUILTS IN ONE INSURANCE COMPANY (Administrative workforce)

	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988
<b>Total exits</b>											
Employe	496	422	426	372	348	449	261	192	168	142	134
AM	84	87	83	95	157	267	57	60	47	70	89
Cadre	56	51	53	53	80	112	37	31	31	60	85
Total	636	560	562	520	585	828	355	283	246	272	308
<b>Retirement as share exits</b>											
Employe	3.6	6.4	7.0	5.1	5.2	7.3	1.1	4.2	2.4	5.6	7.5
AM	59.5	48.3	45.8	57.9	54.8	77.9	31.6	43.3	51.1	51.4	47.2
Cadre	58.9	76.5	54.7	50.9	57.5	79.5	35.1	45.2	41.9	31.7	45.9
Total	15.9	19.3	17.3	19.4	25.6	39.9	9.6	17.0	16.7	23.2	29.5
<b>Quits as share of exits</b>											
Employe		51.7	49.5	40.9	44.8	38.5	41.0	48.4	39.9	45.8	45.5
AM		32.2	22.9	16.8	10.8	7.9	28.1	21.7	31.9	18.6	18.0
Cadre		13.7	22.6	32.1	17.5	10.7	32.4	32.3	22.6	50.0	36.5
Total		45.2	43.1	35.6	32.0	24.9	38.0	41.0	36.2	39.7	35.1
<b>Solidarity contracts as share of retirement</b>											
Employe					38.9	66.7					
AM					44.2	70.7					
Cadre					30.4	74.2					
Total					39.3	71.2					
<b>Early retirement as share of retirement</b>											
Employe				47.4	44.4	27.3					
AM				50.9	44.2	21.2					
Cadre				77.8	52.2	13.5					
Total				57.4	46.7	19.7					
<b>Distribution of retirement across job categories</b>											
Employe	17.8	25.0	30.9	18.8	12.0	10.0	8.8	16.7	9.8	12.7	11.0
AM	49.5	38.9	39.2	54.5	57.3	63.0	52.9	54.2	58.5	57.1	46.2
Cadre	32.7	36.1	29.9	26.7	30.7	27.0	38.2	29.2	31.7	30.2	42.9
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
<b>Distribution of quits across job categories</b>											
Employe		86.2	87.2	82.2	83.4	84.0	79.3	80.2	75.3	60.2	56.5
AM		11.1	7.9	8.6	9.1	10.2	11.9	11.2	16.9	12.0	14.8
Cadre		2.8	5.0	9.2	7.5	5.8	8.9	8.6	7.9	27.8	28.7
Total		100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
<b>Distribution of total workforce by job category</b>											
Employe	55.3	53.8	52.0	50.9	50.7	52.0	47.0	41.3	38.4	35.3	33.1
AM	31.0	32.1	33.5	34.3	34.8	33.6	37.8	42.5	44.7	47.0	48.8
Cadre	13.7	14.1	14.5	14.4	14.5	14.4	15.2	16.1	16.9	17.7	18.1
Total	7,852	7,750	7,788	7,722	7,765	7,830	7,665	7,543	7,438	7,336	7,401

TABLE V-3: PART-TIME BY JOB CATEGORY IN FIRMS INTERVIEWED  
(Administrative workforces unless otherwise specified)

	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988
<b>IN1</b>											
EMPLOYES	4,344	4,169	4,052	3,929	3,935	4,071	3,601	3,118	2,854	2,591	2,453
PT (20-30hrs)	19	17	16	16	14	41	107	236	278	316	361
% PT in category	0.4	0.4	0.4	0.4	0.4	1.0	3.0	7.6	9.7	12.2	14.7
Share of total PT	59.4	54.8	64.0	61.5	56.0	75.9	55.7	59.0	49.5	44.7	44.3
AMs	2,433	2,490	2,610	2,669	2,703	2,629	2,897	3,209	3,324	3,448	3,611
PT	8	7	5	5	6	7	70	152	261	346	410
% PT in category	0.3	0.3	0.2	0.2	0.2	0.3	2.4	4.7	7.9	10.0	11.4
Share of total PT	25.0	22.6	20.0	19.2	24.0	13.0	36.5	38.0	46.4	48.9	50.3
HIGH	1,075	1,090	1,126	1,124	1,127	1,130	1,167	1,216	1,260	1,297	1,337
PT	5	7	4	5	5	6	15	12	23	45	44
% PT in category	0.5	0.6	0.4	0.4	0.4	0.5	1.3	1.0	1.8	3.5	3.3
Share of total PT	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.2	0.3	0.6	0.6
TOTAL	7,852	7,750	7,788	7,722	7,765	7,830	7,665	7,543	7,438	7,336	7,401
PT	32	31	25	26	25	54	192	400	562	707	815
% PT	0.4	0.4	0.3	0.3	0.3	0.7	2.5	5.3	7.6	9.6	11.0
% Female in PT	84.4	83.9	92.0	96.2	92.0	96.3	96.9	96.8	94.1	92.1	93.3
<b>IN2</b>											
EMPLOYES								5,789	5,682	5,486	5,163
PT								461	527	550	559
% PT in category								8.0	9.3	10.0	10.8
Share of total PT								81.7	81.1	78.8	77.5
AMs								2,578	2,643	2,717	2,792
PT								91	107	127	139
% PT in category								3.5	4.0	4.7	5.0
Share of total PT								16.1	16.5	18.2	19.3
HIGH								1,883	1,978	2,070	2,144
PT								12	16	21	23
% PT in category								0.6	0.8	1.0	1.1
Share of total PT								2.1	2.5	3.0	3.2
TOTAL								10,250	10,303	10,273	10,099
PT								564	650	698	721
% PT								5.5	6.3	6.8	7.1
% Female in PT								99.0	98.6	99.0	99.0

TABLE V-3 (cont'd): PART-TIME BY JOB CATEGORY IN FIRMS INTERVIEWED

COO								GM	
EMPLOYEES					2,325	2,253	2,044		
PT					257	291	282		
% PT in category					11.1	12.9	13.8		
Share of total PT									
AMs					1,169	1,225	1,341		
PT					56	72	81		
% PT in category					4.8	5.9	6.0		
Share of total PT									
HIGH					756	786	818		
PT					20	22	27		
% PT in category					2.6	2.8	3.3		
Share of total PT									
TOTAL					4250	4264	4203		
PT					333	385	390		
% PT					7.8	9.0	9.3		
% Female in PT					NA	NA	NA		
<hr/>									
BANKS									
		1982	1983	1984	1985	1986	1987	1988	1989 p/
BK1									
EMPLOYEES		13,836	13,491	13,063	12,185	11,137	10,519	9,461	7,976
PT		100	110	952	1,015	1,098	1,069	977	874
% PT in category		0.7	0.8	7.3	8.3	9.9	10.2	10.3	11.0 ****
Share of total PT		45.7	48.2	50.1	39.8	37.5	35.2	31.2	26.9
MIDDLE (GRADES)		23,849	24,386	24,712	25,216	25,665	25,878	26,303	27,189
PT		106	108	1,067	1,052	1,789	1,915	2,092	2,300
% PT in category		0.4	0.4	4.3	4.2	7.0	7.4	8.0	8.5
Share of total PT		48.4	47.4	56.2	41.2	61.0	63.1	66.9	70.9
HIGH		5,512	5,601	5,664	5,779	5,889	5,976	6,215	6,484
PT		13	10	31	36	44	53	59	71
% PT in category		0.2	0.2	0.5	0.6	0.7	0.9	0.9	1.1
Share of total PT		5.9	4.4	1.6	1.4	1.5	1.7	1.9	2.2
TOTAL		43,197	43,478	43,439	43,180	42,691	42,373	41,979	41,649
PT		219	228	1,899	2,553	2,931	3,037	3,128	3,245
% PT		0.5	0.5	4.4	5.9	6.8	7.2	7.5	7.8
% Female in PT		NA	NA	NA	NA	NA	NA	NA	NA

TABLE V-3 (cont'd): PART-TIME BY JOB CATEGORY IN FIRMS INTERVIEWED (p.3 of 4)

	1982	1983	1984	1985	1986	1987	1988
<b>BK2</b>							
EMPLOYEES	2,522	2,481	2,395	2,327	2,216	1,854	
PT	20	37	77	106	106	100	
% PT in category	0.8	1.5	3.2	4.6	4.8	5.4	
Share of total PT	36.4	38.5	43.3	41.7	40.0	35.8	
MIDDLE (GRADES)	3,479	3,549	2,639	3,853	4,084	4,167	
PT	33	54	95	136	145	162	
% PT in category	0.9	1.5	3.6	3.5	3.6	3.9	
Share of total PT	60.0	56.3	53.4	53.5	54.7	58.1	
HIGH	1,473	1,485	1,534	1,642	1,693	1,786	
PT	2	5	6	12	14	17	
% PT in category	0.1	0.3	0.4	0.7	0.8	1.0	
Share of total PT	3.6	5.2	3.4	4.7	5.3	6.1	
TOTAL	7,474	7,515	7,568	7,822	7,993	7,807	
PT	55	96	178	254	265	279	
% PT	0.7	1.3	2.4	3.2	3.3	3.6	
% Female in PT	96.4	95.8	94.9	94.9	95.5	98.6	
<hr/>							
<b>BK3 a/</b>							
EMPLOYEES	17,707	16,806	15,667	14,320	12,853	11,480	
PT	1,178	1,822	2,010	2,060	2,060	2,017	
% PT in category	6.7	10.8	12.8	14.4	16.0	17.6	
Share of total PT	54.9	49.0	48.1	45.7	44.8	43.5	
MIDDLE (GRADES)	25,109	25,815	26,304	26,845	27,283	27,543	
PT	940	2,018	2,299	2,370	2,452	2,519	
% PT in category	3.7	7.8	8.7	8.8	9.0	9.1	
Share of total PT	43.8	54.3	55.0	52.5	53.3	54.4	
GRADES CLASSE II b/	12,337	12,544	12,793	13,233	13,595	13,840	
PT	635	1,266	1,454	1,663	1,735	1,798	
% PT in category	5.1	10.1	11.4	12.6	12.8	13.0	
Share of total PT	29.6	34.1	34.8	36.9	37.7	38.8	
HIGH	5,564	5,812	5,941	6,097	6,264	6,353	
PT	26	57	69	82	89	97	
% PT in category	0.5	1.0	1.2	1.3	1.4	1.5	
Share of total PT	1.2	1.5	1.7	1.8	1.9	2.1	
TOTAL	48,380	48,433	47,912	47,262	46,400	45,376	
PT	2,144	3,717	4,178	4,512	4,601	4,633	
% PT	4.4	7.7	8.7	9.5	9.9	10.2	
% Female in PT	97.2	96.4	96.8	96.7	96.8	95.6	

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TABLE V-3 (cont'd): PART-TIME BY JOB CATEGORY IN FIRMS INTERVIEWED (p.4 of 4)

	1982	1983	1984	1985	1986	1987	1988
REG							
EMPLOYES		449	396	429	380	361	294
PT		0	9	14	14	16	15
% PT in category		0	2.3	3.3	3.7	4.4	5.1
Share of total PT		0.0	36.0	35.9	31.8	30.2	30.0
MIDDLE (GRADES)		479	498	585	619	620	573
PT		2	15	19	24	29	30
% PT in category		0.0	3.0	3.2	3.9	4.7	5.2
Share of total PT		100.0	60.0	48.7	54.5	54.7	60.0
HIGH		180	183	240	250	244	245
PT		0	1	3	6	8	5
% PT in category		0.0	0.5	1.3	2.4	3.3	2.0
Share of total PT		0.0	4.0	7.7	13.6	15.1	10.0
TOTAL		1,108	1,077	1,254	1,249	1,225	1,112
PT		2	25	39	44	53	50
% PT		0.2	2.3	3.1	3.5	4.3	4.4
% Female in PT		64.8	65.3	64.2	64.5	64.6	64.9

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Notes: BUS did not report part-time data

a/ This bank did not provide the number of workers in each category but only their share of total employment. I applied to the total number of workers the percent share of each category. Because this percent had already been pro rated for part timers, the numbers of Employee and Middle workers are underestimated and, as a result, their part time rate is inflated.

b/ Lowest grade of the Middle category. This is the only firm which provided this information.

TABLE V-4: TEMPORARY HELP SERVICE CONTRACTS IN FIRMS (Estimates) (p.1 of 2)

	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989
<b>INSURANCE</b>												
<b>IN1</b>												
a. Avg. monthly # of temps	201	197	108	53	41.5	29.8	22.8	47.5	60.2	39.7	94.4	
Avg. durat. in workdays	NA	NA	NA	NA	17.5	11	NA	18	NA	NA	28	
b. Avg. mont. tot. empl.	7,709	7,752	7,779	7,730	7,779	7,780	7,719	7,576	7,491	7,378	7,450	
Rate (a/b)*100	2.6	2.5	1.4	0.7	0.5	0.4	0.3	0.6	0.8	0.5	1.3	
<hr/>												
<b>IN2</b>												
a. Avg. monthly # of temps								152	125	115	79	
Avg. duration in workdays								15.6	14.7	18.9	13.0	
b. Avg. monthly total employment								10,175	10,284	10,296	10,189	
Rate (a/b)*100								1.5	1.2	1.1	0.8	
<hr/>												
<b>COO</b>												
a. Avg. monthly # of temps									11.0	5.5	4.1	
Avg. duration in workdays									6.7	20.3	20.3	
b. Avg. monthly total employment									4,178	4,257	4,241	
Rate (a/b)*100									0.3	0.1	0.1	
<hr/>												



TABLE V-4 (cont'd): TEMPORARY HELP SERVICE CONTRACTS IN FIRMS (Estimates) (p.2 of 2)

BANKS	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989
<b>BK1</b>												
a. Avg. monthly # of temps					132	124	95	113	121	218	203	219
Avg. duration in workdays					15.7	12.8	12.2	13	19	21	21	16
b. Avg. monthly total employment					43,118	43,258	43,420	43,278	42,910	41,620	41,497	41,661
Rate (a/b)*100					0.3	0.3	0.2	0.3	0.3	0.5	0.5	0.5
<b>BK2</b>												
a. Avg. monthly # of temps					52.8	41.1	47.8	72.0	90.8	99.5	89.0	
Avg. duration in workdays: Paris*/					10.3	9.9	27.4	32.2	53.6	31.0	26.8	
Avg. duration in workdays: rest of country					18.2	24.3	22.6	11.0	43.1	30.5	47.2	
b. Avg. monthly total employment					7,389	7,442	7,473	7,469	7,693	7,940	7,932	
Rate (a/b)*100					0.7	0.6	0.6	1.0	1.2	1.3	1.1	
<b>BK3</b>												
a. Avg. monthly # of temps						106	220	245	256	245	131	
Avg. duration in workdays						14	27	29	30	21	23	
b. Avg. monthly total employment						47,542	47,321	46,776	46,069	45,294	44,383	
Rate (a/b)*100						0.2	0.5	0.5	0.6	0.5	0.3	
<b>REG</b>												
a. Avg. monthly # of temps									6.9	8.25	1.5	
Avg. duration in workdays									16	18	11	
b. Avg. monthly total employment									1,265	1,220	1,159	
Rate (a/b)*100									0.5	0.7	0.1	

Note: \*/ This bank reported average duration for Paris separately  
The average monthly number of temp workers is estimated by firms from billing.

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TABLE V-5: RATIO OF CDD TO REGULAR CONTRACTS (CDI) IN HIRING FROM THE OUTSIDE

(Ratio = 1 if # hired on CDD= # hired on CDI) (p.1 of 2)

INSURANCE	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988
IN1											
Ratio CDD/CDI in:											
Total hiring	1.16	1.40	1.14	1.32	0.84	0.49	1.54	1.10	1.01	1.42	0.72
Employe hiring	1.33	1.68	1.33	1.39	0.93	0.57	2.43	2.83	2.48	0.84	2.21
#CDI in Total	325	205	287	205	329	603	76	79	73	122	105
#CDI in Employe	279	171	244	192	296	514	46	29	29	58	34
IN2											
Ratio CDD/CDI in:											
Total hiring								0.12	0.44	0.73	0.54
Employe hiring								0.15	0.6	1.09	0.79
#CDI in Total								305	204	161	156
#CDI in Employe								246	148	108	102
COO											
Ratio CDD/CDI in:											
Total hiring								0.85	1.10	0.89	
Employe hiring								1.44	1.81	2.23	
#CDI in Total								172	124	141	
#CDI in Employe								95	67	52	

TABLE V-5 (cont'd): RATIO OF CDD TO REGULAR CONTRACTS (CDI) IN HIRING FROM THE OUTSIDE

BANKS (p.2 of 2)

BK1	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989
Ratio CDD/CDI in:												
Total hiring					0.09	0.11	0.15	0.19	0.17	0.15	0.15	0.12
Employee hiring					0.10	0.12	0.18	0.27	0.26	0.21	0.22	0.16
#CDI in Total					1,305	1,514	1,005	694	648	1,463	1,177	1,464
#CDI in Employee					1,121	1,289	809	490	449	974	753	1,057
<hr/>												
BK2												
Ratio CDD/CDI in:												
Total hiring					0.16	0.18	0.31	0.85	0.64	0.50	0.58	
Employee hiring					0.21	0.25	0.54	1.79	1.23	1.05	4.59	
#CDI in Total					562	462	275	206	426	436	264	
#CDI in Employee					424	315	158	95	220	185	29	
<hr/>												
BK3												
Ratio CDD/CDI in:												
Total hiring						0.14	0.12	0.25	0.23	0.29	0.33	
Employee hiring						0.14	0.12	0.27	0.25	0.3	0.35	
#CDI in Total						2,339	1,625	901	990	1,070	1,049	
#CDI in Employee						2,257	1,569	849	928	1,005	951	
<hr/>												
REG												
Ratio CDD/CDI in:												
Total hiring						0.32	0.68	0.15	0.56	1.12	0.68	
Employee hiring						0.54	2.13	0.51	2.38	5.67	8.00	
#CDI in Total						121	69	85	82	37	37	
#CDI in Employee						68	22	14	16	9	3	
<hr/>												
BUS												
Ratio CDD/CDI in:												
Total hiring						1.07	0.28	0.16	1.41	0.76	0.27	
Employee hiring												
#CDI in Total						77	96	148	73	86	51	
#CDI in Employee												

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Note: Statistics on the Middle category not included because hiring in that category was very limited during the 1980s.

TABLE V-6: CDD EXPIRATIONS AS SHARE OF EXITS FOR EMPLOYEES AND TOTAL WORKFORCE

(p.1 of 2)

INSURANCE

IN1

Employees

	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989
CDD expirations	160	166	168	132	204	105	83	71	42	21		
Total exits	422	426	372	348	449	261	192	168	142	134		
% CDD in exits	37.9	39.0	45.2	38.0	45.4	40.2	43.2	42.2	29.6	15.7		

Total workforce

CDD expirations	162	169	172	134	207	111	87	72	43	21		
Total exits	560	562	520	585	828	355	283	246	272	308		
% CDD in exits	28.9	30.1	33.1	23.0	25.0	31.3	30.7	29.3	15.8	6.8		

IN2

Employees

CDD expirations								2	13	44	76	
Total exits								135	142	183	224	
% CDD in exits								1.5	9.1	24.1	33.9	

Total workforce

CDD expirations								2	13	45	76	
Total exits								250	242	309	415	
% CDD in exits								0.8	5.4	14.6	18.3	

COO

Employees

CDD expirations									50	71	95	
Total exits									104	137	222	
% CDD in exits									48.0	51.8	42.8	

Total workforce

CDD expirations									53	80	100	
Total exits									174	244	341	
% CDD in exits									30.5	32.8	29.3	

TABLE V-6(cont'd): CDD EXPIRATIONS AS SHARE OF EXITS FOR EMPLOYES AND TOTAL WORKFORCE

BANKS (p.2 of 2)	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989
<b>BK1</b>												
Employees												
CDD expirations					101	111	144	149	125	152	180	155
Total exits					1,127	1,055	864	742	738	884	960	944
% CDD in exits					9.0	10.5	16.7	20.1	16.9	17.2	18.8	16.4
Total workforce												
CDD expirations					109	118	153	157	129	167	190	180
Total exits					2,341	2,224	1,972	1,842	1,979	2,695	2,295	2,508
% CDD in exits					4.6	5.3	7.8	8.5	6.5	6.2	8.3	7.2
<b>BK2</b>												
Employees												
CDD expirations					23	34	29	38	99	136	151	
Total exits					200	208	131	125	100	279	261	
% CDD in exits					11.5	16.3	22.1	30.4	99	48.7	57.8	
Total workforce												
CDD expirations					24	34	30	42	104	153	168	
Total exits					434	509	286	263	435	596	686	
% CDD in exits					5.5	6.6	10.5	16	23.9	25.7	24.5	
<b>BK3</b>												
Employees												
CDD expirations					107	70	78	66	66	105	123	
Total exits					979	701	465	420	420	554	645	
% CDD in exits					10.9	10.0	16.8	15.7	15.7	19.0	19.1	
Total workforce												
CDD expirations					107	70	79	66	66	107	127	
Total exits					1,734	1,435	1,276	1,298	1,298	1,498	1,699	
% CDD in exits					6.2	4.9	6.2	5.1	5.1	7.1	7.5	
<b>REG</b>												
Employees												
CDD expirations					4	45	22	24	24	27	41	
Total exits					55	88	55	55	55	44	69	
% CDD in exits					7.2	51.1	40.0	43.6	43.6	61.4	59.4	
Total workforce												
CDD expirations					4	45	22	30	30	34	42	
Total exits					144	147	123	133	133	118	175	
% CDD in exits					2.7	25.4	17.9	22.6	22.6	28.8	24.0	

BUS has no data in its Bilan Social

TABLE VI-1:INCIDENCE OF PART-TIME BY GENDER IN PUBLIC AND PRIVATE EMPLOYMENT  
 --DEFINED AS 30+ HRS BUT < 40 HRS--

	1980	1981	1982	1983	1984	1985	1986	1987
PART-TIME IN ALL SECTORS			1,515,535	1,588,277	1,706,452	1,867,478	2,075,458	2,078,132
MALE			211,305	215,616	239,790	285,541	329,880	334,465
FEMALE			1,304,230	1,372,661	1,466,662	1,581,937	1,745,578	1,743,667
% Male in total			13.9	13.6	14.1	15.3	15.9	16.1
% Female in total			86.1	86.4	85.9	84.7	84.1	83.9
SHARE OF PART-TIME IN TOTAL			8.5	9.0	9.7	10.5	11.6	11.6
Share in male employment			2.0	2.1	2.3	2.8	3.2	3.3
Share in female employment			17.8	18.7	19.8	21.0	22.5	22.5
			--DEFINED AS LESS THAN 30 HRS--					
PART-TIME IN ALL SECTORS	1,250,223	1,295,398	1,245,550	1,299,165	1,397,694	1,500,579	1,683,794	1,669,756
MALE	201,833	193,382	153,422	154,472	173,185	216,429	262,228	266,880
FEMALE	1,048,390	1,102,016	1,092,128	1,144,693	1,224,509	1,284,150	1,421,566	1,402,876
% Male in total	16.1	14.9	12.3	11.9	12.4	14.4	15.6	16.0
% Female in total	83.9	85.1	87.7	88.1	87.6	85.6	84.4	84.0
SHARE OF PART-TIME IN TOTAL	7.0	7.3	7.0	7.3	7.9	8.5	9.4	9.3
Share in male employment	1.9	1.8	1.5	1.5	1.7	2.1	2.6	2.6
Share in female employment	14.8	15.4	14.9	15.6	16.5	17.0	18.3	18.1
TOTAL PRIVATE AND PUBLIC EMPLOYMENT	17,886,442	17,813,752	17,777,047	17,735,186	17,642,602	17,745,734	17,964,515	17,918,059
MALE	10,785,182	10,652,603	10,443,331	10,403,156	10,223,809	10,213,654	10,194,134	10,182,992
FEMALE	7,101,260	7,161,149	7,333,716	7,332,030	7,418,793	7,532,080	7,770,381	7,735,067
% Male in total	60.3	59.8	58.7	58.7	57.9	57.6	56.7	56.8
% Female in total	39.7	40.2	41.3	41.3	42.1	42.4	43.3	43.2

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Note: Prior to 1982, part-time defined as less than 30 hrs per week.

Source: INSEE, Enquete Emploi, 1982-88. Part-time figures concern private and public wage and salary employment.

TABLE VI-2: INCIDENCE OF CDDs AND TEMPORARY HELP CONTRACTS BY GENDER IN PRIVATE EMPLOYMENT  
(CDDs are limited duration contracts)

	1982	1983	1984	1985	1986	1987	1988
TOTAL PRIVATE EMPLOYMENT	13,335,750	13,126,473	12,970,509	12,883,885	12,855,615	12,895,541	13,000,785
MALE	8,425,143	8,314,672	8,123,692	8,018,598	7,918,517	7,940,160	7,955,233
FEMALE	4,910,607	4,811,801	4,846,817	4,865,287	4,937,098	4,955,381	5,047,552
% Male in total employment	63.2	63.3	62.6	62.2	61.6	61.6	61.2
% Female in total employment	36.8	36.7	37.4	37.8	38.4	38.4	38.8
CDD IN ALL SECTORS	298,391	256,823	256,163	314,973	389,345	478,041	537,888
MALE	165,115	124,310	126,284	178,566	197,195	259,182	286,876
FEMALE	133,276	132,513	129,879	136,407	192,150	218,859	251,012
% Male in total CDD	55.34	48.40	49.30	56.69	50.65	54.22	53.33
% Female in total CDD	44.66	51.60	50.70	43.31	49.35	45.78	46.67
TEMPS IN ALL SECTORS	124,651	110,468	102,541	112,514	128,451	122,481	164,005
MALE	76,267	67,013	60,814	71,492	89,819	85,396	113,992
FEMALE	48,384	43,455	41,727	41,022	38,632	37,085	50,013
% Male in total temps	61.18	60.66	59.31	63.54	69.92	69.72	69.51
% Female in total temps	38.82	39.34	40.69	36.46	30.08	30.28	30.49
SHARE OF CDD IN TOTAL	2.24	1.96	1.97	2.44	3.03	3.71	4.14
Share in male employment	1.96	1.50	1.55	2.23	2.49	3.26	3.61
Share in female employment	2.71	2.75	2.68	2.80	3.89	4.42	4.97
SHARE OF TEMPS IN TOTAL	0.93	0.84	0.79	0.87	1.00	0.95	1.26
Share in male employment	0.91	0.81	0.75	0.89	1.13	1.08	1.43
Share in female employment	0.99	0.90	0.86	0.84	0.78	0.75	0.99

Source: INSEE, Enquete Emploi, 1982-88. Temp and CDD employment affect private wage and salary employment only.