



Cultivating jobs locally or How companies get involved in developing skills

Summary

Industry is recruiting but faced with a shortage of candidates

The destruction of industrial jobs reported in the media tends to mask the recruitment difficulties facing industry. The survey *Besoins en main d'œuvre* (labour requirements), published annually by the French employment agency Pôle

Emploi with the research institute Crédoc, estimates the extent of the problem¹. In industry, employers questioned at the end of 2012 judged over 40% of recruitments as difficult, making it the second sector to suffer from hiring issues after the building sector. Some profiles are particularly sought after, such as qualified metal workers (pipe fitters, boiler makers, welders, sheet metal workers, etc.), engineers and managers. These difficulties hinder industrial companies' development and competitiveness.

Recruitment difficulties are generally understood to reflect imbalances between supply and demand on the labour market, also known as matching problems. The reasons for these imbalances are well known and occur at different levels. They can result from: a mismatch between the skills available from workers and those required by companies; significant distances from employment centres (for the unemployed) or from labour (for companies); the behaviour of the unemployed in a world of imperfect information on job offers; the behaviour of recruiters when selecting candidates; the quality of intermediaries' action in the labour market; the negative image of some sectors of activity, etc.

The possible solutions to these recruitment problems often implicitly involve a mechanical vision of matching, i.e. the idea that tallying labour supply with demand requires an immediate correspondence between jobseekers' observable characteristics (diplomas, education establishments, professional experience, etc.) and companies' skill requirements². The present study is an invitation to go beyond this vision.

¹ The results of this survey should be interpreted with caution. Only some of the recruitment projects mentioned by employers at the end of year N lead to actual recruitments in year N+1. However, because it is carried out annually, it gives a relatively reliable image of how these recruitment difficulties develop over time.

² We observe that companies frequently overestimate these skill requirements, which compounds their recruitment difficulties. The practices of identifying skill requirements, selecting and recruiting candidates have a non-negligible influence on the potential for matching labour supply and demand.

An observation of local practices, like the experience of GEIQs (employers' groups for insertion and qualification), implies that matching is constructed, i.e. the fruit of long-term experience: the potential employer and job candidate enter into dynamic processes of apprenticeship and interknowledge. GEIQs provide an instructive example here: candidates who were initially considered as unsuitable for employment and would not therefore be directly recruited by companies, are ultimately taken on by these firms at the end of a work-study programme and following social and vocational support provided by GEIQs.

Variety of stakeholders to respond to local and national recruitment difficulties

Public action plays a central role in resolving matching problems. French policy on employment and training is mainly centred on public authorities and social partners at national level, but the trend for decentralization has given local territories significant intervention powers to regulate the labour market, or rather local labour markets³, and act on the training-employment relationship. One of the important milestones is the law of 13 August 2004 on local freedom and responsibilities, whereby regions now *“define and implement regional policy on apprenticeship and vocational training for young people and adults seeking employment or a new professional direction.”*

Public policies are supplemented by initiatives from other economic and social stakeholders, like companies, professional organizations, OPCAs⁴, training organizations, associations, etc. As a result, responses to local recruitment issues are in the hands of a range of stakeholders. One common criticism is that employment and training policies are based on an accumulation of operators, apparatus, regional scales, general and categorical measures that are difficult to interpret for companies and jobseekers.

How companies are involved in building skills locally and the cultivation metaphor

Neither globalization nor companies' internationalization will eradicate the importance of local territories, in fact quite the reverse. Companies' performance, and their capacity for development and recovery, are highly dependent on resources⁵ supplied locally; symmetrically, it is local territories' capacity to produce “specific resources” (Colletis, Pecqueur, 1993), devised to respond to unprecedented production problems, that make them attractive to firms (Raveyre, 2005). In particular, as long as human resources are available on identified labour markets⁶, then companies may find it worthwhile to invest in developing skills locally.

³ Zénou (1997) claims that it is “empirically verified that in most countries the labour market is divided up on a geographical basis. In the vast majority of cases, workers, as well as companies, only explore regional markets much smaller than the national market”. No consensus exists on the definition of a local labour market. In our point of view, it is at the very least a coherent area that conciliates mobility for professional and personal activities, i.e. in which people of working age can live and work.

⁴ *Organismes paritaires collecteurs agréés* – accredited fund collecting and distributing agencies.

⁵ By this we mean human resources, infrastructure, the potential for research and innovation, the dynamism of SME networks, the quality and quantity of information circulating between public, private and political stakeholders, their interknowledge, the level of inter-personal and inter-organizational trust, etc.

⁶ Of course, solutions to recruitment difficulties are not only local. Bernard Belloc, reacting to this document, observed that the issue of geographical mobility (or immobility) is a genuine problem for employment in France. In his opinion, the low mobility of paid workers in the country contributes to unemployment.

The cultivation metaphor thus describes a situation whereby industrials choose to take part in the local territory as co-producers of resources, and more specifically skills in this case, rather than simple consumers. It envisages the relationship between the company and its environment in an ecosystem set-up.

More precisely, to be a “cultivating” company involves, for example:

- Having a high degree of interaction and interknowledge with its ecosystem (e.g. neighbouring companies, local authorities, education and training system, R&D centres, universities, associations) and a capacity to take advantage of the social capital accumulated in this way;
- Acting continually to build up skills, even when an urgent need creates an obstacle;
- Promoting its local involvement as a part of its corporate image⁷, or even holding a leading position in local skills-focused action.

It is somewhat regretful that companies’ initiatives in this direction are still little documented⁸. However, several emblematic cases, mostly concerning major groups, are regularly mentioned in published studies⁹. Over the last few decades, large groups like Saint-Gobain, EDF, SNCF, Sanofi and Thales have set up in-house units specializing in devising and implementing local development policies. This responsibility towards their territories is often the result of their experience of dealing with restructurings in the 1970s-1980s. Yet major companies are not the only ones to invest. Numerous SMEs do so, either individually or collectively, by taking on work-study internships, participating in the action of industrial federations, joining employer associations, etc.

Four types of relationship between industrial companies and their territory

In the first part of this note, Olivier Mériaux, a researcher at Grenoble IEP with long-standing experience at Amnyos Consultants, analyses the relationships between industrial companies and local territories¹⁰. He puts forward the hypothesis that companies are more likely to find solutions to their problems in accessing local human resources by getting involved in joint skills-building measures. Based on his observation of the local practices of major groups, such as EDF, Airbus and Thales, he identifies four types of relationship¹¹.

Instrumental relationships. In this configuration, the industrial company does not have any problems accessing human resources. Labour is available locally and ready to work at the required conditions of mobility, qualifications and efficiency. The territory remains external and completely separate from HR problems inside the company.

⁷ In some major groups like Danone and EDF, promoting the values of a company that is “attentive” to its local territory and its development has become a major line of communication aimed at customers, institutional partners and training establishments, and also aimed in-house at staff and their representatives.

⁸ Appraisals of this action are almost non-existent. Often, stakeholders reinvent the same things and are subject to the same implementation difficulties. Capitalization on practices is still needed; this study makes a contribution.

⁹ See Bergère and Demissy (2013) and Raveyre (2009, 2005, 2001) for studies focusing on major groups.

¹⁰ Local territories operate on several scales. Their boundaries vary depending on the action and those involved. Thus, this study opts to avoid entering into a debate that would require giving a definition, and instead looks at the nature of relationships between industrial companies and local territories.

¹¹ Note that these 4 types of relationship are never acquired and can undergo painful setbacks, in particular in cases of economic downturn.

Contingent relationships. In cases of labour shortage, the local territory becomes potentially restrictive. Companies are encouraged to open up to their local ecosystem, i.e. to analyze their environment (e.g. identify the characteristics of their employment area) and take an interest in local stakeholders. This results in local partnerships for employment, e.g. on local management planning for jobs and skills (GPEC), the creation of work-study placements, and structures like employers' groups¹².

Obligation relationships. The occurrence of a "risk" situation (e.g. economic crisis, major development project) may reinforce a company's sense of responsibility towards its territory. The risk of having to recruit considerable numbers of staff to work on a major infrastructure project, or on the contrary of having to make staff redundant following a downturn, encourages some companies to foster relations with local authorities. Two examples are mentioned in the study. The first is Dunkerque LNG, a subsidiary of EDF responsible for building a methane gas terminal, which involved local authorities to launch a local management plan for jobs and skills (GPEC). The second is the regeneration projects set up by major companies.

Negotiated relationships. The last option is when the territory becomes a location where situations develop in which the company is a stakeholder and that it wants to influence. It becomes a driver of joint action, bringing within reach "objectives that would not have been reached individually" (Angeon and Callois, 2006). Instead of reacting "off the cuff", the company constantly builds up a negotiated relationship with its local territory. This is typically the case for large groups that have developed subsidiaries centred on reconversion. Having gone through restructuring, these groups have positioned themselves as drivers of local development in the territories they occupy. This study looks at the example of G ris, a subsidiary of Thales that works on the group's local action.

Some interesting examples of SMEs' involvement

The second part of this note looks at noteworthy cases that partially or totally rely on SMEs' involvement in building skills. As well as individual initiatives, we observe joint action, some of which relies on groups of industrial companies in employers' associations, and some of which is coordinated or supported by representatives from companies at national and/or local levels (industrial federations and groups), with other action led by private or public bodies, or associations, like chambers of commerce and industry, competitiveness clusters, major companies, or some state services or local authorities. The selected examples are based on a series of interviews carried out in 2013 and early 2014. The aim is to systematically bring out the context of emergence, the content, and the results of each action.

Multiplast or the example of an individual action whose repercussions extend beyond the company

The core business of Multiplast¹³ (Vannes, Brittany) is building competition sailboats. The company's recent development of industrial aeronautical and spatial projects, combined with recurring recruitment difficulties, spurred it to invest in a training centre for composite operators¹⁴ in 2013.

¹² A group of employers is a non-profit associative body that recruits personnel and makes them available to member companies. It guarantees full-time work for its employees, who agree to divide their time between several companies.

¹³ In January 2014, Multiplast joined up with the company D cision to create the group Carboman, chaired by Dominique Dubois (CEO of Multiplast).

¹⁴ The training centre will take on its first trainees in spring 2014. Its first "mini graduation" of four trainees dates from end 2013.

Springing from an individual problem, the company's CEO and training manager say they are now keen to train employees from other regional companies, including competitors, for both economic and strategic reasons. Firstly, it is crucial to the training centre's return on investment. In addition, having access to local partners offering similar and complementary skills means it can respond to markets and distribute work locally, thus avoiding the need to subcontract outside the area. Lastly, training external collaborators reduces the competition for skills.

The GEIQ for industry in Languedoc-Roussillon: an intermediate that helps match people outside the labour market with industrials that lack candidates

The GEIQ (employers' group for insertion and qualification) for industry in Languedoc-Roussillon (*GEIQ Gard, Vallée et Delta du Rhône*) is supported by the metallurgy branch, which undertakes an active policy to encourage the creation and development of industrial GEIQs by mobilizing the network of local metalworkers' unions (UIMMs) and providing financial support with its fund *Agir pour l'insertion dans l'industrie* (A2i)¹⁵. Coordinated by local enterprises and drawing from a dynamic network of local stakeholders, the GEIQ for industry in the Gard, Rhône Valley and Delta provides its member companies with a service that goes far beyond their internal recruitment capabilities, including for the biggest companies. The candidates recruited by the GEIQ would not be selected via routine recruitment methods because of their lack of qualifications, professional experience or interpersonal skills. These candidates are initially recruited by the GEIQ itself, which offers them social and professional support and, in particular, a work/study programme within one of its member companies. For five years, GEIQ has been using this dynamic, continuous method to match people outside the labour market with industrials. It is a key intermediate in adjusting the local labour market.

Action by industrial federations: the example of Allizé Plasturgie in Rhône-Alpes

The plastic processing industrial federation in the Rhône-Alpes area, Allizé Plasturgie, presents two types of action suited to the characteristics of industrial companies located in two areas of the region. The first of these is training for machine setters in the town of Lorient. In 2012, a dozen young people attained three types of CQP¹⁶ (professional qualification certificates) thanks to Allizé Plasturgie with a view to filling vacant positions, thus circulating skills within the local labour market. In Oxonnax, the branch launched ADC+ (*Action Développement Compétences* – action development skills) in order to increase the skills of employees in local companies, while ensuring their replacement. To do so, it set up a team of 10 temporary workers that were capable of taking the place of employees on training courses.

Alizé® and Pass'Compétences or how major companies and SMEs work together via skills-based sponsorship

Skills-based sponsorship involves making personnel from major companies available to SMEs with development projects. Alizé® and Pass'compétences are two measures that organize assignments locally. Although their philosophy is similar, they have different characteristics. Alizé® (*action locale interentreprises en zone d'emploi* – local inter-company action in employment zones) centres on SME development projects with the potential to create jobs. The measure is coordinated nationally by the

¹⁵ This fund thus contributed to the creation of eight GEIQs (in Dunkerque, Brest, Nantes, Chalon-sur-Saône, Poitiers, Bagnols-sur-Cèze, Pau & Tarbes) and to the development of four other GEIQs (in Sedan, Strasbourg, Besançon & Auxerre).

¹⁶ Created and delivered by social partners of professional branches, professional qualification certifications (CQPs) enable employees to acquire a qualification recognized by the branch concerned.

association Astrées¹⁷ and, in the individual areas concerned, by a local operator, often a CCI (Chamber of Commerce and Industry). An accreditation committee, chaired by a business leader, decides which projects to support. Most frequently, this support involves making a manager or technician available for three to five days, for the entire duration of the SME's project. The second measure, Pass'Compétences, is operated by Géris (Thales) and was put together by the ARD (regional development agency of the Ile-de-France region), Géris and Pôle Systematic. It consists in assigning experts to SMEs in the Paris region on six- to eighteen-month postings. These two measures create local solidarity between companies and with the public sphere. They intervene in non-crisis situations, taking a mid- and long-term approach. One significant advantage is that they do not add another structure to an already dense institutional landscape.

Work/study programmes, major groups and SMEs: "shared work-study programmes" set up by Thales and Sanofi's action with FEFIS and LEEM

Thales mobilized its subsidiary Géris to evaluate the feasibility of setting up "*parcours partagés d'alternance*" (shared work-study programmes – PPAs) as recommended by Gifas (French Aerospace Industries Association), which involves directing major groups' work-study schemes towards local SMEs. Géris identified different types of PPA that involve either immersion periods and operational placements in an SME at the end of a work/study programme, or sharing worker/student recruitment between the SME and the major group from the start. FEFIS and LEEM began by looking at how skills requirements in the health industry were likely to evolve in the future, and then set out to determine the most worthwhile practices for a work/study scheme and those that would meet the challenges of integrating worker/students into areas where companies are located. Three pilot territories – Rhône-Alpes, Haute and Basse Normandie, Centre and Ile-de-France – were selected to implement local action. This initially involved mapping out the requirements of SMEs and major groups and the end dates of worker/student contracts, and then organizing a "meeting forum" for these various stakeholders.

Partnership between companies and public employment structures to recruit young people from disadvantaged neighbourhoods: "100 chances - 100 emplois" (100 opportunities – 100 jobs)

Schneider Electric launched its "100 chances - 100 emplois" operation in 2004. The measure was a response to a request from Jean-Louis Borloo, Minister for Employment at the time, that companies should take active steps to employ young people from disadvantaged neighbourhoods (ZUSs). The first town to try the initiative was Chalon-sur-Saône, followed by around twenty employment areas, including Angoulême, Aubervilliers Saint Denis, Chambéry, Dieppe and Grenoble, and involving the mobilization of numerous companies joining Schneider (such as Adecco, Caterpillar, Dalkia, Elior, Saint-Gobain, ST Microelectronics and UIMM). On the field, the "100 chances – 100 emplois" operation is part of a sustainable partnership between the companies mobilized (including small and very small enterprises), neighbourhood associations, government services (prefectures, Direcctes – regional business directorates, local education boards, state job services) and local authorities in the employment area. The aim is to integrate 60% of young people taking part in the measure – once they have been selected following a four-day waiting period – on a temporary contract lasting over six

¹⁷ *Association travail, emploi, europe, société*, (the work, employment, Europe, society association). It groups companies, social partners, social protection organizations, public services, practitioners and researchers with the aim of interpreting changes in work and employment, and inventing and disseminating innovative social practices in France and Europe. <http://www.astrees.org>.

months, a permanent contract, or work-study programme, following professional work experience with companies in the network.

Cultivating jobs locally: what are the advantages and conditions?

“Cultivating” businesses develop local resources that give their companies deeper roots and boost jobs. This initially involves tangible resources, like human resources, training centres and courses, financial resources, and new skills for staff and jobseekers. Next come intangible resources, like mutual knowledge, inter-personal and inter-organizational trust, and solidarity between companies. These intangible resources emerge or get stronger during the action, thanks to the dynamics of inter-stakeholder collaboration, and can even act as conditions necessary to the success of this type of action. Although they stem from non-market social relationships, the latter participate in local economic performance (Angeon and Callois, 2006). Ultimately, their attractiveness is increased and they are more resilient to blows.

The advantage for companies is above all financial and strategic, although it can be combined with an intention to demonstrate social responsibility. A large company, rather like EDF or Thales, that trains more young people on work/study programmes than it can recruit, and that agrees to accompany them towards securing employment by organizing work experience with sub-contractors, is behaving in a “civic”, “responsible” way, but it is also fully aware of the strategic advantage of keeping technical trades local within its sub-contractor network. For SMEs, a company like Multiplast that is ready to train staff from other companies, is sure to have potential partners at its side and guards against the risk of having its skills drained during industrial labour shortages.

This study gives an idea of certain conditions required for succeeding in initiatives. Firstly, such initiatives are rarely undertaken individually. They therefore usually require support from other actors, which means that a set of rules (i.e. laws, regulations, standards) and behaviour patterns are likely to influence the results of the initiative. When rules and behaviour are incompatible, cooperation mechanisms can be highly perturbed¹⁸.

Next, we observe that some play a key “orchestration” role, which makes it much easier to cultivate local employment. It may be a professional branch, the SME at the origin of the initiative, or a major group or competitiveness cluster. The advantage of this kind of role is that it ensures overall coordination and acts as an institutional reference contact for the different partners (Gilly and Perrat, 2003).

Cooperation cannot be created to order; and geographical proximity between stakeholders does not guarantee successful coordination, or even the very existence of collaboration. A successful cooperation is usually the fruit of long efforts to assimilate common challenges and the benefits of working together, sound interknowledge, and trust between partner set-ups¹⁹. Trust builds up over time; it is sensitive to the quality of past experience.

¹⁸ See Bourdu (2011) for further details on coordination mechanisms – opportunist behaviour vs. relationships of trust, incentive/control systems and rules at local and national level – involved in local public action measures centred on employment and training issues.

¹⁹ These initiatives are unusual in that they mobilize public and private stakeholders that are in asymmetrical relationships of position and advantage, since these asymmetries affect their capacities to coordinate on a project. For example, companies in the same area can be in competition and therefore unwilling to divulge information about their skills requirements.

Finally, it is clear that companies' commitment to building up skills is potentially made fragile by changes in the organizational structure of companies and institutions, fast rotation of unit managers, the influence of inter-personal and inter-organizational networks, and the difficulty in capitalizing over time... all of which should be taken into account by future companies "cultivating" local employment.