



# France Offers Employers Aid to Hire Young People

By Leah Shepherd  
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**F**rance enacted a new policy in July, giving employers strong incentives to hire young people in the aftermath of the coronavirus pandemic, which has inflicted devastating economic damage.

It's called the "1 young person, 1 solution" plan. The purpose of the \$7.97 billion plan is "to support youth employment and avoid this generation being sacrificed like the youth of the late 2000s, whose professional careers are still impacted today in terms of pay and promotion by the fact that they started working at the time of the financial crisis," said Guillaume Bordier, an attorney with Capstan Avocats in Paris.

"It is still too early to evaluate whether these measures will have a significant impact," he added. "Its effectiveness will certainly depend on the evolution of the global and French economy in the next coming months."

As many young people graduated from universities and trade schools this year, they have struggled to find jobs because many businesses were closed, had reduced operations or were not hiring.

"The government is committed in the recovery plan to allow each young person to find a place in society. The challenge starts now," said Elisabeth Borne, France's Minister of Labor.

## Boosting New Hires

Under the new French law, the government will pay employers 4,000 euros (approximately \$4,666) for hiring a worker younger than 26 years old. The payment schedule is 1,000 euros (approximately \$1,167) per quarter for one year.

The plan also offers a subsidy for employers to hire a work-study student under an apprenticeship or "professionalization" contract. That amount is 5,000 euros (approximately \$5,834) if the person is less than 18 years old, or 8,000 euros (approximately \$9,332) if the person is older than 18.

The government predicts the plan will result in 450,000 new hires, as well as 230,000 new apprenticeship contracts.

An employer must meet these conditions to qualify for the financial incentive:

- The employee must be hired on a permanent contract or a temporary contract for at least three months.
- The employment contract must take effect between Aug. 1 and Jan. 31, 2021.
- The employer must be current with its reporting and tax obligations.
- The employer must not, since Jan. 1, have executed layoffs for the job role covered by the incentive.

- The employee cannot have been part of the employer's workforce on Aug. 1 under a contract that was not eligible for the incentive.
- The employee must remain in the employer's workforce for at least three months with a wage up to twice the amount of minimum wage.

Some employers in France have executed hiring freezes or postponed hiring, but this law incentivizes them to move forward with hiring. The plan is intended to support hard-hit industries, such as agriculture, food processing, health care and tourism.

"I strongly encourage employers to take it up quickly. ... We all need to be mobilized for our young people," Borne said.

Employers have four months from the employee's start date to apply for the financial assistance.

"Companies seem to welcome these measures. For example, the M6 group, a large TV/media group, announced in July that it would be recruiting 100 young graduates," Bordier said.

### Response from Unions

The French government collaborated with businesses and labor unions to design the details of the plan.

"Certain employer unions have indicated that they are satisfied with these measures," Bordier said. However, others "have criticized this plan by indicating that young people with high qualifications or degrees would not benefit from it."

France's Union of Proximity Companies (U2P) supported the plan, stating, "The measures in favor of youth employment, which come on top of the support systems for learning and professionalization, will help to prevent an entire generation of young people from missing out on their entry into life and exacerbating the youth unemployment figures."

*[SHRM members-only toolkit: Introduction to the Global Human Resources Discipline ([www.shrm.org/resourcesandtools/tools-and-samples/toolkits/pages/introglobalhr.aspx](http://www.shrm.org/resourcesandtools/tools-and-samples/toolkits/pages/introglobalhr.aspx))]*

### Calculating the Scope of Job Loss

In June, Unédic, the unemployment insurance agency in France, predicted the country will have a total of 900,000 job cuts by the end of 2020. It predicted the nation's unemployment rate will rise from 8 percent at end of 2019 to 11 percent at the end of 2020.

According to France's National Institute of Statistics and Economic Studies (INSEE), the unemployment rate increased sharply (by 1.8 percentage points) for people ages 15 to 24 years old in the second quarter of 2020, compared with the previous quarter. The unemployment rate increased more for young men (2.1 percentage points) than for young women (1.3 points) in that age range.

"We must avoid at all costs that hundreds of thousands of young people are collateral victims of the coronavirus and remain excluded from the labor market," said U2P President Laurent Munerot. "Measures to support the hiring of young people, apprenticeship and professionalization should make it possible to reduce this risk and to fight against the recruitment difficulties, which remain significant in the local, craft and professional sectors."

Compared to unemployment rates for other age groups, the spike in unemployment was particularly big for young people, where it reached its highest rate since INSEE began collecting these statistics in 1975.

"In normal times, youth unemployment is higher than for the rest of the population in France," Bordier noted. "The health crisis due to COVID-19 will certainly aggravate this situation. The youth employment situation was already problematic in France before the crisis."

Even among the employed group, some people are still struggling with lost wages because of the pandemic. "In this period of health crisis, a record number of employees have found themselves in a situation of partial unemployment or sick leave or child care leave. They are still considered as employed," stated a report from INSEE.

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