



The Battle for Talents

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PART 1 : Diminishing workforce, fewer talents, skills gap: What are the main causes and challenges?

After an economically challenging period governed by lockdowns, the interruption of international mobility and the disruption of supply chains, Emmanuel Macron's government has launched a recovery program aiming to re-industrialize the country. The historic €100 billion recovery plan is meant to boost sustainability in the French economy while creating jobs. More so, the government aims to seize this economic turning point to stand out internationally as a leader of industry 4.0.

Tomorrow's industry will look very different from today's, and the skills that it will require to grow are just as different. The post-covid era is characterized by paradigm shifts across the board: **economic, industrial, technological and environmental challenges are re-shaping the economic landscape**. Human capital is a central issue in the reindustrialization of France, which is the focus of this position paper.



Today, companies have to adapt to new business models, processes and services which are transforming employees' tasks. While the traditional industrial workers' jobs will either be transformed or become obsolete, **new roles that are aligned with the robotics and data revolution will become in much greater demand¹**.

This is a challenge common to most – if not all – western economies and faced with a certain degree of fear by the French community. The government is already investing in training for the jobs of tomorrow², but it will be some time before that investment translates into a workforce that is ready for the demands of industry 4.0. Yet, French youngsters are aware that their careers will be far from linear.

Today, the lack of skilled talents is a major obstacle to the speedy transformation of the French economy, and there is a lag in time between the demand and the availability of much-needed skills across the board.

¹ <https://www.cgi.com/sites/default/files/2019-07/industry-4-making-your-business-more-competitive.pdf>

² <https://www.education.gouv.fr/l-utilisation-du-numerique-l-ecole-12074>

The post-covid era is also marked by a change in working culture. Employees are looking for purpose in their daily tasks. Freedom and recognition have taken center stage in employees' expectations of their work lives which also needs to be better balanced. Jobseekers seem to be placing less of an emphasis on salary and job security and more on the values promoted by a company (particularly by the CSR/ESG commitments), flexibility and working atmosphere³. Many younger people are publicly advocating for environmental awareness and refuse to work in companies that are seen as problematic in terms of social and environmental issues⁴.

Beyond the challenges of attracting new talents, employee retention is also becoming a crucial issue. Many young workers feel that they are not employed at their fair value, feeding their aspirations to either evolve quickly within the company, or outside of it. An innovative, collaborative and stimulating work environment, combined with opportunities for continuous learning and rapid advancement, are now essential criteria for retaining employees.

Considering these developments, we at AmCham France have drafted a set of 7 recommendations for employers and policymakers to tackle these challenges.



³<https://fortune.com/2022/01/18/great-resignation-workplace-culture-flexibility-well-being-linked-in/>

⁴https://www.lemonde.fr/planete/article/2022/05/11/des-etudiants-d-agroparistech-appellent-a-deserter-des-emplois-destructeurs_6125644_3244.html

1

Creating a sense of collective Purpose & Responsibility through Employer Branding

Companies are met with both internal and external pressures to meet their environmental and social responsibilities. Employees expect economic performance to be built on a set of values that is translated into concrete action. Companies' **external and internal communication** should therefore be in line with an overarching sustainable strategy. These strategies are often best when following "glocalization", considering both global impacts and local adaptation / implementation.

Developing an **internal Employer Brand** (targeting employees) as well as an **external Employer Brand** (targeting potential candidates) is essential for creating a sense of collective purpose and responsibility.

The Employer Brand's effectiveness relies on its authenticity. It needs to be built on company values and corporate social responsibility, followed by concrete and tangible actions. Furthermore, employees should be involved in CSR/ESG actions and participate in social change, thus creating a sense of shared responsibility.

Moreover, companies can develop an **Employee Brand** which will be manifested through "**Ambassadors**" (employees and alumni who incorporate and reflect the company's values).

A company's image has a significant impact on how attractive it is to prospective employees. Companies should take into consideration potential social pressures on candidates who apply for companies with a "bad reputation" linked to their area of activity and try to mitigate such issues by working on the image they project.

Young talents are also expecting authentic CSR commitments and look forward to actively participating in them. Therefore, companies should invest in and better communicate on **their ESG strategies** (e.g., by being transparent about their monitoring, impact assessments and reports) and better showcase their concrete achievements without appearing disingenuous.



2

Boosting the employee "experience"

Today, the manager is expected to be an emotionally intelligent leader and a coach.

Middle Management

Transparency, communication and honesty are described as central elements to the relationship between managers and their colleagues. The managers should build close ties with their teams and involve them in internal evaluations and cross feedback sessions.

360° Evaluation

An evaluation process that provides **feedback from various company members** (subordinates, colleagues, and supervisors) and is completed by an employee's self-evaluation appears to be a relevant and efficient tool. By pointing out employee shortcomings based on large data, the 360-degree feedback develops and strengthens teamwork and accountability. It also reveals specific career development areas. Managers should also conduct **exit interviews** where employees can provide useful and informative feedback on their experience in the company before leaving it.

Employee Ownership

Treating the employee as an **"investor"** can be a good way of creating a notion of **"ownership"** in the company. This can be achieved by distributing company shares to employees, or further promoting profit sharing beyond the mandatory legal requirements, for instance.

This will contribute to transform the employees' mindset. It is worth capitalizing on the entrepreneurial spirit the employees have shown during the pandemic towards saving businesses.

Furthermore, companies should work with their employees to ensure that their workplace is **purpose-driven and inclusive**.



Recruitment Process

The loyalty of talents begins with **a good recruitment process**. As candidates' expectations have changed, recruitment and onboarding processes need to adapt and move away from burdensome traditional recruitment processes that can last months and involve numerous interviews. Candidates also tend to be interested in meeting their entire teams before their recruitment, not just the manager. Allow employees to meet candidates without the managers, showing confidence in the strength of the company and its values. This will work both ways as a virtuous circle.

The recruitment process sets the tone of the employee experience. It tells the candidate what some of the pros and cons of working in the company may be (flexibility, time-efficiency, the recruiters and managers' behaviors and skills, etc.). Therefore, it is critical **not to oversell a position** to candidates, and to abide by the promises offered by the position when an employee is recruited.

Companies could also build positions in accordance with new employee profiles, instead of making them adapt to predefined positions.



3

Improving the Employee Value Proposition

Flexibility, belonging and culture

Prospective employees expect some flexibility in terms of time and work management, such as remote work agreements or different types of contracts (i.e., full-time work, part-time work, temporary work); freelance, consulting, and services where permissible may also be a value proposal (subject to legal constraints).

The workplace also needs to be a "friendly" environment. Talents need to feel included and like they belong to the company. Thus, companies are faced with **an increased importance of the individual** within their structure. Often the values of employees will come before the values of the company. One way to treat this change is the creation of **new roles** such as **"People & Culture Managers"**. The physical organization and structure of the workspace is also expected to become more friendly and collaborative, promoting technology and new means of communication.

Companies should also pay attention to potential age discrimination, making sure they leverage **the skills of seniors** who have more experience and are less mobile, therefore guarantee a smoother transition towards a new type of workforce where **knowledge sharing and transfer** is promoted.

Remote-work should not be counterproductive

Following the pandemic, remote work has become a new mode of flexibility in the working organization, which all recognize is meant to stay. Yet it does not generate the same expectations and/or constraints for all, depending on the type of work, generations and seniority. But it has shown it can be a source of improved efficiency. Yet, companies must pay attention in **balancing flexibility and performance** when crafting hybrid work policies, as professional development also occurs by observing and working with more experienced employees, a kind of implicit mentoring due to the co-presence in the premises.

Compensation and benefits

Compensation is a package and involves several dimensions: salary, company daycare, shared working, remote working, life balance, etc. Some wage differentiating may be allowed in exchange for quality of life and flexibility.

Companies should avoid major pay gaps with competitors and take into account **the evolution of the cost of living**. Companies have many options at their disposal to improve compensation: higher salaries, bonuses, benefits in kind, profit sharing, etc. Companies should also account for the government's position and strategy in fighting inflation (through financial aid to businesses) in their own strategies.

Beyond the attractiveness of its lifestyle, France has an exceptional regime to encourage the "impatriation" of talents currently established abroad (through significant tax reliefs).



4

Improving National Education Programs

In an ever-evolving economic environment, where technology and progress are too often lived as a challenge by the French (more than an opportunity), giving students the skills and confidence needed for the jobs of today and tomorrow has become a key factor in the success of companies.

The government has increased its investment in training and skills, notably through a far-reaching funding package for skills training, which allocates 15 billion euros over five years to help companies meet their recruitment needs.

AmCham France believes that all of these efforts must be geared towards **the acquisition of a specific and complementary set of skills** for those entering the job market:

- **Soft skills** have become the most coveted skills in business. **Conflict-resolution, time-management, emotional intelligence, and many other skills increase employability.** Students could develop these skills through real-world entrepreneurial exercises or case studies that involve dynamic participation that differs from the classical classroom setting. Today, candidates also expect their future managers to have these soft skills.
- **New hard skills** are also needed to adapt to the fast evolution of industries. Businesses are overwhelmingly looking for recruits with skills in **the digital realm**, and especially (though not only) **in computer science or data science.**

Crafting curriculums that help develop soft skills and new hard skills, but also allow greater adaptability in time, will help train a workforce that is adapted to the employment needs of the future. The topics and skills that students are taught should be based on today's social and economic context and should notably focus **on emerging hard skills** in the digital sector and technology. Governments are also encouraged to facilitate programs that allow youth (under 18) to acquire summer jobs and part time jobs, which would help them better apprehend the working world from a young age.



5

Developing Specialized Training Programs for prospective employees

Education systems cannot, however, always anticipate fast-changing market needs. Companies are therefore encouraged to participate in the training needs of young talents themselves, through **partnerships with universities, schools** or by creating **specialized training centers**.

In recent years, the French government has incentivized the creation of Training Centers for Apprentices within companies. There is now no need for legal authorization to create such centers, and public funding may be available for firms that go in this direction⁵. AmCham encourages companies to consider opening such centers, possibly with other actors of the industry, which may provide them with a **steady flow of employees already trained in the specific skills they require** for years to come.

While large companies and groups can afford this long-term investment, it is harder for SMEs which are faced with a severe shortage of skilled workers. To face this problem, government agencies should help facilitate partnerships between SMEs and schools, universities and training centers.

Career perspective and growth assignments

In developing training programs, companies will be able to **accompany employees in their professional development**. Talents also expect companies to offer international mobility programs and "growth assignments". Yet, the return in France of expatriated employees should be facilitated, as this has proven in time to be challenging.

The image of "blue-collar" work has become less appealing to many young people. Manual labor in general tends to not be well considered among younger employees. Companies, civil society and public authorities should therefore work together to **support manual labor** by improving its image (showing for instance that manual labor is just as technologically advanced as other jobs). The government's recent efforts in promoting crafts should be commented in that regard and could serve as an example.

⁵<https://travail-emploi.gouv.fr/demarches-ressources-documentaires/documentation-et-publications-officielles/guides/article/kit-ouvrir-votre-propre-centre-de-formation-d-apprentis-cfa>



6

Incentivize Lifelong Learning to encourage employee retention

Employers should establish **career development plans** with their employees. Talents will thereby be encouraged to project themselves into their next position which will serve the retention of talents.

The coming generation of employees seems less interested in linear careers than previous generations. Few young employees picture themselves doing the same job or working in the same company for a lifetime. Thus, the company's role should be to help satisfy this need for change and variety. By helping employees develop different skills, companies can encourage **internal mobility** to allow changing jobs without necessarily leaving the firm.

Companies must provide employees with diverse skills training opportunities, but this training must of course remain **useful to the company's business objectives** in the broader sense. Doing so will give employees a more complete professional toolkit while encouraging the retention of talents.

Resources for skills training for professionals are already widely available. What must now be done is to create **incentives for both companies and employees** to use these resources unsparingly. These incentives should be straightforward: companies could benefit from tax credits while certain employee bonuses could require a certain number of hours of completed training to be delivered.

One of the other challenges to widely implemented skills training for active employees is that of "mentality": in many French companies, there is a widely held belief that one must work only in the field in which they were trained. **Cross-skilling** is an asset that should not be hindered.

CSR



7

Collaborating with Companies and Civil Society in developing Social & Environmental corporate strategies

Public authorities and actors from civil society should partner with companies to establish CSR strategies, and coordinate initiatives that are consistent with the companies' values and the government's priorities.

The Territorial Employer Brand is essentially based on collaboration between companies and public territorial actors. Their shared practices facilitate the reception, integration, and development of skills. Thus, the employer incorporates the territorial dimension of the company which increases its attractiveness and impact on local economic networks.

Companies should consider giving employees the opportunity **to allocate some of their working hours to CSR/ESG projects.**



Acknowledgements





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