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WHAT BECAME OF LABOUR MARKET SEGMENTATION IN FRANCE: ITS CHANGING DESIGN

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ABSTRACT

A survey of thirty years of French literature suggests an assessment of the segmentationist perspective today: a compulsory theoretical reference as soon as one debates the varied nature of the employment relationship; and an old-fashioned reference that is now obscured by more general analyses either of social inequalities or of historical dynamics of productive systems. Reformulations of segmentationist models could give them a better place today.

Un survey de trente années de littérature française suggère que la théorie de la segmentation du marché du travail est aujourd’hui sur une position contradictoire : c’est simultanément une référence obligée des débats sur la diversité des modalités de la relation d’emploi ; une référence démodée pour les travaux portant sur les inégalités sociales ou sur les dynamiques historiques des systèmes productifs. Les reformulations segmentationnistes contemporaines peuvent redonner à la perspective segmentationniste une place plus centrale dans les débats d’aujourd’hui.

JEL : J4, J41, J42

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1 - INTRODUCTION

At the turning point of the 1960s and 1970s, before the oil shocks of the mid-1970s, the French economy was prospering and there was fast growth. Full employment seemed to be assured and visible difficulties were rather ones concerning “over-employment”. And yet, unemployment developed. Its levels can obviously not be compared with what is experienced today. But unemployment dynamics were already growth dynamics. Strong inequalities were associated with it and reflect its “structural” nature. A brief complete overview of the empirical questions, which presided at the time of the spreading of theories concerning the Labour Market Segmentation (LMS) theory, in France, at the watershed of the 1960s-1970s, amounts indeed to what Piore (1972) said about the American case, namely the inability of economic growth to reduce very unequal and localized unemployment.

Thirty years later, the current macroeconomic situation has no longer anything to do with the situation, which prevailed 20 years before. One of the main empirical questions is persisting very high levels of unemployment. The requirements of flexibility predominate everywhere and lead to great employment insecurity. This is very different from the situation, which the segmentationist American authors wanted to describe.

In the 1970s and 1980s, French literature retained two elements that are representative of the segmentationist views. The first one is the model of the dualist segmentation, which was popularized by Piore, who summed it up as follows: “urban ghetto workforce problems seem to be best described in terms of a dual labour market: a primary market providing stable and well-paid jobs, with good working conditions, opportunities of promotion and fair labour rules; a secondary market, to which poor people living in towns are confined and which is, clearly less attractive in all these aspects and, aimed at attracting the potential workforce, in direct competition with social benefits and crime. High unemployment rates that are usually used to describe the problems of disadvantaged people are the syndrome of a very high turnover on the secondary market” (Piore, 1969). It was represented by Salais (1977) as a partition between good and bad jobs. The second element is a distinction between internal labour markets (ILMs) and external labour markets (ELMs). According to Doeringer and Piore (1971), the notion of internal market was developed on the basis of the model of dualist segmentation: an internal market is a space, inside the company or profession, within which the allocation of the workforce to jobs is governed by procedures other than market rules. Access to the internal market is limited to a few points of entry from primary (external) markets. Favereau (1989) pointed out the concept of internal market as being the central theoretical contribution of the segmentationist models. This indeed authorized the reintroduction of institutions, organizations and rules within the functioning of the market.

Later, the very high level of unemployment seemed to be an irrefutable indicator of the end to ILMs’ development, or even of their erosion. Nobody seemed to escape the unemployment risks. The segmentationist approaches would thus have become obsolete. Therefore, during the 1990s, they greatly left the scientific forefront. In France, they have been totally supplanted by societal analyses and conventionalist approaches, while regulationist approaches have not shown comparable interest to what they did previously.

Today, there is renewed interest in social inequalities and especially in one of their decisive aspects that had been somewhat forgotten, namely inequalities concerning access to employment and unemployment risk. This has naturally been quite blatant since both of the social crises that occurred in France during the winter of 2005-2006: the crisis “of the suburban areas” (which reminds us of the rebellion of US urban ghettos that was a major motivation for the American segmentationist literature at the beginning of the 1970s) and the crisis “of the First Employment Contract” (CPE, Contrat Première Embauche). It comes at a time when the segmentationist debate is regaining some dynamism. This paper suggests an explanation for this revival.

Based on a survey of French literature, this paper focuses on job stability/instability and employment security/insecurity issues. It is argued:

- That the segmentationist models were distorted when they were understood as models of Internal/External Labour Markets, giving to their inequalities dimension a very subordinate place, compared to the central place they have in dual or tripartite labour market models.
- That the disappearance of segmentationist models by the end of the 1980s and the 1990s was associated with a surprisingly reduced interest in labour market inequalities, in favour of issues concerning more general social inequalities and historical dynamics of productive systems.

- That today, behind some revival of segmentationist models in France, it is emphasized that labour market processes must be represented with more sophisticated views than a simplistic opposition between good and bad jobs that was probably conveyed by the notions of dualism and ILM. Therefore, LM segmentation cannot be reduced to an opposition between regulated (internal) labour markets on the one hand, and unregulated (free, competitive, external) labour markets on the other.

- All this suggests an assessment of the position of segmentationist models today in France. They are simultaneously: a compulsory theoretical reference as soon as one debates the varied nature of the employment relationship; and an old-fashioned reference that is now obscured by more general analyses either of social inequalities or of historical dynamics of productive systems.

Three points are considered in turn. Firstly, the segmentationist models, as presented in the French literature of the 1970s, are surveyed. Secondly, there is a reminder of two of the main issues that are debated today in the French literature, namely the diagnosis of the decline of ILMs and the new social inequalities. It is observed that the segmentationist models do not occupy the place they could claim in this debate, maybe because both issues are surprisingly completely disconnected. Thirdly, segmentationist models have been reformulated. This may give them a better place in this debate. These reformulations are surveyed.

2 - The French segmentationist view in the 1970s: inequalities resulting from labour market processes.

To give an account of the labour market situation, the tools that were available for economists seemed particularly defective at the beginning of the 1970s. The Standard Theory that was formulated then was at a loss to predict that with economic growth and full employment, the market would restore equilibriums and reduce the level of unemployment and its inequalities. It represented the labour market as any other market - an area of clashes and matching of given and required quantities and prices, regulated by a mechanism of prices and quantities (in other words the law of “Supply and Demand”, the “law of the Market”), a mechanism that contributes in any case to restoring equilibriums when they become jeopardized. In this simple representation, disequilibrium of the labour markets was practically interpreted in terms of Employment Supply only, i.e. in terms of bad adjustment of the preferences and behaviour of the workforce to what was described as market requirements, that is to say employers’ demands; in non-economic terms, of social order, and therefore “exogenous” ². In France, the criticism of this Standard Theory will rely on the importation of English and American models of LMS.

With the LMS literature, the French Socio-Economics of Labour widens its visual field to something else besides the questions of prices and wages. It discovers the complexity of inequality among wage-earners. It takes a particular interest in flows, mobility and trajectories of the workforce in labour markets. The strong emphasis that it attaches to it is, moreover, a big part of its original nature compared to the imported models, which inspire it (Michon, 1987). It looks in the direction of Labour Demand and in the direction of the new employment strategies developed by firms. It institutes them as main variables, which could explain these inequalities. Regarding these three points, it takes the exact opposite view of the Standard Theory of the time.

2.1 – Full employment inequalities and segmentations

It is not possible to bring everything down to wages; everything is not an automatic rational adaptation to the movements of prices, costs and incomes. At the beginning of the 1970s, the socio-economists analyzing labour started to take an interest in wage inequalities (Silvestre, 1973). They quickly discovered that inequalities do not only concern wages, but apply also to access to employment, paths

² see Michon (1982).
and careers (Stoekel Fizaine, 1974), the unemployment risk (Michon, 1975) and working conditions (Blassel, Germe et Michon, 1979). They try to find out how to interpret the rise of unemployment (despite well-established prosperity and economic growth) and the increase of inequalities which seem to constitute an essential feature of this unemployment. In order to answer these empirical questions, the French Socio-Economics of Labour took over the answers suggested in American research work, carried out either in the tradition of American Industrial Relations (Kerr, 1954; Doeringer and Piore, 1971) or even that of young radical economists (Reich, Gordon and Edwards, 1973).

From the beginning, the dimension of employment policy was essential. The model tried to take up the theoretical and political challenge, which, right at a time of prosperity, was made up of the development of pockets of poverty and unemployment and of the significant revolts of the urban American ghettos of the 1960s (Chicago, Los Angeles) that were quite obviously the consequence of poverty and unemployment. It seemed also to give an account of the difficulties of French society in the early 1970s, especially with regard to the multi-dimensionality of economic and social inequalities and concerning the number of inequalities within the same groups of the workforce.

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The innovation was significant, in comparison with the analysis schemes available at that time. Piore (1969) noticed the ineffectiveness of the training policies implemented for the workforce of urban American ghettos. These policies were considered as focusing too exclusively way on increasing qualification levels and, in a way, adapting competences to employment. He developed the idea according to which unemployment only reinforces behaviour related to instability 3. Nevertheless, Piore stressed the fact that the main question concerning the lack of training of the workforce with regard to the needs of the productive system on no account exhausted the major fact of inequalities concerning unemployment.

French segmentationist heterodox theses aimed at an overall understanding of inequalities as a link between firms’ employment strategies and workers’ behaviour. They were deliberately situated in the interface of various disciplinary fields. The fundamental question that they tried to raise was the one of the link between economic constraints and those of the social system, that is to say the question of the role of players in the labour market constituting the central key of this link. The theses admitted an overall functioning setting in the heart of the labour market procedures the processes of “categorization” of the workforce in groups, which are treated in various ways regarding employment, remunerations and working conditions. One can also notice at the beginning of the 1980s that “the main interest of an interpretation in terms of segmentation of the labour market is (...) to show how the behaviours (of the workforce) expresses only a segmentation of the market, a way of relegating some groups to a range of jobs without a future, as purely the result of industrial structures and current social relations” (Bouillaguet and Michon, 1982, p.8). It was thus a question of linking up together the result of economic causes affecting job supply on the one hand, and the employment and social behaviour of individuals and groups facing such constraints on the other hand: an adaptation which is more or less passive and more or less creative.

This analytical framework of dual labour market segmentation seems to be greatly obsolete today. The dualist model was widely and rapidly amended and supplemented. Models with three, four or even more segments thrived rapidly in literature (Michon, 1992). Piore himself stood up for the idea according to which, from the LMS viewpoint, the most important thing is the number of segments sharing the labour market, but recognition that market processes do not work everywhere, all the time and according to the same rules (Berger and Piore, 1980). The dualist model faded away. The article devoted by Piore to the French case (Piore, 1978) already stated the rule of the differentiations of the employment status in the emergence of the LMS at the macroeconomic level. Most of the interpretations that are made today concerning the LMS models follow Favereau (1989) and favour innovation constituted by the concept of ILM. The issue of rules is going to supplant the issue of inequalities. To such an extent that today the economic analysis of inequalities is totally invested by the main stream of Economics and treats forms of individual behaviour as exogenous variables having the status of ultimate explanations of the LMS (Silvera, 2001).

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3 A workforce aware of its condemnation to underemployment and to unemployment does not try to fit into employment on a long-term basis, especially through training. On the contrary, it adapts its behaviour to the constraints of the employment flexibility. We are really close to the analysis, which is developed today, about the behaviour of young people in integration, subjected to a virtually inevitable lack of job security before beginning their working life on the long term (Lefresne, 2002).
2.2 – Workforce flows and mobility

The weakening of relations between job creation and a fall in unemployment, the acknowledgement of a rise of inequalities of risk and the demonstration of differential employability of diverse groups of the workforce, research about “local labour markets” - all of these factors emphasize the diversity of workforce mobility (between employment, unemployment, training, inactivity, unpaid jobs and so forth) and the very unequal nature of these trajectories. One discovered as well that the workforce flows were far from being uncertain and, on the contrary, that they appear to be very structured; that they show the existence of not very communicating spaces, i.e. spaces of stability, on the one hand, and spaces of instability, on the other hand.

Today, one recalls from the studies of the LEST (Laboratoire d’Économie et de Sociologie du Travail) in Aix-en-Provence, the conceptualization of a “societal effect”. It used the observation of strong differences in the incomes and employment structures between France and Germany within firms which are, in other aspects, totally comparable (Maurice, Sellier ad Silvestre, 1982). The organization of social relations and that of industrial relations (both in terms of the form of representation of workforce and the form of collective bargaining) as well as the organization of educative relations (especially the relations within the company and the productive system, and the workforce training systems) would all indeed set strong national specific characteristics to these structures. Recently, Lallement (1999) reminded us of the dated aspect of these studies. Nevertheless, the fact that this theorization comes after an initial conceptualization, from a “firm effect”, this time, is probably often also forgotten. The previous LEST studies revealed the impact of the characteristics of sectors and firms on employment and remuneration structures that were shown as widely becoming self-sufficient, or even dissociated from the situation of the labour market. They showed then how the cartography of the workforce’s moves from one company to another does not correspond at all to the quasi-uncertain scheme that the predictions of Standard Economics would have wanted for markets, if not in equilibrium, in a process of equilibrium (Stoeckel Fizaine, 1974).

In the course of the 1970s, the analysis of workforce flows, not only between jobs, but also between employment and unemployment and between employment and inactivity, constituted a major tool of the Labour Socio-Economics. This point will be central for the Transitional Labour Market models, which propose today new ways for employment policies (see below). In the 1970s, everyone supported the existence of two clearly distinct spheres: the instability of employment on the one hand, and the stability on the other hand; the existence of two spheres between which frontiers are not very open (for instance, it was shown how the first job is able to influence the rest of the professional career of young people). Studies about unemployment, in terms of entry and of exit flows, in terms of vulnerability of employed people and in terms of employability of unemployed people (Michon, 1975); research work about occupational integration in terms of flows of access to employment and in terms of paths and professional careers (Vincens, 1975); about the organization of flows in local labour markets (Destefanis and Vasseur, 1974; Mallet, 1980)... all of these studies were based on analyses of workforce flows.

The classic model of confronting the stocks of supplied and demanded quantities in a price-quantity space was given up: stocks of available workforce and of vacant jobs as much as occupied workforce and filled jobs. The mode of regulation of labour markets was better represented in terms of influx and in terms of mode of distribution of the workforce among jobs. Their functioning was summed up as negotiations between employers in search of workforce to fill their vacant jobs and an available workforce unemployed or searching for another job.

2.3 - The “paradigm” of the labour demand

Everything would then not be either movements of prices and quantities; or the result of only the play of rules and institutions in labour markets, unless they are defined in an acceptance so wide that all become rules and/or institutions. Today, this central aspect of LMS theses seems to be greatly forgotten. Indeed, they emphasized strongly the responsibilities of companies as far as the inequalities of employment are concerned. They constituted a real “paradigm of the labour demand” (Mériaux, 1978).

For example, Sellier set out LMS as an analysis of the firm’s needs regarding jobs and more precisely, of the structure of these needs. He claimed that until the elaboration of hypotheses concerning LMS, one tended “…to consider the employment diversification as a technical fact and the appointment of
workers to jobs as the outcome of their individual productive capacities” (Sellier, 1979, p.94). With LMS, “one tends now to consider the diversification as produced by the economic process itself, individual diversities playing only a secondary role” (Ibid, p.94). He said that “the company has an active function with the idea of segmenting, sharing the work, with the idea of producing technical spaces, which establish necessary sequences of events towards the workers who become integrated in them” (p.95).

American radicals were even clearer. They interpreted the segmentation of the labour market as the consequence of the strategy of controlling the dependant workforce (Reich, Gordon and Edwards, 1973) developed by the firm managements. These strategies of control were aimed at thwarting what we analysed at the time as a deskilling and homogenizing effect of mass production (Edwards, 1979), likely to unify workers and then to reinforce their ability to resist and fight. On their side, French regulationists (Boyer, 1980) suggested another model of development, making segmentation the result of the connection, on the one hand, of a competitive employment relationship (secondary market), revealing capitalist organization dating from the very early 20th century and still very present, especially within the sector of small companies, and on the other hand, of a monopolistic employment relationship (primary market) characteristic of the big Fordist industry and its ILMs.

Freyssinet (1982) underlined, for instance, the fact that in the framework of their strategies of decentralization and diversification of workforce management (there was no question of outsourcing and relocation yet), big industrial groups developed “unified management of diversified forms of employment”, thus generating the fragmentation and even the breaking up of the work collectives. One wondered about the use of non-standard employment by firms, in the framework of their strategies of flexibility (Germe and Michon, 1979-1980). One showed already that these strategies did not use only the diversification of the employment status. Studies took an interest in the way of becoming a subsidiary, in corporate networks (Michon, 1987b). They described the numerous shapes of these networks. Following the example of American radicals, one emphasized the diversification of the interests of social groups and the weakening of workers’ ability to resist when up against restructuring (Michon, 1996).

All the above will nourish major questioning during the 1980s and 90s about the theme of flexibility, whether in terms of Atkinson’s model of the flexible firm for instance (1985), organized with a core of stable jobs and an insecure periphery, following the example of Italian industrial urban districts (Courault, 1988), or even in terms of Coutrot’s model of the neo-liberal company (1988), constituted of a network of people giving orders and of cascades of subcontractors, supplying jobs which are increasingly insecure as one goes further down the cascades.

Yet, this will not avoid that, with the increase in importance of the Main Stream in the field of work and employment studies, labour market changes are increasingly interpreted, but no longer in terms of “demand” and firms’ employment strategies, but in terms of rules that represent constraints to firms’ strategies regarding job creation; which also trap the workforce outside of employment by reducing incentives to accept available jobs. The academic literature finally does not wonder that much why firms do not supply “satisfactory” employment, in spite of the proposal of the ILO (International Labour Office) concerning what constitutes “Decent Work” (ILO, 1999; Freyssinet, 2000).

3 - Current French debates: a disconnection between ILMs and inequalities issues

Secondary markets/primary markets - this was the key to interpretation, which was used in the 1970s to give meaning to the observed inequalities of wages and employment. The Internal Labour Market concept that appeared sooner in the American literature (the seminal book of Doeringer and Piore was originally published in 1971) was a useful tool for understanding how primary markets could isolate and protect specific segments by developing non-market rules to explain the persistence of labour market inequalities.

One would expect that the contemporary debate questions the economic and social transformations of segmented labour markets. With the rise of unemployment and the generalization of insecurity, the debate should assess whether insecurity is less concentrated today than before on certain kinds of jobs or workforce groups; whether the interest of the distinction between good and bad jobs is really reduced; and whether, in a way, a decrease of employment inequalities strikes LMS with obsolescence.
But actually, there is a strange situation. On the one hand, some specific literature continues this segmentationist debate. It will be reviewed below (part 4). Moreover, as soon as temporary work is discussed, one refers to segmentation issues, especially when it is debated within the framework of national or European policies. The increase of non-standard employment contracts is immediately understood as a reinforcement of LMS, even if specialised studies may question the reduction of LMS to differentiations in employment contracts, arguing that temporary contracts may not be as insecure as it is often said (CREDOC, 1998; Lefèvre, Viprey and Michon, 2002), or symmetrically, that permanent contracts are becoming increasingly insecure. On the other hand - except in this somewhat specific literature - the academic debate is largely silent about what is happening with LMS today. This is reviewed now.

Specifically, the general debate in socio-economics no longer connects dynamics of labour market segmentations and inequality issues as narrowly as it did thirty years before. The increase of inequalities is no longer attached so strictly to labour maket processes and no longer the result of any variety of labour demands. When it is considered, it becomes either a matter of discrimination or a macroeconomic indicator of what happens in the new economic regime, compared to the former one.

This is introduced here with three points. Firstly, today, the erosion of internal markets is a major empirical issue. It may refer to the LMS models. But it does not really open onto the question of inequalities within the workforce. Secondly, in relation to social inequalities issues, it is briefly suggested that the observation of internal workforce heterogeneity refers only a little to the segmentationists’ theses. Thirdly, readings of the historical dynamics that are suggested today are based on a hypothesis of a succession of existing models characterizing the different historical periods: stabilization of employment and the growing power of internal markets in the course of the period of growth following the Second World War, which is called the “Trente Glorieuses”; erosion of internal markets and generalized destabilization of employment today.

3.1 – The erosion of internal markets

Very early on, one became aware of the fragility of the boundaries separating the segments of the labour market and also of their strong dependence on the economic climate. Rosenberg (1989), for instance, developed the idea of a movement of these boundaries, depending on the phase of the cycle and the economic situation: in times of growth and in times of important job creations, there is a process of strengthening of the stability and security areas constituted by internal markets and of widening of the primary labour markets; this process weakens in times of slowdown, restructuring and job cuts, while secondary labour markets widen.

But later, it was not a question of reversible economic changes anymore. Since the entry into a phase of slowed-down growth and of quasi-continuous development of underemployment, a weakening of internal markets, apparently without return, has been frequently diagnosed. The phenomenon is most often associated with the transformations undergone by the productive organization, under the combined effects of new information technologies and economic globalization, the growing power of the new competition and of flexible organizations. The employment structures are renewed. The transformation of employment norms and conditions is indisputable.

All of these changes have been described by many studies with various points of views:

- big Fordist industrial sectors, major actors of the establishment of internal markets protected during the years of the sustained growth of the post-war years, are weakened today;
- the employment offered by former bastions of trade unionism quickly deteriorates;
- tertiary employment, which is less protected, belongs less to trade unions, and is less covered by protective collective agreements, is rapidly on the increase;
- unemployment levels have a devastating impact on trade unions’ representation and bargaining capacities; the fact of not being part of a trade union anymore is a devastating expression of these difficulties of the contemporary trade union movement;
- the new modes of management of the workforce are centered on the competence and versatility, on the individualization of working hours and remuneration, as well as on outsourcing, relocation and subcontracting, and on forms of insecure employment;
- working conditions are subjected to new constraints (at the same time as we require more and more autonomy from the workers in the execution of their work, this work is carried out
according to time limits and a pace that depends more and more on market hazards and customers’ demands)...

The impacts of these changes on labour market segmentation are discussed today. The protections that gave a sense of security to the workers of the internal markets keep on weakening. Would classic internal markets retract or change their nature?

According to Jean-François Germe (2001), internal markets would not disappear, but they would change their nature:

- Promotions would have become more frequent on external markets and less frequent on what remains of internal markets, at least for the most skilled workers.
- Insecure employment forms are developing quickly. Precariousness would constitute today the entry points to internal markets.
- Classic internal markets increased the status of seniority (both from the point of view of qualifications and that of remuneration) and constituted spaces of upward mobility. Today, horizontal mobility would develop on former internal markets and upward mobility would require more and more external mobility (Germe, Monchatre and Pottier, 2003).

Peter Auer’s works (2005) try to show the limits of the theory relative to increasing insecurity of the workforce. They maintain that today we are witnessing more of an increase of the fear of insecurity (that is often associated with current economic globalization), than a real rise in insecurity. Indeed, it is not observed that seniority in employment reduces in the long term. One could then deduce that the development of insecurity would not reach the heart of internal markets, but would strike the outlying workforce, the groups that are subject to discrimination and fragile status. Internal markets would be still protective for the workforce of the “hard core”.

A recent report carried out by the CERC (2005) makes the effort of reconciling both theses. It draws a distinction between employment instability, on the one hand, and employment insecurity, on the other hand.

- Instability: “loosing or leaving one’s employment”. It assesses the continuity of the employment link between the workers and their company. It is measured by a flow of recruitment by the company and a flow of departures from the company. Thus, it refers to what happens within the company.
- Insecurity: “loosing one’s job and being unemployed on a long-term basis”. It assesses the extent of the employment break undergone by the workforce. It is measured by a transition rate between employment and non-employment. Thus, it depends not only on instability, but also on the state of the labour market.

According to this report, the instability of employment would have definitely increased in France. On the other hand, insecurity would reach a high level, but would not have deteriorated. Moreover, faced with instability, inequalities increase and insecurity still emphasizes inequalities of instabilities. In particular, we note without any surprise that the shorter the seniority with the same employer, the greater the instability; that belonging to a big (industrial or tertiary) group means greater stability; and that the share of long careers in a big group increases with time... Do internal markets show then high resistance? The debate is obviously not over. All this can back a modernized and legitimate reformulation of the segmentationist theses that could propose a better understanding of these changes of internal markets (see part 4).

3.2 – The analysis of social inequalities

The daily newspaper, “Le Monde”, released on the 20th of May 2006 a 6 page supplement giving an account of a “forum” that took place some days previously in Grenoble on the topic of “the new social criticism”. Thus, one of the articles of this supplement entitled “Inequalities become less visible” sums up a few sentiments. Firstly, it notes a general observation, namely that “new inequalities have appeared”. Then, it highlights the differences of analyses that were shown beyond common observations. These differences are presented as follows: Robert Castel observes the creation of what he calls “precariousness”, new employee-employer relationship for whom the permanent contract is disappearing and there are more and more insecure forms of employment. Emmanuel Todd analyses a social re-stratification resulting from a strong fracture between a minority superior class that takes advantage of globalization and a large majority of people that suffer from it. Eric Maurin claims that
today the employees are divided along lines which are much less visible than before - not between social classes, but between sectors or occupations within the same sector. Thomas Piketty maintains that the question of inequalities is not neutral. Nevertheless, the inequalities become less visible and the social ladder functions less. In the panel discussion, of which “Le Monde” gives an account, only Dominique Méda “would concede” (according to the term used by the signatory of the article) a duality of the labour market. The situation of some would deteriorate and the situation of others would improve. All the above-mentioned people reproduced here the main results of their previous research (see Castel, 2003; Todd, 1998; Maurin, 2002; Piketty, 1997; Méda et Vennat, 2004).

An increasing opposition of permanent contracts to “precariousness” leads to the belief at least that the permanent contract is synonymous with stability. In comparison with the current proliferation of precarious forms of employment, were the Trente Glorieuses really a period of security? And, if not for all, at least for a large majority of employees? Did the social ladder work really better then? Do the inequalities between economic sectors or within sectors have a really new dimension today and can we support the idea that they remain minor compared with the class divisions of the previous period?

Were the Trente Glorieuses so perfect that the indisputable improvements of living, working and employment conditions, which characterized them, benefited more fairly all the components of the workforce than today? Nobody would really support such idealized views of the Trente Glorieuses. But even if this forum dealt with social inequalities and was not focused on the more restricted question of only the inequalities of employment, nobody asserted that the production of the inequalities of employment could be a major characteristic of the situation of full employment of the Trente Glorieuses. Each of them refers more or less clearly to a previous situation that we make out to be widely simplified, indeed caricatured and idealized, but that, in a more or less ambiguous way, presupposes a more homogeneous workforce than today; that today the essential fracture is less between social classes (as is supposed was the case before) than within the employees (which is supposed to be newer); that the development of major inequalities within the workforce identifies post-Fordism; that the development of the heterogeneous nature of the workforce was not a characteristic of the previous period of the Trente Glorieuses.

The contributions proposed by the book edited by Bevort, Lallement and Nicole-Drancourt (2006) (many of the contributors took part in the previous Forum mentioned above) are presented in a similar perspective by the editors, even though they assert that for twenty years, the increase of non-standard employment has been producing some social divide between protected and unprotected workforce groups.

Therefore, all this appears all the more significant. Segmentationist analyses are no more an inevitable reference. And labour market inequalities are less considered an essential dimension of social inequalities, compared to what they were during the prosperity of the Trente Glorieuses.

3.3 – The historical dynamics of the employment relationship

Within the framework of the complete historical overview drawn up by the first development of the Regulation Theory, Boyer (1980) suggested a kind of synthesis between the Regulation Theory and the Segmentation Theory, making noticeable labour markets segments, the result of the juxtaposition at an historical moment of the characteristic models of successive phases of the capitalist system, model that declines or model that emerges (??? Merci de restructurer la phrase pour la rendre compréhensible!). These keys to understanding have been used a lot, but have also been greatly distorted.

It has been forgotten that each period juxtaposes models of different historical generations. All that has been retained is the one-dimensional characterization of each phase (competitive regulation and external labour markets; Fordism and internal markets; post-Fordism and the return of external markets). So, we do not refer explicitly anymore to a polycentric situation, described as stability for some and great insecurity for others. This is no longer a matter of describing internal markets, which are admittedly carefully isolated from external markets by well-structured and filtering points of entry, but in symbiosis with them. There is strong symbiosis as internal markets are fuelled by external markets. There is also strong symbiosis (and maybe mostly) because internal markets appear when the employment situation creates a balance of power favourable to the workers, who succeed then in imposing areas of protection against insecurity; because they disappear when the balance of power turns against workers. The overvaluation of internal markets overshadows the simultaneous presence of external markets and puts in the background any segmentation of the labour markets.
Supiot (1999), working on the nature of the employee-employer relationship, described Fordism as an exchange between accepted subordination and economic security that provides employment security granted by the internal markets of big companies. The risk is that this description of the employee-employer relationship as an exchange substitutes then for the classic position of subordination.

Ramaux (2006) can then describe a “stable employment system of the Trente Glorieuses” (Fordism authorizing the “primacy of internal markets”) and compare it to a new system of unstable employment (at the end of Fordism “reactivating” external markets). The main empirical question becomes the possible end of stability and the development of instability. It is no longer a question of inequalities in instability. This condition, which is essential to the development of internal markets (protection of some workers seems to be possible only if others are unprotected), disappears, at least becomes almost anecdotal compared to what is considered to be central, that is to say the development of insecurity. Ramaux can even put the question: “and if there was no external market?”. Together with recognizing that the dualism of internal markets/external markets wants to describe the differentiated practices of workforce management, he suggests an approach that opposes market exchange in external labour markets and administratively regulated exchange in internal markets. Market processes occur only in external markets. Administrative processes occur only in internal markets. Both worlds become totally unfamiliar with one another. This leads us far from the segmentationist theses, even if we can still refer to them sometimes.

From a macroeconomic point of view, Boyer (2006) analysed the conditions for rendering economic growth and employment security compatible. He asserted that employment security is not systematically opposed to job creation: “minimum security is required for good economic performance of companies and national economies”. Boyer (2007) describes today the Fordist period as being characterised by the addition of economic efficiency and social equity, promoting simultaneously economic growth and stabilisation (if not reduction) of social inequalities, contrasting with the following period of weak economic growth and increased inequalities.

With this macroeconomic perspective, inequality issues are always an important variable to be taken into account when describing historical changes. Moreover, it can be used by international comparative studies as a variable that differentiates between countries. But there is no indication that insecurity for some creates the possibility of security for others. Whether in terms of historical changes or an international comparative perspective, global models are compared, but there is no serious interest for their internal heterogeneity. It is a purely macroeconomic view. So the main point here seems to be: is labour market segmentation no longer a crucial empirical feature? Or is its disappearance simply the result of what the adopted macroeconomic viewpoint makes it possible to conceal? In any case, when examining current debates, one can assert that labour market inequality issues are no longer systematically put forward by those who observe social inequalities or increases in employment insecurity or instability. It is really quite a different scene for socio-economic debates.

4 – WHICH CURRENT SEGMENTATIONIST REFORMULATIONS?

Is it still possible to assert that inequalities play a major role in labour market processes? Is there some segmentationist reformulation in France today? Petit (2004) promoted a segmentationist revival by the end of the 1990s. Gazier and Petit (in this issue of Économies et Sociétés) review the French literature that studies and builds typologies of companies based on the various forms of human resource management. There is no doubt that these studies can inspire LMS models, even if their perspective may more often be inspired by the French Conventionalist Theory.

Today, the current French literature that could be considered as “segmentationist”, appears to use three analytical tools: firstly, a return to the analysis of the multidimensionality and complexity of the employment relationship, which was promoted by some of the first segmentationist literature; secondly, the Occupational Labor market (OLM) models, which now have a very central position within socio-economic research, which refer to LMS; thirdly, the Transitional Labour Market (TLM) models, which use the methodology of flow analysis again, in order to better justify employment policies for flexsecurity.

4.1 - Multidimensionality and Complexity

Petit (2004) brings a debate concerning two segmentationist approaches to the forefront: on the one hand, the American Cambridge approach, which is widely summed up by Piore’s research work, and,
on the other hand, the British Cambridge approach and that of the international research network, which is led by the British (the International Working Party on Labour Market Segmentation – IWPLMS). The latter supports the view that it seems impossible to transpose Piore’s schemes to other situations than the one for which it was conceived, because of a lack of “dynamic interpretation of segmentation” and because of a vision of the structuring of labour market that is too one-dimensional. One would thus understand that Piore has abandoned them. However, it shows that the British Cambridge researchers tried hard to take into account multidimensional causalities and complex interactions that enable them to propose segmentationist models that are appropriate for diverse situations. Wilkinson (1983) represents quite well this effort to give an account of such causalities and interactions.

Multidimensionality and complexity are at the heart of current segmentationist debates. Lefresne (2002) explicitly refers to the British Cambridge approach - to be specific Grimshaw and Rubery (1998) - in order to underline the fact that today ILMs would split up under the pressure of globalization. Faced with new constraints of the increase in value of capital, firms would indeed diversify their employment strategies. In these conditions, segmentation does not appear to be a stable division. Today, a process of internalisation, which would be “reversible and subjected to variable constraints”, and a model of “setting” of the external markets in the ILMs should be preferred to the model of ILM.

Transformation of job requirements regarding qualifications is often set in the centre of changes affecting the systems of workers’ mobility and the rise of occupational markets. Beffa, Boyer and Touffut (1999) emphasize the dynamics that have changed the employment system for about 20 years by distinguishing three types of wage relations, built on specific modes of training, of competences and of remunerations: “polyvalent stability”, heir to the primary market; “market flexibility”, heir to the secondary market; “occupational relationship” which is, according to Piore, quite similar to the former upper tier of the primary market. This configuration is quite similar to the tripartite configuration of external market, ILM and occupational market.

Many people favour the explanatory role of qualifications transferability in the distinction between the internal, occupational and external labour markets. Thus, Gautié (2003) emphasizes the fact that Doerlinger and Piore (1971) already relativized “the requirement of identification of the ILM with a given institutional unity” and differentiates their analyses according to the type of workforce and to the branch of industry. With Eyraud, Marsden and Silvestre (1990), he insists on the decisive role of technical requirements of jobs and skills, brought by training systems regarding the structuring of labour markets. So, what seems to be crucial in the phenomenon of erosion of ILMs, is the change of qualification and competence requirements (in particular in terms of versatility), its effects on the mode of acquisition of these qualifications and competences, especially in terms of mobility. Horizontal mobility develops. Precariousness becomes a stage of acquiring experience and qualifications, as well as of selecting the workforce prior to its integration. Promotion does not require employment stability anymore, but on the contrary, requires mobility - all of which are characteristics of the occupational markets.

Would the management of qualifications be the main, if not the only or the last dimension or variable, explaining the emergence of fragmented markets? Would the emphasis put in France on the dimensions of qualification and of competence be too great and constitute a view of ILMs that is too one-dimensional? The debate is old (Michon, 1987-b). In any case, the tradition of multidimensionality and complexity of the British Cambridge approach is still very much alive. Like the American radicals of the 1970s, who represented a more “political” view of segmentation by stressing the dimensions of social control of the workforce, including disciplinary control in, Birecree, Konzelmann and Wilkinson (1997) focussed on the necessary distinction between technical and social relations of production and show that everything is not just a matter of changes in relations between people, techniques and productive methods. Grimshaw and Rubery (1997) drew up a typology of labour markets according to two main lines: firstly, specific qualifications and secondly, the bargaining power of employees. In France, Lamotte (2004) admits that the effects on the workforce of the changes of complex productive systems cannot amount to the dimensions of training and remuneration. The model of ILMs involves an analysis of the complexity of productive organizations and of the variety of modes of labour management. Mehaut (2004) suggests a sophisticated relationship, which includes models of competences management within a context influenced by the rules of the labour market and by the societal characteristics of organizations. From this point of view, management of competences would be a tool used to modify rules (of recruitment, remuneration and
mobility) suitable to various labour market segments: rules of the ILMs in countries where markets remain solid and rules of occupational markets where they dominate. In all cases, management of competences adapts to national realities, in order to enable them to develop and changes the internal rules of segments, but maintains the segmentation and the existence of national models of segmentation.

Empirical works and interpretative models are present in the field of labour socio-economics, analysing the complexity of productive organizations and of the diversity of management modes. A fortiori, if one goes beyond the limits which have been determined and if one broaches research work that claims to represent the Socio-Economics of Conventions or the Regulation School.

4.2 - The development of occupational markets

Doeringer and Piore (1971) reduced in anything ILMs to jobs within a single firm. According to them, an occupation constitutes also an ILM, insofar as a collective agreement, for instance, or any other formal rule settles appointments, promotions and remunerations, organizes mobility and protects from unemployment. In that sense, ILMs (within occupations) would not be incompatible with great mobility and frequent changes of employers. As Lefresne (2002) rightly notices, only the in-firm market has mainly remained. Eyraud, Marsden and Silvestre (1990) wanted to clarify things by isolating ILMs within occupational areas and by calling them “occupational markets”, namely markets of skilled, well-paid work, with great mobility and low unemployment considering the labour shortage which often prevails. In other words, using the approach of the CERC (2005), the markets are characterized by high instability, on the one hand, and low insecurity, on the other. The models of segmentation thus become tripartite models: external markets, ILMs, and professional markets. The current situation would be strongly characterized by a decline of ILMs (stability and security) and by an increase in the importance of occupational markets (instability and security).

The concept of occupational market was developed with an international comparative aim. Research work carried out in the 1970s at the LEST in Aix-en-Provence (Maurice, Sellier and Silvestre, 1982) observed indeed an important weight in the ILMs in France; a completely different configuration in Germany, described as being the indicator of very present occupational markets.

The difficulties concerning the integration of the youth workforce is one of the most important questions that have been linked to that kind a model of tripartite segmentation in France and that justify its use. The high instability, from which young people suffer today - even qualified ones - would have all the characteristics of occupational markets (Germe, 2001 or Fondeur and Lefresne, 1999 and 2000). In fact, the employment relationships, which develop concerning young people, and high-level skills linked to new technologies (computer scientists for instance) are ranked just between classic employment and freelance work. They are characterized by high mobility. They would yet be more representative of “competency markets”. This new avatar suggested by Fondeur and Sauviat (2003) is close to occupational markets, apart from one very important point, namely the lack of formal regulation. It suggests new evidence: if everything is not adjustment of prices-quantities, everything is not rules either.

Do ILMs weaken and is employment not secure anymore? Far from perpetuating jobs to secure the workforce, occupational markets would admittedly be characterized by high mobility, but is it also accompanied by real professional careers? This would be today the best guarantor for security. The model of occupational markets would provide a symbolic conception of another form of functioning.

4.3 - Flexsecurity and transitions

The French configuration seems to oppose the protection of ILMs to the exposure of external markets to risks. Other national models suggest that it would not be inevitable. One tries today to establish a junction between flexibility (today, generating risks) and security. The “flexsecurity” that for instance the Dutch or Danish models would offer (Barbier, 2006) would show that it is possible to “equip” labour markets so that they can assure another form of functioning.

Job changes and displacement of the workforce have become a major constraint of productive efficiency. They impose, in particular, the renewal of training and competence throughout economically-active life. “Transitions” between varied situations and positions of professional activity or inactivity, training, employment and unemployment become numerous and more complex. They
would quickly remove the rules of a stable and full-time job for the whole working life that were conveyed by primary labour markets (Gazier, 2000). It would then become possible and necessary to secure them by dissociating social welfare from occupying a job. The functioning of external or occupational labour markets would have to become fluid, by reducing the loss of protection which is today associated with market transition, by reducing in the same way resistance to change. The issue of “transitional markets” (Schmid, 1995) suggests the viewpoint of new regulations, which would create a situation that workforce and firms would benefit from such transitions.

“The term, “transitional markets”, describes the systematic and negotiated development of transitions covering mobility in the labour market, understood in the general sense of the words” (Gazier, 2001, p.50). Although they claim their direct relationship with models of segmentation, especially through the viewpoint that they adopt of an analysis in terms of flows and mobility, models of transitional markets stand somewhere else. Their aim is to analytically establish recommendations concerning employment policy. Their first role is to recommend. The innovation of which they claim to be the initiators - suggesting the dissociation of social rights and job tenure - comes clearly within the framework of this field of recommendations.

Social groups and inequalities have long been absent from this picture drawn up by these models. Today they are introduced. Characterising Fordism by the presence of large and frequent internal markets does not imply that external markets have declined. It is not a coincidence that Gautié and Gazier (2003) indicate that many workers - and in some countries the majority - do not belong to any internal market. Thus, when Gautié (2003) observes the main weakness of transitional markets - that is to say their costs and the complexity of their implementation - he notices that the danger, which threatens transitional markets, is “a form of dualism”. He clearly expresses the risk that every group benefits differently from a sparking off of transitional markets.

One might as well say that the matter of job inequality (and especially inequalities in employment access) re-emerges strongly, while we thought to solve it by refusing the inevitability of an opposition between security and stability areas, on the one hand, and insecurity and instability areas on the other. How could one avoid, for instance, that part-time jobs do not constitute a ghetto that women leave only with great difficulty, as is the case in France? More generally speaking, how could one equip the market so that it does not benefit only some people, to the detriment of the others? How could one avoid the classic pernicious effects of increasing inequalities? Here, segmentation issues emerge again.

One can wonder whether the TLM’s huge ambition is compatible with a real “market”, whose function is quite obviously to link up together and pair supply and demand. How could a labour market be organized so that it does not “select” in order to sort out better job applicants in line with their “employability” and so that it does not integrate competition and inequalities generated by it as the primary characteristic of that way it functions (Michon, 1994)? Worse still, how could a “market” not select job applicants, that is to say, all things considered, could not cause inequalities in particular in the access to employment, since this is exactly the question that we are concerned with.

5 - LAST REMARK: A SEGMENTATIONIST RENEWAL?

What could be the future of segmentationist models? At the end of this survey of one of the major questionings of French Socio-Economics concerning labour market processes and the inequalities linked to the existence of ILMs - which are increasingly limited and not very accessible - we will avoid this trick question. It is obviously impossible to deal with it without broaching all the theoretical innovations of the past twenty years, in particular the analysis of transformations of the employee-employer relationship, proposed by the Theory of Regulation or the analysis of diversity, to which Conventionalist Research attaches importance. The narrow framework that was set in this paper does not permit it.

In any case, it is possible to question the possibilities for LMS models to escape their actual strange position within French socio-economic literature: an inevitable reference, on the one hand, as soon as one emphasises that the labour market is not a homogeneous space, but is characterised by strong inequalities, and is far from the ideal of free and unregulated markets; something which is no longer put forward, on the other hand, focusing only on the narrow issue of temporary work and disappearing behind general analyses of social inequalities and historical dynamics of economic regimes.

All things considered, the view that we have today of labour market processes and of inequalities that emerge in particular regarding job security - this view has been greatly enriched since the beginning of
“the segmentation of the labour market”. The “good” primary market, opening the access to protected ILMs, is not opposed anymore to the “bad” secondary market that relegates inside the zone of insecurity of the external market. The configurations are much more complex. Their dynamics are no longer ignored. Policy recommendations reappear, as was the initial objective of LMS models. Explanatory variables take into account many areas.

The segmentationist models reappear in the debate through their ability to emphasise the essential functions of labour markets (selecting and distributing the workforce towards available jobs) and their main pernicious effect (causing insecurity and inequality). One has to try assuredly to overcome this pernicious effect with a “tool”, that is to say an appropriate policy; but without reducing their market efficiency. Is this programme really realistic? In any case, the future of segmentationist issues will depend on its success.

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