



INTERNATIONAL BUSINESS

In Europe, Fake Jobs Can Have Real Benefits

By LIZ ALDERMAN MAY 29, 2015

At 9:30 a.m. on a sunny weekday, the phones at Candelia, a purveyor of sleek office furniture in Lille, France, rang steadily with orders from customers across the country and from Switzerland and Germany. A photocopier clacked rhythmically while more than a dozen workers processed sales, dealt with suppliers and arranged for desks and chairs to be shipped.

Sabine de Buyzer, working in the accounting department, leaned into her computer and scanned a row of numbers. Candelia was doing well. Its revenue that week was outpacing expenses, even counting taxes and salaries. “We have to be profitable,” Ms. de Buyzer said. “Everyone’s working all out to make sure we succeed.”

This was a sentiment any boss would like to hear, but in this case the entire business is fake. So are Candelia’s customers and suppliers, from the companies ordering the furniture to the trucking operators that make deliveries. Even the bank where Candelia gets its loans is not real.

More than 100 Potemkin companies like Candelia are operating today in France, and there are thousands more across Europe. In Seine-St.-Denis, outside Paris, a pet business called Animal Kingdom sells products like dog food and frogs. ArtLim, a company in Limoges, peddles fine porcelain. Prestige Cosmetique in Orleans deals in perfumes. All these companies’ wares are imaginary.

These companies are all part of an elaborate training network that

effectively operates as a parallel economic universe. For years, the aim was to train students and unemployed workers looking to make a transition to different industries. Now they are being used to combat the alarming rise in long-term unemployment, one of the most pressing problems to emerge from Europe's long economic crisis.

Ms. de Buyzer did not care that Candelia was a phantom operation. She lost her job as a secretary two years ago and has been unable to find steady work. Since January, though, she had woken up early every weekday, put on makeup and gotten ready to go the office. By 9 a.m. she arrives at the small office in a low-income neighborhood of Lille, where joblessness is among the highest in the country.

While she doesn't earn a paycheck, Ms. de Buyzer, 41, welcomes the regular routine. She hopes Candelia will lead to a real job, after countless searches and interviews that have gone nowhere.

"It's been very difficult to find a job," said Ms. de Buyzer, who like most of the trainees has been collecting unemployment benefits. "When you look for a long time and don't find anything, it's so hard. You can get depressed," she said. "You question your abilities. After a while, you no longer see a light at the end of the tunnel."

She paused to sign a fake check for a virtual furniture supplier, then instructed Candelia's marketing department — a group of four unemployed women sitting a few desks away — to update the company's mock online catalog. "Since I've been coming here, I have had a lot more confidence," Ms. de Buyzer said. "I just want to work."

Five years after Europe descended into crisis, there are signs that a recovery may finally be taking hold. The economy of the 19-nation eurozone has been growing slowly but steadily since last year, led by Germany and a turnaround in once-troubled countries like Spain and Ireland. As oil prices have dropped, consumer spending and manufacturing have started to pick up. Unemployment is even starting to fall.

Yet long-term unemployment — the kind that Ms. de Buyzer and nearly 10 million others in the eurozone are experiencing — has become a defining reality.

Last year, a staggering 52.6 percent of unemployed people in the eurozone were without work for a year or more, the highest on record, according to Eurostat, and many of those have been jobless more than two years.

“If you have a significant part of the population that’s not integrated, they won’t increase their spending, which dampens a possible recovery,” said Paul de Grauwe, a professor of European political economy at the London School of Economics. When a large number of people go jobless for long stretches, “you also subdue optimism, which will weigh on an economic turnaround.”

The problem is worst along Europe’s southern rim. In Greece, which has plunged back into a recession, 73 percent of job seekers have not landed work in more than a year; in Italy, it is 61 percent. But the trend is rising even in more prosperous nations like France, where the rate recently approached 43 percent, the highest in two decades.

By contrast, the share of the long-term unemployed in the United States — defined as people looking for work for at least six months — is falling as a recovery takes hold. Last year it was 31.6 percent, down from a record 45.1 percent in 2010, according to the Labor Department. The share of those unemployed for a year or more was 22.6 percent in 2014.

If long-term unemployment is cyclical, or tied to economic trends, stronger growth should help. But the European economy is not recovering quickly enough to pull large numbers of people back into the work force. When people do find work, it is often through temporary, low-paid contracts, which have sharply increased as employers have looked to cut costs.

“It’s worrisome because we’re talking about many people who have been out of work for a very long time,” said Stefano Scarpetta, the director of employment, labor and social affairs at the Organization for Economic Cooperation and Development. “Their skills can become obsolete. They get stigmatized. They risk being disconnected from the workplace and society, with negative implications for them, their families and the economy.”

Sales, Strikes, Bankruptcies

About 20 people bustled around the spacious offices of Animal

Kingdom in a gritty suburb north of Paris. A photo of an angelic kitten was taped to a wall. Printouts of Labrador puppies and yellow pythons adorned another. A poster announced a “Miss Chicken” beauty contest.

Muriel Banuelos, an energetic instructor, decided a few years ago to turn the training center into a virtual pet boutique. As new trainees arrived, so did new ideas. The company’s faux catalog expanded from cats and dogs to include pythons and frogs. The team added services it saw while studying France’s 3.5 billion euro, or \$3.8 billion, luxury pet services market: high-priced weddings, baptisms and birthday parties for dogs, as well as beauty treatments like mud baths and manicures.

“Pythons are our new best seller,” Mrs. Banuelos announced, as she convened seven employees around an oval table to scrutinize sales. “It’s becoming very à la mode to have a reptile in the house.”

She looked at a stack of invoices, including some orders from virtual companies that had not been paid. “If this keeps up we’ll go out of business,” Mrs. Banuelos said, handing the papers to two women with instructions to follow up. “What’s our strategy to improve profitability?” she asked the group.

The concept of virtual companies, also known as practice firms, traces its roots to Germany after World War II, when large numbers of people needed to reorient their skills. Intended to supplement vocational training, the centers emerged in earnest across Europe in the 1950s and spread rapidly in the last two decades. Today about 5,000 practice firms operate on the Continent, with at least 2,500 elsewhere in the world, including the United States.

Within France, 12 new centers have sprung up since 2013, said Pierre Troton, the director of Euro Ent’Ent, which oversees the nation’s network of 110 virtual companies.

“We have more long-term unemployed people than ever before,” he said. Most are under 25 and have either not found work or are getting only precarious temporary jobs. But there is also a surge in unemployed people over 50. “Today,” Mr. Troton said, “more and more people who lose their jobs stay jobless.”

Inside virtual companies, workers rotate through payroll, accounting,

advertising and other departments. They also receive virtual salaries to spend within the make-believe economy.

Some of the faux companies even hold strikes — a common occurrence in France. Axisco, a virtual payment processing center in Val d'Oise, recently staged a fake protest, with slogans and painted banners, to teach workers' rights and to train human resources staff members to calm tensions.

“The products and the money are fake, but you call a virtual firm in Switzerland and a person answers,” said Helene Dereuddre, 19, who was receiving administrative training at Candelia. “You call the bank and you get a counselor,” she said. “When you get into it, people see that they are capable of learning and working.”

A realistic work environment helps everyone stay in character. The staff members have to run the companies like real businesses. At Candelia, Ms. Dereuddre spent a week compiling a catalog of discounted furniture and a spring sales brochure to move inventory that hadn't been selling well. To do so, she studied real market prices. “It might be fake,” she said with a laugh, “but we've got to make up for losses.”

Several of the firms slid into virtual bankruptcy when they became unprofitable. When that happened, the staff members took steps to shut down the company. They also learned how to open a new one, including applying for loans at a fake bank. The lenders will even reject them if the application isn't properly filled out.

Julia Moreno, 45, a former nanny, works in the marketing and sales departments at Animal Kingdom, overseeing activities like deliveries and billing. She learned how to make PowerPoint presentations and to use data spreadsheets.

On a recent day, she was leafing through invoices and consulting a spreadsheet about sales. “We believe in it,” she said. “We organize ourselves as if we're working in the real world. And you're working so much and dealing with other colleagues, that you don't even see the time pass.”

For those who have been out of work for long periods, the immersion “sharpens their capacity for employment and helps them regain

professionalism and confidence,” Mr. Troton said. “They take responsibility and find a path back into the working world.”

Perhaps more important, he added, being in a workplace — even a simulated one — helps alleviate the psychological confusion and pain that can take hold the longer people go without a job.

‘I Can’t Take This Anymore’

For 15 years, Ms. Moreno worked for two French doctors in Paris, caring for their four children and maintaining their home 10 hours a day, while also ferrying her own three children to and from school. She was with her employers for births and birthdays, movie outings, holidays — even for a death in the family.

The job paid €2,200 a month, nearly twice France’s minimum wage. Her husband, a construction worker, pulled in a little more. With their earnings, they were able to buy a modest home in Stains, a working-class neighborhood outside Paris, and send their daughter to private school.

Then in 2011, Mrs. Moreno injured her cervical spine on the job. In France, a so-called workplace doctor is required to assess whether employees can return to work after an accident. In Ms. Moreno’s case, the doctor said she could no longer be a nanny. After that, Mrs. Moreno ended up in the unemployment office. Without a college degree or any other experience, there were few jobs she was suited for.

“I was convinced that I’d be going back to work,” she said one rainy evening in her living room. Photos of her children, who are 11, 22 and 24, lined a bookcase. “I’d organized my entire life around my job, so it was a crushing blow when this happened.”

While she received jobless benefits, they amounted to just 57 percent of her salary. Her husband’s income also shrank, as construction work dried up during the financial crisis. Now, they are living off their nest egg, buying only the basics. They no longer go out to dinner with friends. Her youngest son eats lunch at home instead of spending money in the school cafeteria. The couple is also trying to save on grocery bills by growing vegetables in a nearby community garden.

At one point, Mrs. Moreno almost entirely stopped leaving the house. “You don’t have the money to buy anything, so you don’t go out,” she said.

“You feel isolated. There are moments when you think maybe you’re worth nothing.”

As applications for elder care and similar jobs went nowhere, she struggled to maintain her morale. Sometimes, she would come home from the unemployment office in tears. “People look at you and say, ‘Why haven’t you found a job?’ ” she said, her voice cracking. “Or, ‘Why are you, an older person, trying to take a job from a young person?’ ”

She paused, then continued in a low voice. “When you’re unemployed, you tell yourself it’s only going to be for a short time,” she said. “Then it turns into six months, then a year. Then nothing happens, and you say, ‘I can’t take this anymore.’ ”

In April, she heard about the operation at Animal Kingdom. Mrs. Moreno wants to get an office job when her program ends in September.

“I don’t want welfare — I want to work,” Mrs. Moreno said. “I’ll do anything to get a job.”

No Permanent Jobs

The success rate of the training centers is high. About 60 to 70 percent of those who go through France’s practice firms find jobs, often administrative positions, Mr. Troton said.

But in a reflection of the shifting nature of the European workplace, most are low-paying and last for short stints, sometimes just three to six months. Today, more than half of all new jobs in the European Union are temporary contracts, according to Eurostat.

Bryan Scoth, 23, is one of the lucky ones. Armed with French university degrees in literature and art, he had searched seven months for work. After training at Candelia, he landed a one-year contract this spring as an administrator at an unemployment office in Lille.

While the position was not what he had hoped for, it was a triumph after a string of rejections. “I’ve gotten my head above water,” Mr. Scoth said.

At Animal Kingdom, Mrs. Banuelos said the goal was to get the unemployed into any job, no matter the duration.

“The reality is that almost everything is a short-term contract,” she said. “They can be precarious, but with the crisis, there is almost no such

thing as permanent work anymore.”

Radica Sindjelic, 52, who lost her job in 2013 after eight years as a manager at a French trucking firm that downsized during the crisis, said she tried not to feel discouraged that her only prospects were temporary, minimum-wage jobs.

Two weeks after starting at Animal Kingdom, she was called by a local social service agency to interview for a job as a counselor.

The position, if she gets it, would last only three months and pay €1,200 a month, a third less than her former salary. “What’s scary is how the crisis has aggravated things,” Mrs. Sindjelic said. “No one cares about my experience, they just look at my age and the fact that I’ve been out of work.”

Mrs. Sindjelic was sitting with her jobless colleagues. She smoothed the folds of her dress, and her tone shifted, attempting resolve. “Listen, this can only be a positive,” she said.

“Even if I have to work 10 short-term jobs, I’ll do it,” she said. “At least I’d finally be out there.”

Back at home, Mrs. Moreno put a smile on her face. She expected to land work after finishing at Animal Kingdom.

“A short-term contract is O.K., even though they can fire you just like that. It’s always the fear,” she said. “But I put so much hope into finding a job — there must be something for me.”