

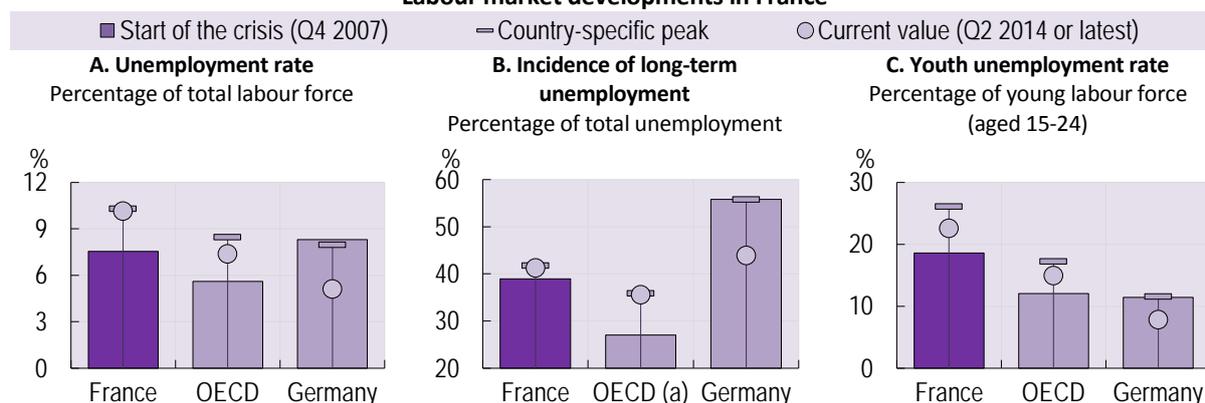
OECD Employment Outlook 2014

The 2014 edition of the *OECD Employment Outlook* reviews recent labour market trends and short-term prospects in OECD and key emerging economies. It zooms in on how the crisis has affected earnings, provides country comparisons of job quality, examines the causes and consequences of non-regular employment, and estimates the impact of qualifications and skills on labour market outcomes.

For further information: www.oecd.org/employment/outlook

DOI: [10.1787/empl_outlook-2014-en](https://dx.doi.org/10.1787/empl_outlook-2014-en)

Labour market developments in France



a) OECD is the weighted average of 33 OECD countries excluding Chile.

Source: OECD calculations based on quarterly national Labour Force Surveys and *OECD Short-Term Labour Market Statistics* (database), (<http://dx.doi.org/10.1787/data-00046-en>).

Unemployment remains high in France, and the risk of persistent scarring is rising for the long-term and young unemployed

The unemployment rate stabilised in recent months in France, but remains very high, at 10.3% in July 2014 compared to 7.4% on average in the OECD area. Over the past couple of years, many countries have experienced a significant decline in unemployment, leaving France lagging behind in terms of labour market recovery from the global financial crisis. Unemployment is still 2.8 percentage points above its pre-crisis level and is projected to remain stable in 2015 (May 2014 projections).

More than two in five French unemployed have been out of work for over a year. Long-term unemployment also increased in the OECD as a whole, but some countries like Germany managed to reduce it. There is a growing risk for this group, especially for older jobseekers, of becoming structurally unemployed, that is, unable to regain quickly employment even when the recovery

strengthens because of a loss of human capital and motivation.

Youth unemployment remains at a very high level in France of 22.5% in the second quarter of 2014. The Youth Guarantee scheme, piloted since October 2013 in some areas, is a welcomed step but the persistence of such high unemployment levels for youth risks compromising their long-term career prospects. Therefore, the need for a major comprehensive action plan for youth, including a strong activation component, is still a topical issue.

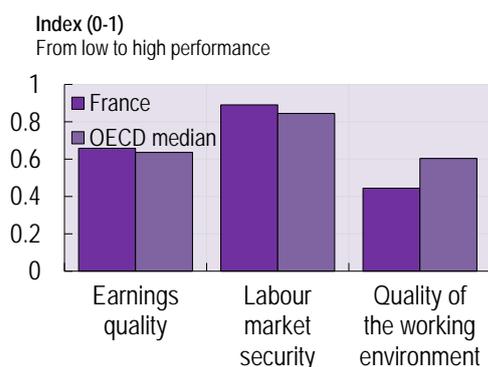
The crisis has resulted in a slowdown in real wage growth, not equally distributed

The second chapter of the *OECD Employment Outlook 2014* documents how wages have evolved since the start of the global financial crisis, shedding light on the role of wage adjustment on the persistence of unemployment. In a number of OECD countries and in particular in euro-area countries, wage moderation during the crisis helped contain job

losses and contributed to promoting competitiveness. This was less the case in France where real wage growth remained at its pre-crisis level. Besides, these wage adjustments have not been equally distributed across the workforce: real wage growth remained stable for low-paid workers but slightly increased for higher-paid workers.

Job quality is close to the average of OECD countries, but French employees are experiencing high levels of job strain

Job quality and job opportunities, 2010



Source: OECD Employment Outlook, 2014.

The 2014 *OECD Employment Outlook* paints a broad picture of job quality across OECD countries, based on three dimensions: earnings quality; labour market security; and quality of the working environment. Compared to other OECD countries, France performs about average in terms of earnings quality, a measure considering both the level of income and its distribution. Labour market security is relatively high in France, mainly due to good coverage and generosity of unemployment insurance, but the quality of the working environment is lagging behind, with many workers reporting stressful working conditions, where high work pressure and difficult tasks are combined with insufficient resources and support in the workplace to accomplish job duties.

The French labour market remains strongly segmented

In France, about 15% of the employees are on a fixed-term contract and this figure reaches 55% among youth aged 24 years or less. More worrisome, most of new hires are on fixed-term contracts and this tendency has increased since the onset of the crisis: in 2012 about three-quarters of the employees with 3 months of tenure were on temporary contracts, against about 70% five years before. In addition, being on a temporary contract does not appear to be a stepping stone into a stable employment relationship for many workers. The 2014 *OECD Employment Outlook* shows that France is one of the few OECD countries in which there is a significantly higher probability for an unemployed person to be in a full-time permanent job one year later than for someone in a temporary job.

Yet, French regulations as regards hiring on temporary contracts – concerning both the circumstances for their use and their duration – are among the most stringent in the OECD. But employers are discouraged from hiring on permanent contracts because dismissal costs are particularly uncertain and high. By contrast, the only termination cost for fixed-term contracts at the end date is a small severance pay (*prime de précarité*; equal to 10% of the total gross pay since the beginning of the contract). The 2014 *OECD Employment Outlook* recommends that there should be greater convergence of regulations affecting fixed-term and permanent contracts, reducing the costs and uncertainty of dismissals for permanent contracts and promoting hiring on these contracts.

OECD Employment Outlook 2014 is available to journalists on the **password-protected** website or on request from the Media Relations Division. For further comment on France, journalists are invited to contact Mark Keese (+33 1 45 24 87 94; mark.keese@oecd.org), Gwenn Parent (+33 1 45 24 75 01; gwenn.parent@oecd.org) or Anne Saint-Martin (+33 1 45 24 85 90; anne.saint-martin@oecd.org) from the OECD Employment Analysis and Policy Division.