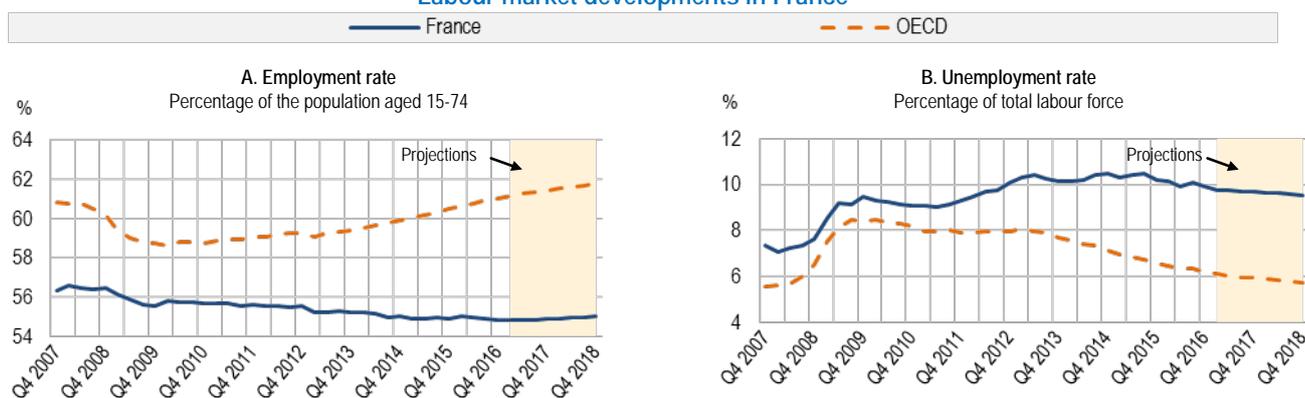


The 2017 edition of the OECD Employment Outlook provides an international assessment of recent labour market trends and short-term prospects. It also contains chapters on: benchmarking labour market performance based on the new OECD Jobs Strategy scoreboard; labour market resilience in the wake of the global crisis; the role of technological change and globalisation in transforming labour markets; and key country differences in collective bargaining arrangements.

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### Labour market developments in France



Note: OECD weighted average.

Source: OECD calculations based on OECD Economic Outlook Database (No. 101), June 2017.

### RECENT LABOUR MARKET TRENDS AND PROSPECTS

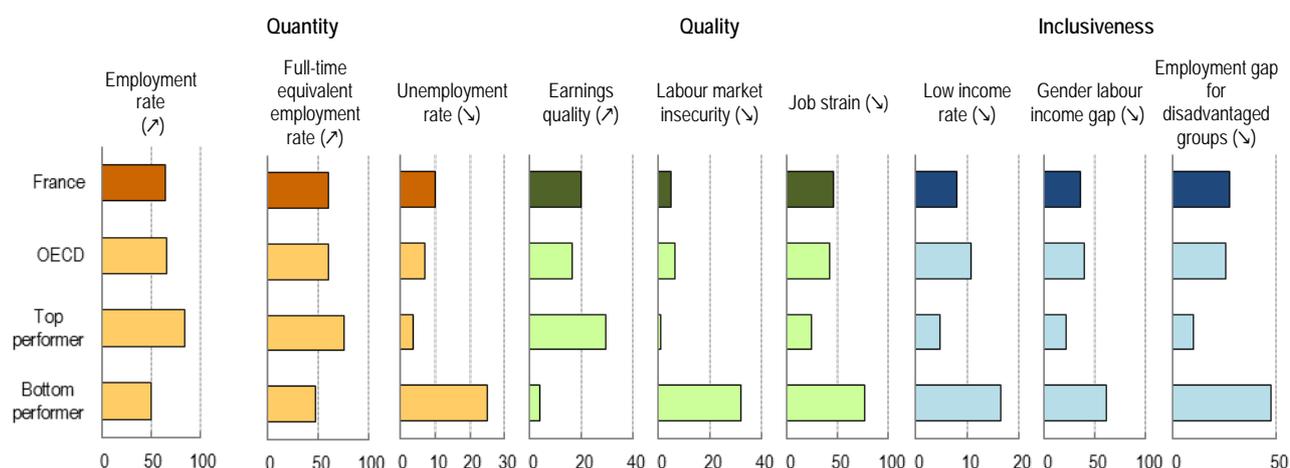
Labour market conditions continue to improve and the OECD average employment rate finally returned to its pre-crisis rate in the first quarter of 2017, nearly ten years after the global financial crisis erupted. The OECD-average unemployment rate continues its slow descent, but remains slightly above its pre-crisis level because employment has not increased enough to fully offset a rising trend in participation rates. The unemployment rate is projected to fall back to its pre-crisis level in late 2018 or early 2019. The recovery remains very uneven across countries and different groups within the workforce.

- After a small decrease during the second half of 2015, unemployment has been stabilising in France over the past year, but at 9.5% of the labour force in April, it remains high and well above its level before the financial crisis (7.3% in March 2008). In most other OECD countries, labour market conditions have shown stronger improvements.
- Employment, as a share of the population aged 15-74, remains 1.8 percentage points

below its pre-crisis level in France and the gap with the rest of the OECD area has increased reaching 6.2 percentage points in the last quarter of 2016. Much of this gap reflects very low employment rates at ages 65 and above in France.

- OECD projections suggest that France employment will stabilise through the end of 2018, and that the unemployment rate will slightly decline during the projection period.
- France, as many other OECD countries, has experienced a process of job polarisation away from middle-skill jobs to low- and high-skill employment. This is related to continuing a longer-term trend towards a rising share of service sector jobs and a declining share of employment in manufacturing. Nevertheless, polarisation has also increased within most sectors. A number of middle-skilled workers face the risk of sliding into lower-skilled jobs to remain in employment, thereby fuelling skills mismatch, while lower-skilled workers are facing higher risk of job loss, resulting in high inactivity and unemployment rates.

## Scoreboard of labour market performance for France



Note: An upward ↗ (downward ↘) pointing arrow for an indicator means that higher (lower) values reflect better performance.

**Employment rate, full-time equivalent employment rate and unemployment rate:** Percentage of the population aged 15-64. **Earnings quality:** Gross hourly earnings in USD adjusted for inequality. **Labour market insecurity:** Expected monetary loss associated with the risk of becoming unemployed as a share of previous earnings. **Job strain:** Percentage of workers in jobs characterised by a combination of high job demands and few job resources to meet those demands. **Low income rate:** Share of working-age persons living with less than 50% of median equivalised household disposable income. **Gender labour income gap:** Difference between average per capita annual earnings of men and women divided by average per capita earnings of men. **Employment gap for disadvantaged groups:** Average difference in the employment rate for prime-age men and the rates for five disadvantaged groups (mothers with children, youth who are not in full-time education or training, workers aged 55-64, non-natives, and persons with disabilities) as a percentage of the employment rate for prime-age men.

Source and definitions: OECD calculations using data for 2015 or latest year available from multiple sources. See [OECD Employment Outlook 2017](#), Table 1.2. for further details

### NEW OECD SCOREBOARD SHOWS RELATIVE STRENGTHS AND WEAKNESSES OF THE FRENCH LABOUR MARKET

The 2017 issue of the *OECD Employment Outlook* presents a comparative scoreboard of labour market performance that provides a rich overview of the strengths and weaknesses of different national labour markets, going well beyond the standard measures of employment and unemployment rates. These include measures of job quality (pay, labour market security, working environment) and labour market inclusiveness (income equality, gender equality, employment access for potentially disadvantaged groups). Some countries score well on most or all indicators, implying that there are no hard trade-offs that prevent countries from performing well in all areas.

- The French labour market generally scores at the average of OECD countries, for example as regards employment rates of the population aged 15-64, and how well women and potentially disadvantaged groups, such as working-age persons with partial disabilities, fare in the labour market. However, France also shows areas of relative strength and weakness.
- Three French strengths are a below average labour market insecurity and the relatively

low share of working-age persons living in poor households, that is with incomes adjusted for household size of less than one-half the median income. Earning quality is also above average in France.

- The most pronounced weakness is the high level of unemployment, in particular for young and low-skilled workers. France also has a slightly higher than average share of workers experiencing high levels of job strain.
- None of the performance indicator for the French labour market showed much change over the past decade, and the French labour market remains highly segmented, with three hires out of four made on temporary contracts. Temporary jobs do not provide a reliable stepping stone to permanent jobs in France and reducing labour-market segmentation is a major challenge for the new government. This could be achieved by reinforcing the incentives to hire on permanent contracts, by clarifying conditions and expected costs in case of economic dismissal and by raising the relative cost of hiring on temporary contracts. Associating social partners in the design of the new labour reform is crucial in this context.

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