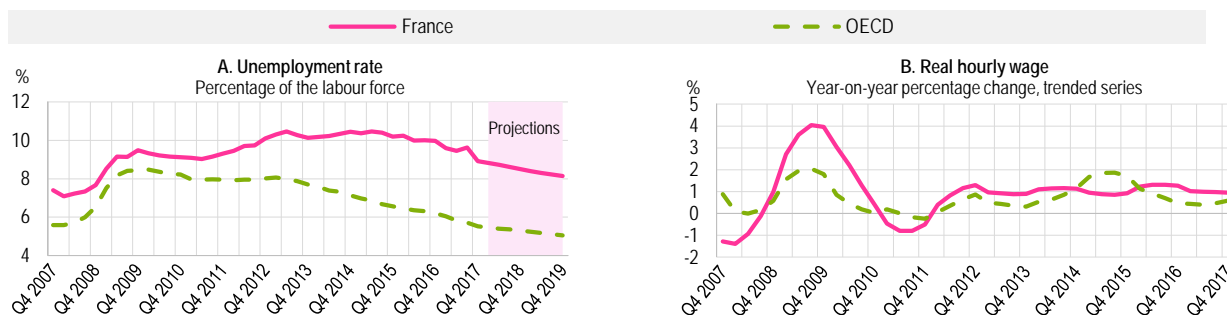


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### Labour market developments in France



Note: OECD weighted average (based on 29 OECD countries in Panel B, not including Chile, Iceland, Korea, Mexico, New Zealand and Turkey).  
Source: OECD calculations based on OECD Economic Outlook Database (No. 103), June 2018, and quarterly national accounts.

### RECENT LABOUR MARKET TRENDS AND PROSPECTS

Across the OECD countries, labour market conditions continue to improve and in the first quarter of 2018, the average employment rate was about 2 percentage points above its pre-crisis peak. OECD employment and unemployment rates are also projected to keep improving in 2018 and 2019. However, at 0.6% in the fourth quarter of 2017, the year-on-year growth rate of real hourly wages remained disappointingly low, almost one percentage point lower than before the crisis for similar levels of unemployment.

- The decline in unemployment, which began in the second quarter of 2015, is continuing in France. At 8.8% in the first quarter of 2018, the unemployment rate has decreased by 0.8 percentage points in one year, and by 1.7 percentage points since the peak reached in 2015. At 55.7% in the fourth quarter of 2017, the employment rate has increased by 0.8 percentage point in one year.
- However, the French recovery is not complete. The unemployment rate is 1.6 percentage points above its lowest level reached before the crisis in early 2008 and 3.4 percentage points above the OECD average. The employment rate also remains well below the OECD average (61.7%).
- Real hourly wages are growing at a slightly faster rate in France than the OECD average. Nevertheless, in a context of persistent unemployment, wage growth has remained limited since the end of 2012, fluctuating on average around 1% year-on-year.

### DEVELOPMENTS IN JOB QUALITY AND LABOUR MARKET INCLUSIVENESS

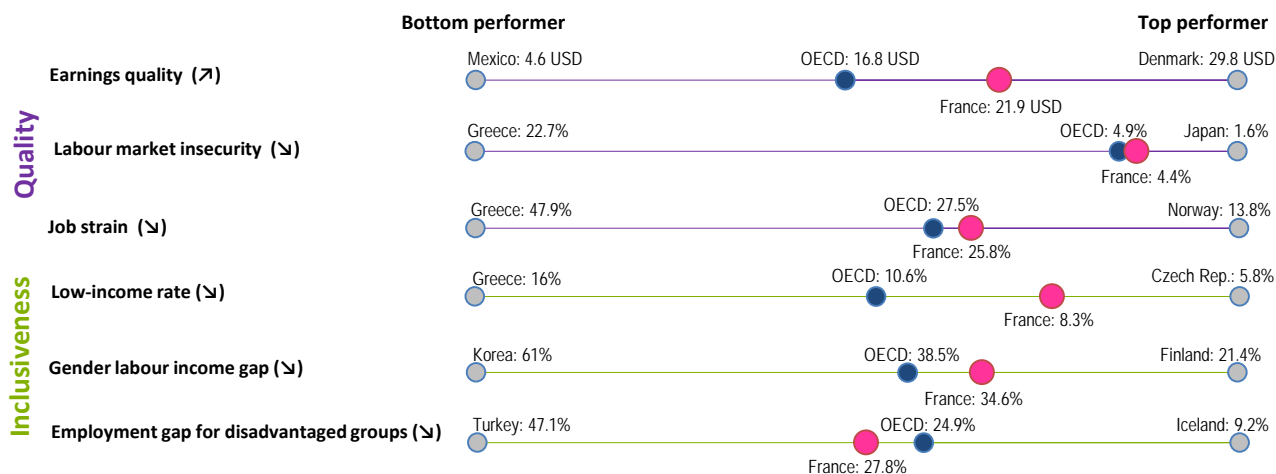
Job quality and inclusiveness indicators show a mixed picture for the OECD countries. Improvement has occurred over the past decade, with a reduction in the gender gap in labour income, the employment gap for disadvantaged groups, and the incidence of job strain – excessive job demands combined with insufficient resources. However, labour market insecurity is not yet back to pre-crisis levels and poverty has grown amongst the working-age population.

- Overall, France performs above the OECD average in measures of job quality and labour market inclusiveness. In particular, French workers can expect to lose 4.4% of their net income on average if they lose their jobs, slightly below the OECD average (4.9%).
- However, the employment gap for disadvantaged groups is 27.8% in France, relatively high compared to the OECD average (24.9%), especially for young people.

### COLLECTIVE BARGAINING PLAYS AN IMPORTANT ROLE FOR LABOUR MARKET PERFORMANCE

Collective bargaining is under pressure. Trade union membership in the OECD has halved since the 1980s. Yet, collective bargaining can bring many benefits, including lower inequality, higher wages and a better work environment. This is especially the case in systems that have some macroeconomic element of wage co-ordination, but are sufficiently decentralised so that wages and working conditions can respond to what occurs at the firm level.

## Job quality and labour market inclusiveness: key indicators for France in 2016-2017



Note: An upward ↗ (downward ↘) pointing arrow for an indicator means that higher (lower) values reflect better performance. *Earnings quality*: Gross hourly earnings in USD adjusted for inequality by giving more weight to the lower end of the earnings distribution. *Labour market insecurity*: Expected percentage net income loss upon job loss computed taking into account the probability of becoming unemployed and the expected duration of unemployment. *Job strain*: Percentage of workers in jobs with 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 per capita annual earnings of men and women (% of per capita earnings of men). *Employment gap for disadvantaged groups*: Average difference in the prime-age men's employment rate 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; % of the prime-age men's rate).

Source and definitions: OECD calculations using data for 2017 or latest year available from various sources. See [OECD Employment Outlook 2018](#), Ch. 1

- The unionisation rate is one of the lowest in France: 11%, compared to 17% on average in the OECD. In spite of this, 98% of employees are covered by collective agreements (compared to 1/3 in the OECD). This is due to the quasi-automatic extension of branch agreements.
- These extensions may have negative effects on the labour market if the heterogeneity of companies within sectors is not duly taken into account. The new *ordonnances* can change the situation as: i) the extension of an agreement is now subject to an evaluation of its potential economic consequences; ii) the agreements must include provisions specific to small firms.
- In France, 42% of jobseekers receive unemployment benefits. This is significantly higher than the OECD average (29%) and close to the coverage observed in Denmark. This rate has not decreased since 2007. This is due to generous eligibility criteria and a relatively long benefit period, especially for older benefit recipients. However, coverage remains limited due to the many beneficiaries who work while remaining registered unemployed, the high share of young unemployed without any entitlement to unemployment benefits and the incidence of long-term unemployment.
- The current reform of the unemployment insurance system aims at extending coverage by opening rights to self-employed workers and those who have resigned. This is welcome in a context where career paths are increasingly less stable and self-employment is rising.
- The current reform also aims at enhancing employability by creating a training market and enhancing quality. Many vacancies are not filled due to the lack of the required skills. Yet, only 36% of French people receive training, compared to more than 60% in the Nordic countries. Participation is even lower (17%) among the low skilled.

### UNEMPLOYMENT BENEFITS: TOWARDS BETTER COVERAGE

Unemployment benefits are one of the principal instruments for linking jobless people to employment support programmes. But in most countries, fewer than one in three jobseekers receive unemployment benefits. Policy initiatives during the early stages of the global financial crisis made benefits more accessible and extended coverage. But, overall, coverage has frequently continued the downward trend seen before the crisis.

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