

# Decent Work Country Report - France\*

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## Section I. Introduction

Since the beginning of the eighties, France is facing, as other countries, huge economic changes. It has been emphasized that the pace and scope of these changes was faster and deeper than in other European countries [Cuelppeper, 2006]. One can notice the quick and hard industrial restructuring, the withdraw of the state from most of the industries, the process of globalisation of the big French firms, the renewal of the very small and small firms, the growing importance of service activities, the good results on productivity. The consequences for the workers are intense and lead to a strong political and scientific debate. One of the key question is the change of the employment and social model to fit with the new economic situation (See Bosch, Rubery, Lehndorff, 2007 for a theoretical and comparative analysis).

The unemployment rate remains higher than in most of the north European countries, and one can speak of a “French employment disease” : less jobs are created. Employers (and international organisations such as the OECD) are claiming for more flexibility on the labour market : the too high level of workers’ protection is said undermining the job creation.

Internal flexibility, including working time flexibility is high, and partly linked to the high productivity indicators. But the main consequence is that work organisation and working condition are perceived by the workers as degrading. There are doubt about the possibility of a new step in the intensification of the work pace without negative consequences on health and safety at work.

Since the mid of the 70’s a lot of topic regarding the employment and working conditions have been put on the political agenda : unemployment (and mainly youth unemployment and labour market schemes for long term unemployed) in the 70’s and 80’s, industrial restructuring and labour force reconversion (blue collars workers) (80’s), working time (90’s), retirements and pensions (mid 90s’- today), flexibility of the labour contract (during all this period, with a special focus since some years), health and safety at work (more recently, namely with the growing incidence of asbestoses, cancers and other diseases linked with the work environment and work load).

A lot of reforms have been done. Sometimes, it was a State decision, leading or not to high struggles (pensions in 1995, working time regulation, the labour contract “CPE” in 2005) and with or without success. Sometimes, the social partners took the lead, under a strong or soft State pressure (the 2003 reform of the further vocational training system, the reform of the unemployment benefits, the 2008 reform of the labour contract). Sometimes, it was at a sectoral or firm’s level.

The result is a kind of patchwork. Some main characteristics of the French model of employment and working conditions, build since the second world war are still alive. And France is often said to still belong to a “State-Corporatist model”. Nevertheless, the addition of these incremental reforms move slowly the French model to another one, even if the new model remains today unclear and shows a high level of internal tensions.

In the very recent period, and due to the political agenda of the new president and government, a lot of new reforms have been started. The two heading topics are “working more to earn more” and “flexibility to fight against unemployment”.

Under the first heading, one can put the new reform of the working time and overtime arrangements, the ongoing reform of the pensions in the “special regimes” (mainly in the former big nationalised firm’s), the decrease of the number of civil servants and the announced trade-off with better wage conditions....

Under the second heading are the today national bargaining on the flexi-security, the reform of the labour law and of the labour contract, the pursuit of the tax firm’s tax exemptions on low wages...

This will contribute to foster the redesigning of the French model, even if some of these reforms will probably be still under discussion in the next months, and if the implementation process will also take years. Nevertheless, they all contribute to a more market oriented economy and labour market.

However, one could hardly say that the condition of the workers are below the decent work conditions as defined by ILO. Most of the French workers enjoy better wages, employment status and working conditions than their counterparts in the World, including a lot of EU countries. Nevertheless, a lot of questions are raising from the shift in the employment model:

-Are (all) workers benefiting today, in average, from the economic growth, from the consequences of the globalisation, from the EU integration, and from the new model of employment ? The answer is necessarily blurred, and we come back to the old debate about absolute and relative pauperization. If nobody is speaking about absolute pauperization, some voices are advocating about relative pauperization, namely when dealing with a generational perspective : the young generations are said to be under worst conditions than the previous one’s (see Chauvel, 1998). Is it a consequence of the new economic situation, or of kind of “inter-generation” struggle which is a substitute of the class struggle ? The debate is opened.

- And/or are they winners and losers, i.e. group of workers which takes or not benefits of the ongoing changes ? In that case, can we identify some groups who are at the margins of the decent works and/or who are experimenting bad employment and working conditions compared to the French average standard ?

These two questions will be the red file for the report.

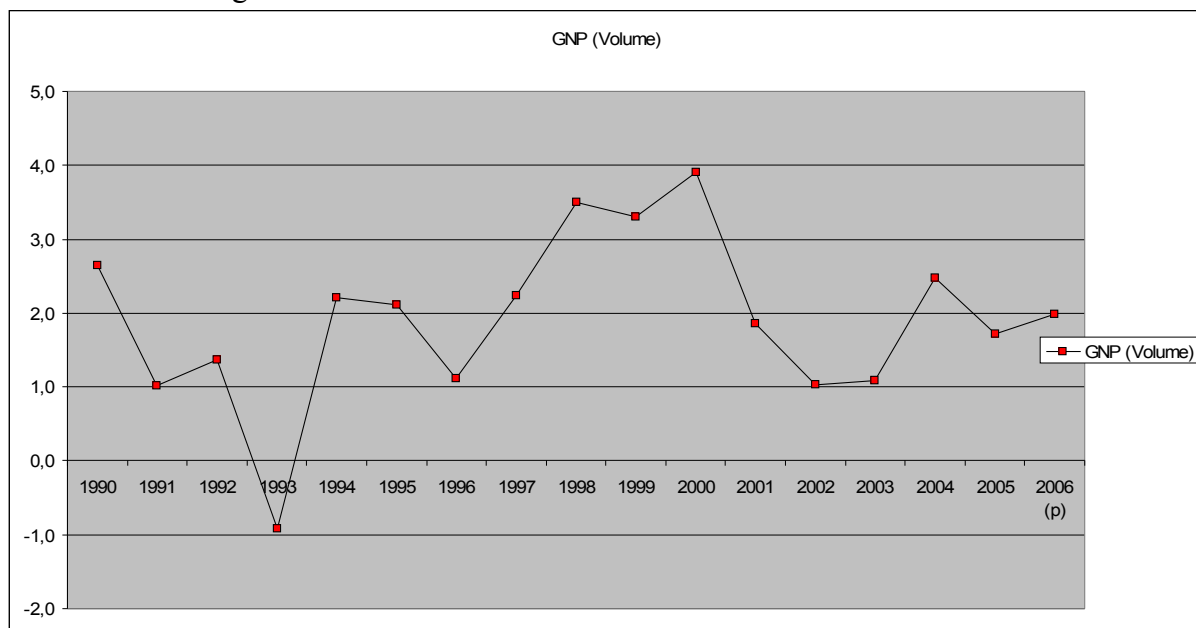
## Section II The economic and social context

Since the mid of the nineties, the economic context is highly fluctuating. It is the same for the employment and social context. On the one hand, employment and incomes are following the economic growth. On the other hand, as we will see in section III, a lot of reforms have been done regarding most of the employment and working conditions.

### II.1 Economic growth and structural changes

As shown in table II.1.1, the growth of the GNP is fluctuating. After a good period, from 1997 to 2001, the rate of growth was slower (2002-2005). In the more recent years, with roughly 2% of yearly growth, France is performing more badly than the Euro zone.

Table II.1.1 GNP growth



source: Insee,

At the beginning of the century, the balance of the international trade was positive. It is not yet the case in the recent year, with a deficit which is not only due to the oil prices but also to a decrease of the exports. In 2006, the balance of the industrial sector was a bit better than in the previous years, nevertheless with a deficit. Moreover, the positive balance of the services is decreasing since 2002. Compared to the Euro (12) zone, and moreover to Germany, France performance's are weaker, especially since 2002 [Insee, 2007].

During this period, the structure of the industry is slightly evolving, following the general classical trend : decreasing share of the industrial sectors, increasing share of the services (market and non market sectors).

In the very last years (2005-2007), the job creation is following a positive trend. This is mainly due to the building industry and to the services to the firms (including the temp

agencies). Household's services are also creating jobs, but at slower pace than before. And non market services show a positive balance, a part of which is due to the relaunch, since 2005, of the employment policy and of the new schemes of subsidised jobs in the public sector. At the opposite, industrial sectors are regularly losing jobs.

As in most of the EU countries, this is partly due to the competition from new emerging countries (China, India...). An other reason is, for some industries, the off-shoring process, including some new EU members. The car industry provides a good example, with more than 600 000 cars produced in Eastern Europe by French firms and, for the first time in 2006, the French firms are producing more cars outside of France than in France. This off-shoring process is said to increase in the next year due to the €/€ parity problem. Namely the aircraft industry is in a process of reorganisation in order to increase its share of production (subcontracting) in non € countries. A last reason for the decline of employment in the industrial sector is the process of subcontracting for non industrial services. Concentrating more and more on the core of their activities, industrial firms become increasingly clients of market services, including some functions such as recruitment, pay, computer, training.... The increasing share of the services to the firms is partly a result of this shift of jobs.

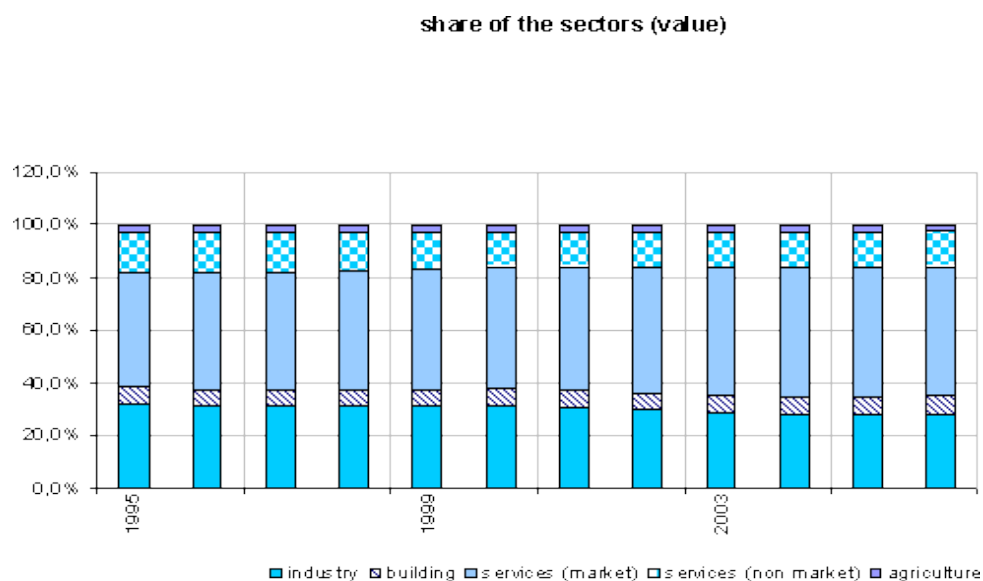
The off-shoring is also affecting some services. A good example could be found with the growing importance of call centres in Morocco.

The impact of off-shoring is difficult to assess. Between 1995 and 1999 it is estimated to a yearly average of 12 000 jobs destructions and 15000 between 1999 and 2003. It is a low share of the global movement of job destructions/job creations (Barlet, 2007).

An other attempt to assess the impact of the globalisation (both on job destruction and job creation, including the impact of import and export) shows high differences between industries. Between 2000 and 2004, in the metal industry (iron and steel and others) more than a half of the job destruction could be due to the globalisation. The mechanical industry as well as the textile industry are also hit, at a lower level. A national (but caution) estimation will be of 20 000 job less (one third of the total job destruction), which has to be compared to 90 000 job creations (Barlet, 2007).

The productivity of labour remains higher than in most of the EU countries. It increases at a yearly 1.4% in average, from 2002 to 2006, with a peak in 2006. Nevertheless, the recent trend (end of 2006, mid 2007) is negative (ANPE, 2007).

Table II.1.2 Structural change : share of the economic sectors



## II.2 Some key questions about the employment model

In this section, we briefly check the main challenges about the employment and social model.

### *Demographic challenge and rate of activity.*

Among the “old” European countries, France enjoys a high birth rate (which could also explain why the migrant flow of labour is not a so acute question). Nevertheless, the balance on the labour market is not so good.

- Due to the ageing process of the labour force, retirements in the next years will be at a high level (despite the changes in the age of retirement) and the flow of young new entrants on the labour market will be slightly decreasing. Analyses put the emphasis on the tensions in some sector and/or occupations.

- It is well-known that, compared to other European countries, the employment rate is lower in France. Three factors could explain this situation. a) The French model for the young student is a model of full time studies, with a low ratio of apprenticeship (however increasing). The average age of entry on the labour market is 21, and most of the students and families have a strategy to pursue full time studies as long as possible. b) If part time is increasing (especially for women), short part time is quite unusual. This could explain the withdraw from the labour market of women with 2 or more children. c) Early retirements was a policy shared by the state and the big firms in the 80's. It was not unusual to be retired at 55, sometimes before 55. This policy has been changed (no State

subsidies). Nevertheless, some firms are pursuing it, firing old workers and/or transferring them to a special structure. The new regulation about pensions will probably change this. But in the recent period, the possibility for workers with 40 years of work to get pensions, as well as the threat of the new regulation pushed some workers to claim for retirement at 60 or sometimes before. So the rate of activity of the 55-65 remains lower than in other EU countries (38% in 2006 compared for example to 69% in Sweden or 45% in Germany).

### *Taxes, social contributions and the equilibrium of the welfare system*

As shown in table II.2.1 , taxes and social contributions (as a % of the GNP) have increased in the past 20 years. Here again, France is said as one of the EU countries with the highest level of taxes and social contribution. Moreover, this level do not always fit with the Maastrich's criteria. This put a strong pressure on the one hand on the State budget (deficit) and, on the other hand on some welfare social benefits funds which are also under deficit.

Table II.2.1 Share of taxes and social contributions in % of the GNP

| <b>Taxes and social contributions (GNP %)</b> | <b>1990</b> | <b>2000</b> | <b>2006</b> |
|---|-------------|-------------|-------------|
| taxes   | 23,1%       | 28,0%       | 27,8%       |
| social contribution (employers)               | 11,5%       | 11,1%       | 11,1%       |
| social contribution (employees)               | 5,5%        | 4,0%        | 4,2%        |
| social contributions (total)                  | 18,5%       | 16,1%       | 16,5%       |
| Total   | 41,6%       | 44,1%       | 44,2%       |

Source Insee

Table II.2.2 provides information about the structure of the income of the households. The share of the wages is slightly decreasing since 2000. Social benefits represent roughly 30% of the income, which could explain some of the conflicts about pension or other benefits, which are very important in the household incomes. The income from property (including houses, and other financial incomes) are increasing. This is also a part of the debate about income inequalities.

Table II.2.2 Structure of the household's income

|                     | 1996   | 2000   | 2002   | 2004   | 2005   |
|---------------------|--------|--------|--------|--------|--------|
| taxes               | -10,0% | -14,4% | -13,4% | -13,3% | -13,6% |
| Other from activity | 11,4%  | 10,8%  | 10,8%  | 10,2%  | 10,1%  |
| Gross wages         | 57,9%  | 59,9%  | 59,5%  | 59,0%  | 58,9%  |
| social taxes        | -12,7% | -9,5%  | -9,6%  | -9,8%  | -10,0% |
| property            | 21,9%  | 22,2%  | 21,6%  | 22,4%  | 22,8%  |
| social benefits     | 30,6%  | 29,6%  | 29,5%  | 29,9%  | 30,1%  |

Source Insee

### *Trust and confidence in the future*

Looking at other qualitative indicators, France do not perform well, compared for example to the EU Nordic countries.

- Classical indicators of the social cohesion (such as trust) are not good (see Algan, Cahuc, 2007).
- French workers do not feel confident in the future ; they are ranking high in the fear of unemployment, and this is true not only for the workers of private firms but also for the civil servants. The high level of unemployment as well as the loophole in the unemployment benefits could explain this. But it could also reveals some weakness of the French model.

### *Flexibility/flexisecurity*

Following the OECD and other liberal analyses, employer's organisations as well as some scholars are claiming for more flexibility on the labour market (see Medef, 2007, "Besoin d'air). This would concern the employment status (less protection against firing), the wage regulation (Minimum Wage), as well as the collective bargaining (opt-out clauses at the firm level). Discussions are also on going about the compulsory training levy, and other social contributions. Employers are claiming for a decrease of the labour costs, mainly by shifting some wage based social contribution to the general taxes system. One of the tool (in discussion) could be an increase of the VAT ("Social VAT") in order on the one hand to put more taxes on the import and, on the other hand to find additional funds for the social protection.

Other analyses are closer to the flexi-security debate, and looking at the Nordic models. Most of the unions have adopted a positive position regarding this question, nevertheless on different bases. The CFDT is closest to the Nordic model, and would agree with some increasing transversal and portable rights, based on different assets such as taxes. The CGT

also agree with the concept, but is claiming for a different solution, based on an extended labour contract, which could cover the workers even in intermediate solutions (mobility between firms, unemployment) (see Méhaut, 2007).

In any case, the French model of employment and social protection is under tensions. Important changes have been decided in 2007, most of which will come into effect in 2008. And the 2008 agenda (State and social partners) is a busy one. Among the topics that are on the agenda :

- new bargaining about the working time
- changing the rule for the exemption of social contributions,
- achieving the merging between the bipartite unemployment insurance (Unedic) and the public national employment agency (ANPE)
- bargaining about the representativeness of the unions and the way by which a collective agreement is signed
- new discussion about the age of retirements and the pensions
- pursuing the bargaining on health and safety (discussion started 3 years ago, unsuccessful till today), and including the case of the SME's, and starting a discussion about stress at work....
- a new reform of the vocational training system...

### **Section III Trends in working and employment conditions**

In this section, we follow the terms of reference and provide different insights on the trend in employment and working conditions. In each subsection, we focus on the key points which are in debate and/or in change in the recent period. As it is well-known, since 2002, and moreover since the recent presidential election, reforms have been undergone. Some have been imposed by the State. Others are still in process (collective bargaining between the social partners, tripartite discussions with the State). It will be in some cases too early to draw conclusions, as the process is still on going, or as the implementation of the reforms are too recent.

#### **III. 1 Employment status/contracts**

If non standard labour contracts are increasing [Amira et coll, 2005], the consequence for employment instability is contradictory [Ramaux, 2006]. And, as in other countries, there is a huge debate about the relationship between employment protection (France rank at a high level according to the OECD), the growth of the non standard contracts and the level of unemployment.

##### *A remaining high level of employment stability?*

Like Auer and Cases (2000), some recent papers put the emphasis on the question of employment stability. The common thesis of a growing instability is challenged. Based on the employment survey from 1969 to 2002, L'horty (2004) shows that there was not a strong increase of instability (instability is defined as the risk to quit employment from one year to another, either for unemployment or inactivity). The 2002 level is close to the 1969 one. Analysing in deeper details the risks, he splits data according to industry-level, job tenure, age and skills, labour market experience... : according to the age, there was a higher risk for the

>50 at the start of the period, but a decreasing risk now; there is a low level of risk (and very little changes) for the 30-50 but a growing risk for the 20-30; job tenure (more than 5 years) remains a good protection; and the higher skilled employees are those with the lowest level of instability. When combining all the variables, he concludes both on a stable level of risk and on a change of its distribution between various groups of employees. With other goals and methods, but based on similar data, Behaghel (2003) analyses the role of job tenure. He shows that job tenure is stable (and even increasing slightly) over the past 30 years. Job tenure is the best protection against unemployment for the 30-50 years old, but its power is decreasing for the young and for the > 50.

Examining in a classical labour market segmentation perspective the change between 1983 and 2001, Valette (2007) shows that the internal labour markets are still important (31% of the labour force in secondary ILM and 34% in primary ILM, slight decrease since 1983) ; 17% are in the external labour market (slight increase). But she underlines the merging process of a new type of segment, “labour insecurity” (17% of the labour force) where part time work, households services, low skilled workers are over represented.

If the ILM remains a strong characteristic of the French labour market, this model becomes eroded. Moreover the feeling of job instability is higher among the French workers than in other countries. This could be partly due on the one hand to a strong commitment to the ILM model, and, on the other hand to the difficulties and holes within the unemployment benefits system.

*The growing importance of the non standard labour contracts*

Self employment had decreased regularly since 20 years (10.7 in 2004). It is slightly increasing since 2004. Among the wage earners, the regular (open ended) contract remains dominant. But the share of non standard contracts shows a dramatic increase (3.6% in 1982, 13.2 % in 2006).

*Table III.1.1 Employment status*

|  | 2004 | 2005 | 2006 |
|--|------|------|------|
| self-employed                          | 10.7 | 10.8 | 11.2 |
| Wage earners                           | 89.3 | 89.2 | 88.8 |
| <i>of which</i><br>Temp agency workers | 1.9  | 2.1  | 2.2  |
| Apprentices                            | 1.2  | 1.3  | 1.3  |
| Fixed term contracts                   | 8    | 8.1  | 8.2  |
| Open ended contracts                   | 78.2 | 77.6 | 77.1 |
| Total                                  | 100  | 100  | 100  |

*Source, Insee, LSF*

The use of the temporary agency contracts is highly concentrated on low skilled blue collars and young. It fluctuates according to the economic cycle. In some industries, temporary work is also a screening device for the hiring process [Moncel, Sultzer, 2006]. If in most of the

case, temporary work is involuntary, “regular” (voluntary, all around the year) temporary work is estimated to be 20-25% of the activity of the temp agencies, mainly for skilled workers [Lefèvre et alii, 2002]. Nevertheless, temp agency regulations are quite important : wage level (compared to the wage level at a similar job place in the firm using a temp worker), training rights... In principle, the use of a temp worker by a firm is limited to a maximum of 18 months. If it is proved that this use is a permanent one, then the firm could be obliged to move the temp to an open ended contract. It was the case, with a decision of the law court for some big car factories, as well as for the Post office.

Fixed term contracts are more developed in some industries (agriculture, household services, health and education). It is a tool for quantitative flexibility, but also for temporary replacement of employees (namely in the public sector). But fixed term contracts are also more and more the dominant way of entry into the job (70% of the recruitments are under fixed contracts in private >10 firms). Fixed term contracts are more frequent in very small firms (14% of the employees). Young school leavers are highly hinted by fixed term contracts [Cereq, 2001]. Due to the high use of fixed term contracts in the hiring process (as a screening device), they could be said as a port of entry to regular employment (about one third of workers are moving from one year to another from fixed to open ended contract). But fixed term contract are also more often ending to unemployment. A wide range of fixed term contracts are existing, from the classical one, to specific one's (seasonal, casual...subsidised public jobs for the unemployed). It is estimated that more than 15 various fixed term contracts are coexisting (See Caroli, Gautié 2008 for details).

In the recent period, debates about the dual type of contracts and the level of protection against dismissals have been acute. Some proposals are towards an unification of the two kinds of contracts eventually with a taxation of the firm in case of firing [Cahuc, Kramartz 2004, Blanchard and Tirole 2003]. On the other hand, employers associations were claiming for a new type of specific contract (contrat de mission). A recent law had added a new kind of 2 years contract (contrat nouvelle embauche) for the firms with less than 20 employees. This new contract was theoretically an open ended one. As in UK, during the two first years, the level of protection against firing was very low. At the beginning of 2006, the government made a proposal for a similar contract dedicated to young workers (<26 years), the “contrat première embauche” CPE. The result was a long strike in the universities and a lot of common protests between unions and students. For the students, the new contract was seen as a risk to decrease the employment protection (few advantages in comparison to a fixed term contract and a risk of jeopardizing the chance of an open ended contract). For the unions, the new contract was regarded as a new step to destroy the classical employment relationship (firing would have been possible without any explanation during the two years). On the employer side, this new tool for flexibility was not fully cheered. Some organisations feared that it would discourage the young people. The government was obliged to withdraw its proposal. And recently, after a decision of the ILO, the “contrat nouvel embauche” has been also abolished.

Employment under labour market schemes plays also a role in the development of non regular contracts, namely in the public sector. Most of the schemes are dedicated to young unskilled workers and long term unemployed. Public employment policy which since the beginning of the 1990 emphasized more the social tax reduction or exemption lead to a decrease of subsidized specific scheme in the private sector. But recently, due to the increasing

unemployment, the whole schemes have been reshaped and are increasing again [Casaux, 2007]..

### *The new agreement about flexi-security*

At the beginning of January 2008, after some months of national bargaining about the labour contract, and under the threat of a state unilateral reform, the social partners come to an agreement (January 2008), to be implemented later with a law. This agreement has been signed by the employer's organisation and by the majority of the unions (not the CGT). It is far away from a global reform of the labour contracts. Nevertheless it will introduce important changes.

The main lines are :

- increasing (for the open-ended contract) the period of essay (during this period, the firing is quite easy): from 1 to 2 month (eventually x2) for an employee or a blue collar, from 2 to 4 month (eventually x 2) for high technicians and managers. One of the hypothesis is that this increase could reduce the use of the fixed term contracts which where sometimes a trial period. As for the CPE, the CGT is announcing to claim against it in the labour court and eventually at the ILO level as the duration of the period is said to be longer than the ILO regulation.
- creating a new kind of “mission contract” which is a mix kind of fixed term and open ended contract. The contract is designed for the duration of the mission (fixed term) but, unlike the fixed term contract, the precise term is not fixed...and will be defined by the end of the mission. This new contract is only available for the high skilled workers and will be between 18 and 36 months.
- creating a new rule to end an open-ended contract by mutual agreement. In the past the two ways were the firing or the resignation of the worker. In the later case, this do not open rights to the unemployment benefits. With the “mutual agreement” third way (under the control of the labour administration) the right to the unemployment benefits remains open.
- facilitating the mobility, by allowing the workers to keep some social rights (additional regime of social security, individual training right) for some month after a quit.

This new agreement does not build the “contrat unique”, neither introduces huge changes in the complex landscape of the status. Nevertheless, it is analysed as a step towards the flexi-security.

In the public sector (civil servant status), some changes are also arising. The public sector has increasing opportunities to recruit on “private contracts” (fixed term and or open ended). One of the most recent and most controversial change is the possibility for the universities to recruit teachers under private contracts and not only as civil servants.

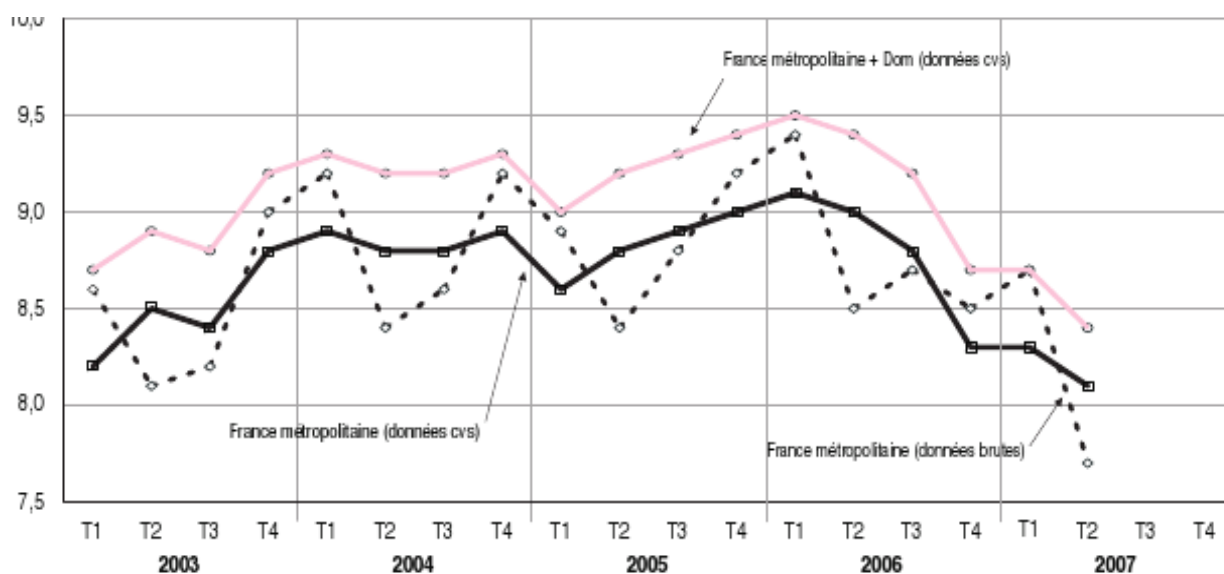
### *A decreasing unemployment, but a high level of long term unemployment*

The rate of unemployment highly fluctuated in the past period. It decreased rapidly from 1997 to 2001, and increased from 2001 to 2005. The first period is characterised by a good economic conjuncture as well as by a high proactive employment policy. Since mid 2001, the

bad conjuncture and the change in the employment policy lead to a new increase, which has been stopped in 2005. At mid 2006, the unemployment rate was slightly below 9%. In 2007 a huge dispute appeared about the decrease of the unemployment rate. On the one hand, based on the monthly official administrative data coming from the unemployment agency, the government was claiming about a regular decrease. On the other hand, the statistical data based on the ILO definition and on the labour force survey does not show the same evidence. Moreover, due to a change in the LSF, the INSEE was obliged to stop the publication of the data, and was not in agreement with Eurostat. This led to official reports, to a change in the statistics and nowadays, monthly data according to ILO definition are abandoned [ANPE, 2007]. An other part of the dispute is due to the increasing pressure on the unemployed (work fare policy). Some unemployed are discouraged to register at the National employment agency. Some others are put out from the files as they do not fulfil the whole conditions. Researchers as well as unions or unemployed organisations are claiming that the disguised unemployment is increasing and that the good results of the official indicators are wrong.

Nevertheless, according to the new series, the rate of average yearly rate of unemployment is quite stable from 2004 to 2006 (8.8%), and will probably decrease in 2007 (8.1% for the second semester). Including the DOM give a slightly higher figure (9.2% in 2006).

table III.1.1 Unemployment 2003-2007



\*cf. sources

Source : Insee, enquêtes Emploi trimestrielles du 1<sup>er</sup> trimestre 2003 au 2<sup>e</sup> trimestre 2007 et enquêtes Emploi annuelles Dom 2003 à 2006

Unemployment distribution is very sensitive to the experience on the labour market and to the level of diploma. In the four year after leaving school, the risk of unemployment is 10% for the holders of a tertiary degree and up to 40% for those without any degree. For those with a longer labour market experience (5 to 10 years), the risk is lower, but the gap is the same (5/6% to 28/30%) Measuring unemployment of the senior is more difficult. 480 000 old workers are in early retirement schemes or exempted from job search and a part of the invalidity or illness leaves are suspected to be disguised early retirements. Unemployment is also high among immigrants (18% in 2005). It is also the case for people from ethnic minorities (with the French nationality) and from racially mixed suburb areas [Maurin, 2005].

Evidence of discrimination in the hiring process are numerous. The young migrants with an origin from Maghreb and with a tertiary degree have a higher probability to be unemployed than a French young and/or a migrant from south of Europe [Frickey, Murdoch, Primon, 2004]. In the recent period, the debate about the use of anonymous curriculum vitae was acute. It start to be use in some big firms. Some big firms have also signed (sometimes with unions) “diversity bills” to promote the minorities.

*Table III.1.3 Unemployment, migrants/non migrants*

|                    | Total | 25-39 | 40-49 | 50 > |
|--------------------|-------|-------|-------|------|
| Men migrants       | 15    | 17    | 14    | 14   |
| Men n. migrants    | 8     | 9     | 5     | 6    |
| Total Men          | 9     | 9     | 6     | 7    |
| Women migrants     | 22    | 28    | 18    | 16   |
| Women n.migrants   | 10    | 11    | 7     | 6    |
| Total Women        | 11    | 12    | 8     | 7    |
| Total migrants     | 18    | 21    | 16    | 15   |
| Total non migrants | 9     | 10    | 6     | 6    |
| Total              | 10    | 11    | 7     | 7    |

*Source Insee, LSF 2005*

France performs badly for long term unemployment which is one of the major problem (42.5% in 2005). Long term unemployment is concentrated on the more than 50 years old. Recent changes in the unemployment benefits had increased the requirements to be entitled to benefit (longer previous work period) and decreased the duration of the benefits. One of the consequence is a shift from (long term) unemployment benefit to the minimum income benefit (RMI<sup>1</sup>). Young new comers on the labour market are concerned with the hole in the unemployment benefits. They have difficulties to get enough work period for the unemployment benefit and cannot benefit from the RMI before 25 years old.

Compared to other EU countries, the rate of access tu unemployment benefit is lower in France and the replacement rate (as a % of the previous wage) is also lower.

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<sup>1</sup> The minimum income benefit is a means tested income allowed to anybody, regarding the whole personal and family income. In some cases, it could be combined with some wage income.

Table III.1.4 Long term unemployment

**Pourcentage of long term unemployed among the unemployed**

| Age             | 2005 %         |                 | 1 year or more | 2004 %          |                 | 2 years or more | 2003 % |
|-----------------|----------------|-----------------|----------------|-----------------|-----------------|-----------------|--------|
|                 | 1 year or more | 2 years or more |                | 1 year ore more | 2 years or more |                 |        |
| <b>Women</b>    | <b>43,2</b>    | <b>21,5</b>     | <b>41,8</b>    | <b>19,9</b>     | <b>42,8</b>     | <b>22,2</b>     |        |
| 15 - 24         | 24,4           | 7,4             | 23,5           | 7,6             | 26,2            | 11,0            |        |
| 25 - 49         | 44,7           | 21,3            | 42,7           | 19,2            | 43,1            | 21,2            |        |
| 50 and >        | 60,9           | 40,4            | 60,7           | 37,4            | 60,0            | 38,4            |        |
| <b>Men</b>      | <b>41,8</b>    | <b>21,7</b>     | <b>41,5</b>    | <b>20,7</b>     | <b>43,0</b>     | <b>22,3</b>     |        |
| 15 - 24         | 23,8           | 8,0             | 24,7           | 7,5             | 25,8            | 9,5             |        |
| 25 - 49         | 42,7           | 21,1            | 41,7           | 20,0            | 43,0            | 20,8            |        |
| 50 and >        | 63,2           | 42,2            | 63,1           | 41,1            | 64,5            | 42,8            |        |
| <b>Ensemble</b> | <b>42,5</b>    | <b>21,6</b>     | <b>41,6</b>    | <b>20,3</b>     | <b>42,9</b>     | <b>22,3</b>     |        |

yearly average

unemployed (ILO definition), > 15 year

Source : Insee, enquêtes Emploi.

### III.2 Wages

In the recent period, wages and incomes are back on the political agenda. It is partly due to the better economic situation. It could also be partly explain by the end of the “moderation period” due to the 35 hours regulation (after theses laws, there was an implicit or explicit-bargained- consensus towards moderate increases). But it could also be due do what seems to be a paradox. On the one hand, real wages are increasing ; on the other hand a growing share of the workers are complaining about the inflation and have the feeling of a decreasing power purchase. Official price indices are put under question.

This paradox could be explained when looking at various indicators.

#### *Real wages*

From 2000 to 2005, the average yearly wage for a full time worker in the private sector has increase, but with different trends according to the occupations.

Table III.2.1 Real wages : SMIC and average wage

| <b>Purchasing power, minimum wage and average wage</b> |                         |  |                         |
|--|-------------------------|--|-------------------------|
| 100 in 1951 euros constants                            |                         |  |                         |
|  | <b>Net Minimum wage</b> |  | <b>Net Average wage</b> |
| <b>1995</b>  | 296                     |  | 336                     |
| <b>1996</b>  | 296                     |  | 334                     |
| <b>1997</b>  | 302                     |  | 337                     |
| <b>1998</b>  | 311                     |  | 340                     |
| <b>1999</b>  | 314                     |  | 346                     |
| <b>2000</b>  | 315                     |  | 347                     |
| <b>2001</b>  | 322                     |  | 349                     |
| <b>2002</b>  | 326                     |  | 352                     |
| <b>2003</b>  | 331                     |  | 351                     |
| <b>2004</b>  | 342                     |  | 352                     |

wage earners, without civil servants

Source : Insee.

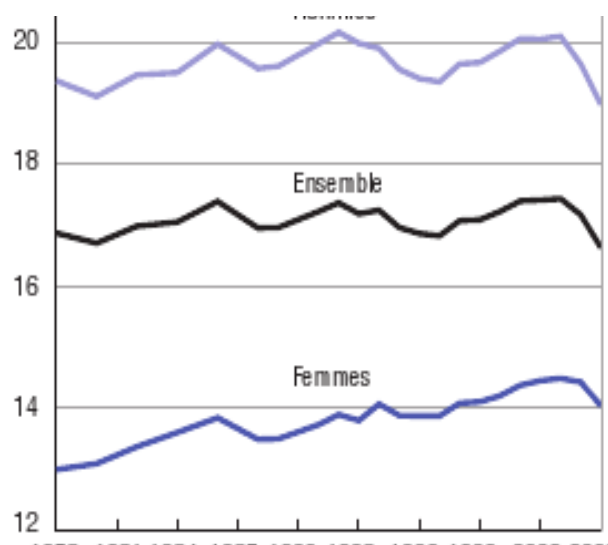
The same could be said for the hourly real minimum wage (SMIC), which increase more quickly (due to a reform in order to overcome the consequences of the 35 Hours regulation which had created different categories of hourly minimum wage).

At the contrary, in the public sector (civil servants), wage moderation has been prevailing, with increases at the level or slightly below inflation. According to some studies, the real wages of the teachers (which are an important part of the civil servants) have be decreasing on the long run [Bouzidi at alii, 2007].

However, an other, rather new indicator, the “average wage income”, provides a different figure. This indicator does not focus only on full time workers (and/or on hourly wages), but on the total wages of a worker during a year, whatever will be the employer, and whatever will be the effective number of working hours (part time, short spells of employment, alternating employment and unemployment...). It takes into account the growing number of part time workers, as well as the employment instability (growing movements from employment to unemployment). It is said to be a kind of intermediate indicator, between the real (yearly/hourly) wage and the real income of an individual [Aeberhardt et al, 2007].

As shown by table III.2.2, this “average real wage income” is stagnating on the long run, and slightly decreasing in the last years, with significant differences between men and women. A part of the explanation is the decreasing number of working hours due on the one hand to the 35 hours regulation, and, on the other hand to the more segmented careers (shorter spells of unemployment, mainly for the youngest age categories)

Table III.2.2 Average “real wage income”



All wage earners  
Source INSEE Dads

This could partly explain the “wage paradox” : increasing real hourly and yearly wages (for the full time workers), but stable and slightly decreasing average real wage income for the whole work force.

And, when looking at the share of the wages in the total value added, one can see, on the long run a slight decrease, not significant in the very last period.

Table III.2.3 Wages and added value

Share of wages in the added value (%)

|                                 | 1975 | 1985 | 1995 | 1997 | 1999 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 |
|---------------------------------|------|------|------|------|------|------|------|------|------|------|------|
| Wages                           | 60,9 | 61,2 | 58,0 | 57,8 | 58,1 | 58,1 | 58,4 | 58,4 | 58,2 | 58,2 | 58,2 |
| gross wages                     | 45,8 | 44,2 | 42,0 | 41,9 | 42,3 | 42,7 | 43,0 | 42,8 | 42,7 | 42,7 | 42,7 |
| social contribution (employers) | 15,2 | 16,9 | 16,0 | 15,9 | 15,8 | 15,4 | 15,4 | 15,6 | 15,4 | 15,5 | 15,5 |

Source : Insee, Comptes nationaux Base 2000.

### Low wages

We follow here the definition of low wage work as 2/3 of the *hourly* median wage. According to this definition, the average incidence of low wage work is 12.2.% in 2002, and decreasing (13.7% in 1995) [Caroli, Gautié 2008]. Gender differentiation as well as age and education differentiation are strong (8% men, 17% women ; 26% <26 years old ; ). The average incidence of low wage work is higher for temp agency work and for fixed term contracts

(28%). Part timers are more hit by low wage work (about 30%). A higher concentration of low wage workers is shown in the agriculture (29%), in the service industry and moreover in the services to households (38%). Exit from low wage work seems to be easier in France than in other European countries (a part of the explanation could be the highest share of low wage work among the young school leavers and the prevalence of seniority rules).

### *Minimum wage*

Low wage work is very sensitive to the minimum wage regulation. As a matter of fact, from the beginning of the seventies, the minimum wage is the driving force for the wages at the bottom of the distribution. In the recent period, increase in the hourly minimum wage (political choice and/or consequence of the 35 hours regulation) lead to an increasing percentage of workers paid at the minimum wage level ( 15.6% in 2004, 11% in 1990). This trend is now stopped. As the low wage threshold and the minimum wage are very similar, the characteristics of the workers at the minimum wage level are quite similar.

There is still a quite high consensus around the minimum wage, which is regarded as a good tool both for the income policy and to avoid social dumping (between firms, between different categories of workers, including migrants and posted workers). Nevertheless the “high” level of the minimum wage is said to counteract unskilled job creation and to be responsible of the high level of unemployment. Firm's exemption of social taxes (and households for those employing household workers) have been the main tool on the one hand to decrease the labour costs at the bottom of the wage scale and, on the other hand to maintain the SMIC level. Today, most of the jobs below 1,6 SMIC are quite exempted of social taxes. It is also a matter of discussion (Lhorty 2006). The cost of this policy is high and contributes to the deficit of the social security system (as it is not fully compensated by the State). And evaluations of its impact on the job creation are unclear.

Another discussion about the SMIC (and the tax exemptions) is the wage compression at the bottom of the wage distribution. Firms do not want to pass the threshold of the tax exemptions. And the increase of the SMIC is not fully taken into account in the collective agreements. On the one hand, the minimum collectively agreed wages are sometimes below the SMIC. On the other hand the gap between the SMIC and the wages close to the SMIC is reducing. Recently, a new formula for the yearly adjustment of the SMIC level has been introduced (more based on the inflation rate and not on the average yearly increase of the wages). Two consequences are forecast : a slower rate of increase and a widening of the wage distribution. Discussions are also ongoing about the taxes exemptions. In the future they could be linked to the collective bargaining : sectors which does not fulfil the obligation of collective bargaining about wages grid and which have minimum wages below the SMIC (even if they pay at the SMIC level) could loose the taxes exemptions.

### *Wage discriminations*

Wage discrimination (mainly between men and women) remains high. We have some evidences of active policies against wage discrimination (including the fight of some unions, the decision of labour law courts). This is also the case about wage discrimination against

union's members. And a recent law give 2 years to the firms in order to have equal wages for men and women.

table III.2.4 Wages inequalities men/women : difference net wages (€ constant 2004) per deciles (%)

|            |      | D1    | D5    | D9    |
|------------|------|-------|-------|-------|
| Decile W/M | 2004 | -9.3  | -13.3 | -25.2 |
|            | 2000 | -9.7  | -12.9 | -25.5 |
|            | 1996 | -10.1 | -13.3 | -27.2 |

Source Insee, Dads,

### *Wage inequalities*

Wage inequalities are said to be slightly decreasing from 1996 to 2004 [Bignon, 2007]. Table III.2.5 provides evidence of this trend. Compared to previous periods, the wage inequality is the lowest from the beginning of the 50's. Moreover the trend in the recent years is at the opposite of what happened between 1984 and 1995 were the inequalities were increasing. These decreasing wage inequalities are affecting all the categories (from managers to blue collars, and all the age groups). Some structural reasons could explain this tend : a growing number of young manager and cadres in the last ten years (which are at the beginning of their career), a decreasing number of unskilled blue collars in the industry (which are replaced by temp workers, not taken into account here). The SMIC policy, which concerns mainly the first decile is also a part of the explanation.

table III.2. 5 Wage inequalities 2005 (€)

| Decile              | Men           | Women         |
|---------------------|---------------|---------------|
| D1                  | 2 094         | 1 320         |
| D2                  | 6 277         | 3 885         |
| D3                  | 11 491        | 7 415         |
| D4                  | 14 314        | 10 885        |
| <b>Médiane (D5)</b> | <b>16 430</b> | <b>13 382</b> |
| D6                  | 18 725        | 15 526        |
| D7                  | 21 686        | 18 039        |
| D8                  | 26 252        | 21 356        |
| D9                  | 35 230        | 26 785        |
| <b>D9/D1</b>        | <b>16,8</b>   | <b>20,3</b>   |
| <b>D9/D5</b>        | <b>2,1</b>    | <b>2,0</b>    |
| <b>D5/D1</b>        | <b>7,8</b>    | <b>10,1</b>   |

All wage earners

Table III.2.6 Wage inequalities, 1996/2004 : Differences of median wages, per categories

|                        | 1996 | 2000 | 2004 |
|------------------------|------|------|------|
| Managers/intermediates | 1.6  | 1.6  | 1.7  |
| Managers/white collars | 2.3  | 2.4  | 2.5  |
| Managers/Blue collars  | 2.3  | 2.3  | 2.3  |

all full time wage earners, private sector, excluding temporary work

source : Insee, Dads

reading : in 1996 the median wage of the managers is 2.3 the median wage of the blue collars

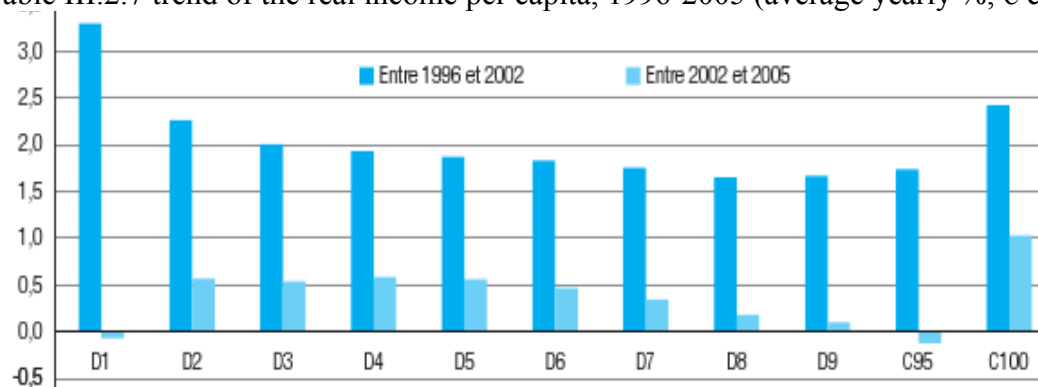
But we must keep in mind that the data only cover the full time workers in the private sector. Including part time could modify the conclusions. Some analyses, using the concept of “wage income” show a increasing dispersion from 2000 to 2005 (D9/D1), but with a very prudent interpretation, as D1 is very low and fluctuating along the years [Bessière, Greliche, 2007].

#### *From wage inequalities to income inequalities*

The same discussion must be done, not only on the wages, but on the total income of the households (including non wage earners, social benefits, other kinds of incomes...). According to Chambaz, Chevalier and Guédés (2007), inequalities of power purchase (per individual, according to the structure of the households, were decreasing from 1996 to 2002. The trend is less visible from 2003 to 2005.

And when we look to the trend of this income per individuals between 1996 and 2005, one can see that the rate of increase was better in the former period. Moreover, significant differences appear between deciles

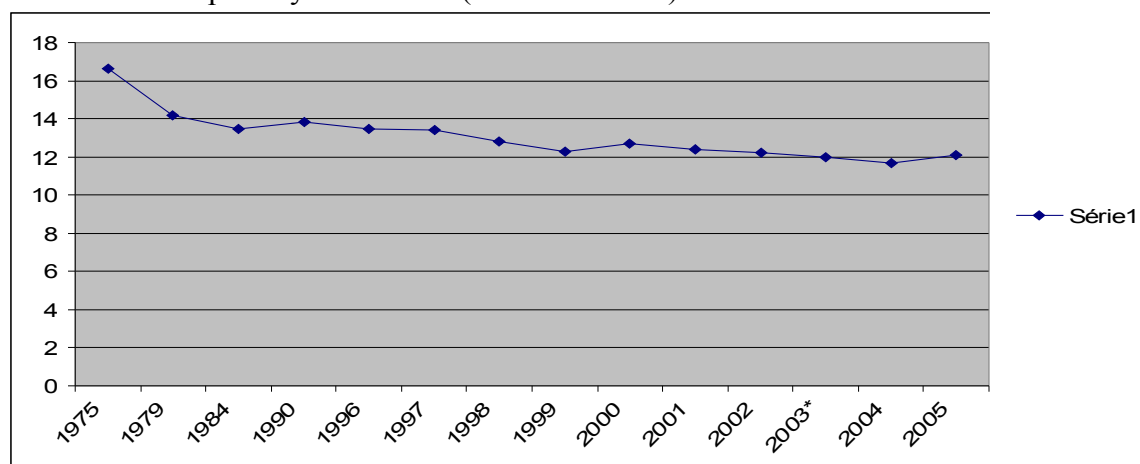
Table III.2.7 trend of the real income per capita, 1996-2005 (average yearly %, € constant)



#### *Poverty*

The rate of poverty, according to the international definition (60% threshold) is decreasing since the nineties. Most of this decrease is due to the better income condition of the retired and old persons. At the opposite, this rate is slightly increasing for the wage earners.

Table III.2.8 Rate of poverty 1970-2005 (Threshold 60%)



2003 : new base

There are huge differences according to the status (high rate for independent farmers, very low incidence for the managers).

Table III.2. 9 : poverty rate according to the status of the reference individual in a household

|                                      | 2002        | 2003        | 2004        |
|--------------------------------------|-------------|-------------|-------------|
| farmer                               | 28,8        | 29,8        | 31,0        |
| Craft, independant                   | 13,8        | 14,9        | 15,5        |
| Highly skilled                       | 1,6         | 1,5         | 1,9         |
| Intermediate (technicians and other) | 3,7         | 4,4         | 3,7         |
| White collars                        | 13,3        | 14,3        | 14,0        |
| Blue collars                         | 16,0        | 15,0        | 15,2        |
| retired                              | 10,5        | 9,7         | 9,0         |
| others                               | 37,0        | 37,9        | 37,8        |
| <b>total</b>                         | <b>12,0</b> | <b>12,0</b> | <b>11,7</b> |

As shown in table III.2.9, this rate is higher for some categories of workers than for the retired peoples.

### *Over time hours*

Working more to earn more is the new political slogan of the government. The key reform focus on the over-time hours. On the one hand, it allows the firms to make more use of over-time hours and it increase the by-passing of the 35 Hours regulation. On the other hand, these over-time hours are tax-free for the individuals and partly for the firms. Whether the firms and the employees will use and gain from this new regulation is unclear : depending of the conjuncture, of the willingness of the stakeholders. It is too early to assess the impact of the new regulation. For the last trimester of 2007, data show that 37% of the private firms were using this opportunity for 144 millions of over-time hours (8 hours in average per employee for the trimester, 13.5 hours for those having over-time hours). But no comparative figure are available with the previous period. Moreover, in some sector, the increasing number of official over-time hours (retail, hostel and restaurant) could be the result of a shift from hand-to hand paid hours to officially declared hours.

### **III.3 Working time**

The yearly working time decreased sharply in the past twenty years. According to OECD data, France is one of the European countries with the lowest duration. This is due to two convergent factors. On the one hand, the growth of the part time work (see below). On the other hand the 35 hours regulation.

#### *The 35 hours story*

Implemented from 1998 to 2002, mainly as tool for sharing employment, the 35 hours regulation is under high pressures. On the one hand, most analyses agreed with a real impact on the employment growth (300 000 job creation) and with a rather good impact on productivity and internal flexibility. Up today, most of the big firms do not want to come back to the previous regime. On the other hand, the impact on the workers is more blurred. Data show a positive impact on the work/private time balance (with high gender differentiation). But it also show an increasing work load for some categories (blue collars, workers in hospitals) as well as dissatisfaction regarding the flexibility of the working time around the year, mostly for workers with previously stable weekly or yearly hours' arrangement [Boisard, 2004, Pelisse, 2002]. At the opposite, managerial staff, well-skilled employees declared an improvement in their daily life, even with an increasing work load during the working time. Estrade and Ulrich (2002), analysing also the consequences of the 35 hours build a segmentation according to the working hours regime. They emphasize that if 40% of the workers have regular working time, and 31% irregular but predictable one, 19% (mainly unskilled women in industry or retail) have a flexible working time, mostly irregular and unpredictable, with a downgrading situation due to the 35 hours.

In the recent period, strong political attempts to abolish the 35 hours regime have been tempted. Three sets of measure have been adopted in a first step [Ires, 2005] :

-the firms are allowed to increase the number of yearly over time hours (from 130 to 220) with a lower cost; 4 hours over time per week is now possible, which could allow the firms where the working time is 39 hours not to change for the 35.

–a new mechanism of social contribution exemption, now based on hourly wage and not on monthly (35h) wage, which is in favour of firms where the working time is longer and contribute also to alleviate the cost of over time hours;  
 –and a convergence for the statutory minimum wage (in 2005).

The new regulation (2005) build a kind of opt out clause (based on firm’s collective agreement) and allows the small firms (less than 20 employees) to escape the 35 hours obligation [Ires, 2005]. Inequalities in yearly collective working time are high (and increasing from 1998) between small and big firms and between industries. 50% of the employees in very small firms are working more than 38 hours (average 37,2h).

In some firms, when difficulties are occurring, the 35 hours is a matter of bargaining during social plans : trade off between a new regime of working time and a lower level of redundancies (tire factories).

More recently (2007), new political initiatives have been developed in order to increase the working time.

On the one hand, overtime regulation has been changed again : overtime hours are now free of tax for the individuals and with lower taxes and social contribution for the firms. It is a way to increase both the use of overtime and the employees' income. And the workers are able to shift some days of there working time accounts to paid days. Nevertheless, a lot of problems are arising due to the complexity of the new rules for the firms.

On the other hand, the government is claiming for a new working time regulation. Social partners must bargain on it in 2008 under the state pressure to abolish the 35 hours law. If unions are firmly against this abolishment, the employer's organisation Medef is claiming for it. What will be the process of bargaining and its results is unclear. One hypothesis is development of opt-out clauses at the level of the sector and/or at the firm level may be including an individual opt-out clause following the UK model. Whatever will be the result, there is an obvious tension between implementing a new working time regulation and better paid overtime.

Nevertheless, the data about the weekly working time do not show a high discrepancy between France and other countries. The main differences regarding working time are due on the one hand to part time regimes and to the average annual working time. Looking at the former indicator, France ranks at the average EU level, far away from the Netherlands or the UK. Looking at the later indicator, France is EU country with the lowest yearly working time.

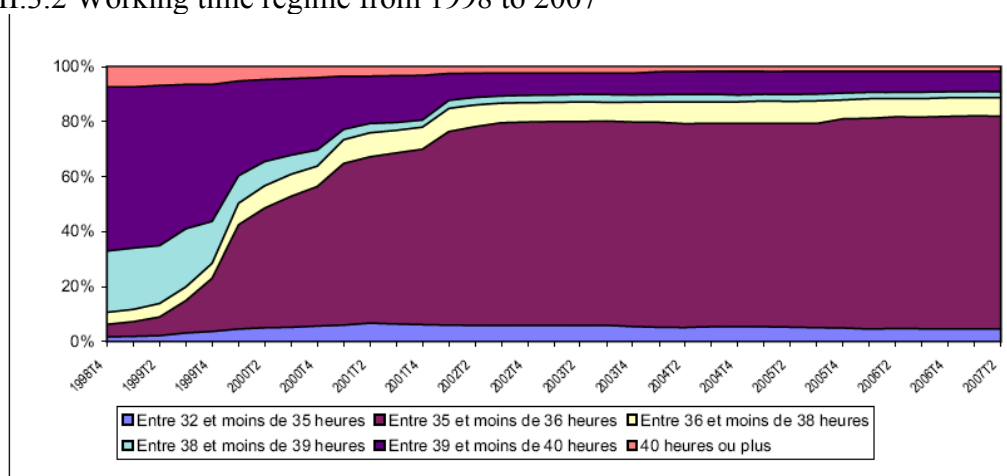
Table III.3.1 Average weekly working time France/EU, 2006

|           | Men F | Men Eu | Women F | Women EU |
|-----------|-------|--------|---------|----------|
| Total     | 39.8  | 40.7   | 33.1    | 32.9     |
| Full time | 40.8  | 42.4   | 37.6    | 39.1     |
| Part time | 22.5  | 19.7   | 22.8    | 20.      |

Source : Eurostat

Part time is increasing in France as in most of the European countries. From 1982 to 2002, the number of part-timers increased from 2 to 4 millions. 80% are women [Cerc, 2005]. 30% of the part timers are underemployed (ILO definition) [Attal-Toubert, Derosier, 2005]. The increase had been fostered by the public policies (exemption of social contributions, special rules and tax reduction for the private households) as well as by the shift in activities (increasing share of services). Part time is concentrated among women, low skilled blue or white collars, and is more frequent in very small firms (28% of the employees, in slight decrease, due to a change in the exemption of social contributions ) as well as in the public administrations and services and in household services. And Part time is very sensitive to public policies such as exemption of tax and/or subsidized jobs in public services [Vincent, Seguin, 2004, Ulrich, Zilberman, 2007]. But it must be analysed on various dimensions.

Table III.3.2 Working time regime from 1998 to 2007



Source : Ministère de l'emploi, de la cohésion sociale et du logement, DARES, enquête trimestrielle ACEMO..

Table III.3.3 Part time regime, 2005

| Average weekly working time | 15 - 29 years<br>(thousands) | 30 - 49 years<br>(thousands) | 50 years and<br>more<br>(thousands) | Share of the<br>young<br>(%) | Young among<br>the total<br>employed (%) |
|-----------------------------|------------------------------|------------------------------|-------------------------------------|------------------------------|--|
| less than 15 h              | 159                          | 285                          | 235                                 | 23,4                         | 3,3                                      |
| 15 to 29 h                  | 433                          | 1 252                        | 606                                 | 18,9                         | 8,9                                      |
| 30 h and more               | 191                          | 802                          | 307                                 | 14,7                         | 3,9                                      |
| unknown                     | 4                            | 6                            | 5                                   | 28,3                         | 0,1                                      |
| <b>Total</b>                | <b>786</b>                   | <b>2 345</b>                 | <b>1 153</b>                        | <b>18,4</b>                  | <b>16,2</b>                              |

all employed, part time

Source : Insee, enquête emploi 2005.

Compulsory part time is more usual for the low wage/low skilled workers than for the others. Moreover, it is also more developed for women, according to the gender division by occupations and or/industries. Compulsory part time (or underemployment according to ILO definition) is highly developed in the retail industry, in the household service industry. As these industries are expanding, the risk of compulsory part time is increasing. Compulsory part time is also enhanced by the employment policies : most of the public schemes are part time work. Voluntary part time is more often ruled by the same regulation than full time work (i.e wage, seniority, other advantages, job security...). Compulsory part time is more often linked with a segmentation between part timers and full timers : the former could be on specific contracts, public employment schemes (as in hospitals) or/and part timers in outsourced companies, with lower collective agreements (case of the cleaners in hotel or hospital industries), or in household services. The hourly wage of part timers is lower than for the full timers [Colin, 1997] and often, the social rights (retirement, unemployment, access to training) are lower or absent. Short part time (less than 15 hours ) is rather unusual (16% in 2005). In most of the cases, part time is a 50% or more (increasing since the 35 Hours regulation). Again, one can oppose voluntary (long) and compulsory (short) part time.

Table III.3.4 : under employment (ILO definition) among the part time workers, 2006

| <b>gender</b>                 | <b>women</b> | <b>men</b>  |
|-------------------------------|--------------|-------------|
| farmer                        | 3,6          | 1,2         |
| craft, independant, employers | 18,8         | 24,0        |
| professionals, managers       | 16,5         | 28,6        |
| technician and other skilled  | 18,3         | 29,2        |
| white collar employees        | 32,0         | 37,7        |
| blue collar                   | 34,0         | 42,7        |
| <b>total</b>                  | <b>27,5</b>  | <b>34,1</b> |

Source : Insee, LSF, 2006

Unsocial working hours do not show a dramatic increase. Working on Saturday (always or occasionally) is slightly increasing but is less occasional and more and more on regular schedule. Sunday work and night work are increasing (Sunday, 20 to 27%, night – midnight to 5 am- 12% to 14%, more quickly for women since the relinquishment of the forbidden night work for blue collars women due to the EU regulation). And in both case, as for Saturday work it become a more regular schedule. Unions, but also employers (in small independent retail shops) are fighting against the extension of Sunday work in large retail industry. Evening work (8 pm-midnight) is also increasing (15.8% in 1994, 17,7% in 2001, also at a quicker rate for women than for men [Bué, 2005]. Nevertheless, unsocial hours are under debate and pressure. The more recent example is about the Sunday work in the retail industry. A recent law allows retail shops in the furniture retail sector to open on Sunday, and it will be probably extended to other retail sectors.

### III.4 Working conditions

#### *Work organization*

In the EU perspective, a special attention must be paid to the trend in work organisation. The Lisbon strategy develops a high skill/high productivity model with a strong emphasis on the learning organisations. A lot of studies emphasise the new productive models, but with various consequence for the employment relationship, the working conditions, the opportunities for training. In a comparative perspective, Lorentz and Valeyre (2004) defined four types of organisational practices : the learning organisation, the lean production, the tayloristic organisation and the “simple structure”. They mapped the European countries according to the diffusion of these models. It opposes a lot of Nordic countries, where the learning organisations are more prevalent, to France, with a higher share of lean organisation. On national data, Petit (2003) also provided a segmented analysis of human resource management and working conditions. Two kinds of internal labour markets (renewed classical one and professional, by project) gather 52% of the wage earners. The later could be said as closed to the “learning organisation” of Valeyre and Lorentz. Two other clusters (8% and 40% of the employees) are said as “restrictive HRM” (low level of bargaining, high share of part time for the former). But, as emphasised by Petit, the more active HRM policies are not necessarily linked with better working conditions. Moreover, some kinds of new work organisation and of new HRM are linked to an increasing work load and to an increasing mental pressure on the workers. It is the case in some classical industries (machine tool factories, car industry) as well as in some services industries.

#### *Working conditions*

In 1998 the main survey on working conditions was reporting a degradation compared to 1991. The new 2005 survey indicates a pause.

Table III.4.1 Some indicators about working conditions (Dares, survey on working conditions)

|  | 1991      | 1998      | 2005      |
|--|-----------|-----------|-----------|
| <b>staying long time in a difficult posture</b>              | <b>29</b> | <b>37</b> | <b>34</b> |
| <b>heavy load</b>  | <b>31</b> | <b>38</b> | <b>39</b> |
| <b>short exposition to high or sharp noise</b>               | <b>19</b> | <b>18</b> | <b>18</b> |
| <b>always in a hurry</b>                                     |           | <b>52</b> | <b>48</b> |
| <b>rhythm imposed to perform a task (less than one hour)</b> | <b>16</b> | <b>23</b> | <b>25</b> |
| <b>tension with the public</b>                               | <b>34</b> | <b>48</b> | <b>42</b> |

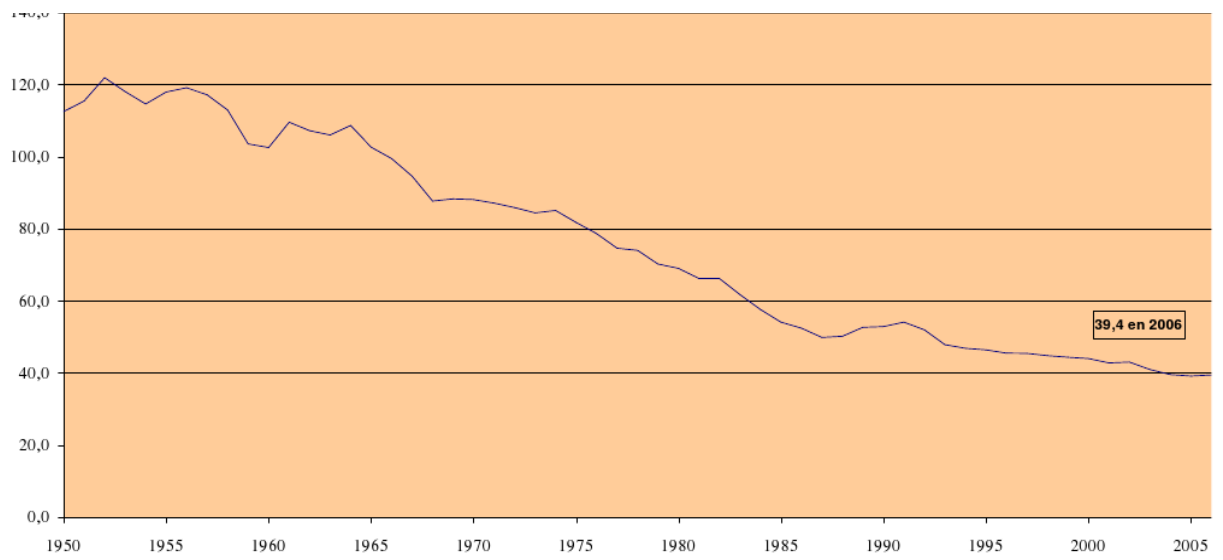
However, an other survey provides information about the risks for health at work. It shows an increase in the exposure to hard noises (+5% from 1994 to 2003), to chemical products (+3%, 7 millions of employees, with a high concentration and increase among the blue collars and the employees of trade and services ). The figure is less clear for biological risks [Arnaudo et alii, 2004]

### III.5 Safety and Health

The previous trends must be linked with the question of safety and health.

Classical indicators are rather good. On the one hand the rate of work injuries is decreasing on the long run, but remains higher in France than in other European countries (4448 per 100 000 workers according to Eurostat, 3098 for the EU 15).

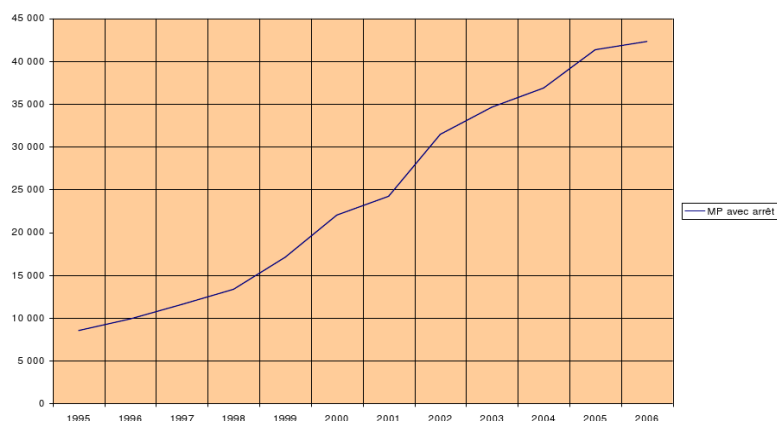
Table III.5.1 Incidence of work injuries, 1950 to 2005



Fatal injuries are also decreasing (from 800 in 1996 to 564 in 2005).

On the other hand, one can notice an increase of work related illnesses (+20% per year, 15000 in 1998, 40 000 in 2003) with a major concern about cumulative trauma disorders (70% of the total illnesses registered), cancer. A part of this increase is due to a better legislation and a better information of the doctors. But a part is due to the new risk and the increase is coherent with the bad indicators about working conditions. Recently the question of asbestos was put on the agenda due to the increasing number of death. The employers and the government have been declared guilty by law courts. The cost of compensation is increasing and will increase during the next years. A similar picture is forecast for other occupational illnesses. This situation could lead to a bankruptcy of the insurance system.

Table III.5.2 Trend of occupational diseases, 1995-2006



But the French system of control remains weaker than in other countries and the costs for the firms are unequal. If the firms of more than 200 employees bare full cost (the tax level paid to the compulsory bipartite insurance is linked with the level of injuries), it is not the case for small firms. Moreover this system is said to induce under-declaration of injuries (estimation of about 20% ), and also to push to subcontracting the risky tasks to small firms. It had been proved that 80% of the nuclear radiations hit the workers in small firms working as subcontractors in the nuclear electricity factories [Thébaud-Mony, 1999 quoted by Askenazy, 2004]. And the social partners were not very worried about the problem. As a matter of fact, it took more than 8 years to reach an agreement about the “CTD”. And in some industries, unions would prefer a specific premium rather than to cope directly with the risk. The fear of unemployment is part of the explanation.

In 2005, the total costs of injuries and occupational diseases (private sector employees) was € 3 942 Millions (including health care expenditure, wages and capital due to the workers partly or totally invalids), I.e slightly less than 1% of the total wages [statistiques financières, 2005].

Work injuries and work related diseases are more frequent among blue collars workers, among new comers on the labour market and among SME's. A recent survey [Coutrot, Walstisperger, 2005] shows a relationship between the bad health situation and the rate of activity, mainly for old workers. In the same survey (based on individuals' declaration about what they feel, not on medical or insurance data), 20% of the health problems are said to be related to work, with high disparities among social categories [Walstisperger, 2004].

Table III.5.3 also reveals the importance of psychical problems, namely for the white collars and management staff. The question of the stress at work, often links with the new productive pressure and working conditions is also on the agenda. It is more and more quoted as a key questions in services activities with a strong relationship to the customer, as the retail industry, as well as in some public services as health care, education, police. The new vulnerable groups are more and more white collars and women.

table III.5.3 type of occupational diseases per occupations (declared by the workers)

|                            | farmers | white collars | blue collars | intermediate | managers, professionals |
|----------------------------|---------|---------------|--------------|--------------|-------------------------|
| muscular/skeleton troubles | 50.2    | 29.8          | 48.4         | 30.3         | 17.9                    |
| Eye troubles               | 0       | 9.2           | 13.3         | 12.5         | 4.9                     |
| Heart/blood troubles       | 4.7     | 2.8           | 4.0          | 5.0          | 5.0                     |
| nervous/mental troubles    | 8.2     | 14.8          | 13.1         | 26.2         | 33.6                    |
| Breathing troubles         | 19.9    | 8.8           | 18.8         | 7.9          | 0                       |

Reading : 19.9 of the farmers say that they have breathing troubles linked with work

Source : Insee, Dares

Nevertheless new questions are arising. On the one hand the rate of some new diseases (sometimes appearing in the very long term) is increasing. The most well-know case is the asbestos. But cancers seems also to increase. And moreover, the stress at work is now on the agenda, with some conflicts in big firms (such as France Telecom). Suicides linked to the work pace were recently put on the agenda (Salem, 2007). As an example, in a big plant (centre of design) of a car producer, some suicides were says to be linked to the bad management and to the pressure of work. The firm has implemented some new measures, including psychological help.

The more recent survey about risks at the work place show also a blurred picture [Coutrot and alii, 2006]. On the one hand, the classical indicators regarding the working time are following what has been said before : from 1994 to 2003 the share of workers facing long working hours is decreasing, whatever the sector or the occupation. On the other hand, some indicators regarding the work pace and work constraints (stricter obligation to answer to an external demand, must stop a task to do another one....) show an increase. And moreover, indicators linked to physical constraints and/or to other health risks are stable or increasing. Physical constraints ( handling heavy load, standing or trudging...) are quite stable. But to be exposed to biological risks, to chemical products, is increasing, not only for blue collars, but also for white collars in services activities.

There has been a reform of the health and safety regulation at the firm level. Firms are now obliged to produce an integrated report about risks. But the labour inspection remains weak. Nevertheless, the unions do not easily take the lead on this question. And sometimes, the fear of unemployment and of jobs cut could lead workers and/or unions to under declare injuries and under estimate risks [Askenazy, 2004]. The government had launched a plan to improve health and safety at work, including an increase of researches, new obligations for the firms to prepare and present a global document about the risks. And the social partners are bargaining on the question of health and safety.

Launched 3 years ago, this bargaining was stopped. Most of the unions disagreed with the proposals about the too slight changes in the funding regulation. They were also claiming for a new early retirement right for the workers with a long life exposure to the risks, and to a compensation. A tripartite conference at the end of 2007 lead to a new round of bargaining, to be held in 2008. Among the topics which are on the agenda :

- the early retirement right for the workers at risk (this question is linked to the global reform of the retirement, and especially to the reform of the special regimes of pensions) ;
- the extension of the health and safety committees, mainly in small firms. Up today, less than 25% of the workers are covered by theses committees. On the one hand, they are not compulsory for the plants of less than 50 workers. On the other hand, despite the legal obligation, only 70% of the big plants have implemented such committees;
- the stress at work;
- the new chemical and other new risks.

### III.6 Access to training

If the rate of access to further education is rather high in France, inequalities are strong. Blue collars, unskilled workers, women, workers under short term contract, in SME's have less opportunities than skilled workers within big firms. As the courses are shorter and shorter, the relationship between the training and the development of the competences is said declining as well as the opportunities of upgrading through training. Moreover, within the public employment policies the share of training has been declining. As a matter of fact, opportunities for the unemployed to enter a training course is lower than for the employees [Fournier, Lambert, Perez, 2002].

Table III.6.1 Access to all kind of training, (%) Eurostat, LFS

|       | Total | 25-34 | 35-44 | 45-54 | 55-64 |
|-------|-------|-------|-------|-------|-------|
| total | 51    | 61    | 55    | 51    | 32    |
| Men   | 55    | 63    | 59    | 55    | 36    |
| Women | 47    | 59    | 51    | 47    | 28    |

Table III.6.2 Hours of training per participant, Size of the firm and sex (2005, CVTS3, Eurostat)

|        | Total | Men | Women |
|--------|-------|-----|-------|
| total  | 28    | 28  | 28    |
| 10-49  | 28    | 29  | 28    |
| 50-249 | 25    | 26  | 23    |
| 250 +  | 29    | 29  | 29    |

In 2003 and 2004, a national agreement and a law provided some changes of the further training system. Examination of the key points of the 2003 agreement and law reveals both a considerable degree of continuity with the past and some major innovations.

*Extension of two basic principles: the employer training levy and industry-level control*

The agreement and subsequent legislation confirm and strengthen the basic characteristics of the system. For small firms (fewer than 10 employees), the training levy is increased significantly: between 2003 and 2005 it will rise from 0.15 to 0.45% of the wages bill. At the same time, the position of the individual industries and of the bodies that collect the training levies has been strengthened (Merle 2004). Firstly, the increasing levies paid by small firms will be paid directly to these bodies. Secondly, their monopoly on the collection of the levy throughout their particular industry has been firmly established in more tightly worded clauses. Finally, it is mainly at the level of the individual industry (and its collection agencies) that certain priorities will be decided on (e.g. training for unskilled target groups, gender equality, programmes for older workers etc.) with which firms will have to comply if they seek financial support from the mutual funds.

*A more individualised system*

The most significant measure is the establishment of a new ‘individual right to training’, midway between the training plan and individual training leave. Employees are granted a theoretical right to 20 hours’ training per year, which can be accumulated for up to 6 years. When they wish to exercise this right, they enter into discussions with their employer about the training they have in mind, which has to enhance their competences with a view to career development, be consistent with the training priorities established at industry level and take place in part outside normal working time. If agreement is reached on these terms, employers bear the direct training costs and pay employees 50% of their normal wage for the hours of training outside normal working time..

*A new approach to training based on mobility and career development*

Although it bears the title ‘Agreement on employees’ access to lifelong training’, the agreement actually puts forward an extended concept of training based on the twin principles of mobility and career development. As early as the preamble and the first article, the agreement places considerable emphasis on the changes that have taken place in work

organisation and patterns of mobility and on the need for career plans, to be discussed between employees and their employers and possibly supported by skill assessments and career guidance. It provides for the introduction of individual education and training passports (an idea based on European proposals). 'Reskilling contracts' (contrats de professionnalisation) have been introduced for workers newly recruited from the unemployment register; these contracts replace the various forms of assistance available to unemployed individuals with low skill levels. And workers most at risk of losing their jobs because of technological change and/or skill obsolescence can take advantage of 'reskilling periods'. These may include on-the-job training, formal training and evaluation of knowledge and know-how acquired through experience and must lead to a certificate or diploma. Workers aged 50 and over, those with more than 20 years' seniority and/or those regarded as a priority at industry level may claim their right to these 'reskilling periods'. In this case, the costs are borne by the industry-level organisation, which reimburses the employer.

#### *Accreditation of prior learning*

Another important law, in 2002 develop the opportunities for the accreditation of prior learning. Every worker, with at least 3 years of experience could try to validate his knowledge and to get a qualification. As qualification are playing a high role on the French labour market (barrier to entry), some unskilled but experimented workers could more easily find a job with this "Validation des Acquis de l'Expérience" (VAE). Nevertheless, as the qualification are strictly the same than in the vocational education system, it is not so easy and it is a long procedure. The VAE is slowly expanding. But no more than 30 000 qualifications are gained through this channel [Lecourt, Méhaut, 2007].

#### *A new reform ?*

Despite the 2003 and 2004's reforms, the Vet system is under strong critics :

- too segmented according to the individual's status
- multi stake-holders governance, with tensions between them and loopholes for the individuals and the firms
- not able to cope with the mobility on the labour market
- few links with the initial VET system, short courses and few qualifications
- difficulties and less opportunities for the low skilled workers

A new round of discussion and bargaining will be open in the next months.

### **III.7 Social protection coverage**

#### *General considerations*

Social protection is usually defined in France as all the devices covering individual's or households' risks of a loose of income due to external factors such as illnesses, work injuries, retirement, maternity....

These risks are covered by various regimes : mainly social insurance, some employers based regimes, and some collective funds (mutual insurance companies and others).

The main characteristic of the system is that it is a “pay as you go” system (it is a debate about the retirements pensions).

Another (evolving) characteristic is that the system was mainly funded by social contribution of the active population (shared between employers and employees), based on wages and or work income of the self employed. More and more, resources for the social protection are coming from general taxation system, including some specific taxes on the individuals yearly income (I.e including other types of income than the work's income).

Last but not least, some individual's right to social protection, restricted in the past to those who were or have been paying contributions are now extended to the whole population. The most important example is the universal right to health services which, theoretically provides a free access to health care to everybody including migrants, illegal migrants and others...

According to some analyses [Elbaum, 2007], the French model of social protection which was defined as a “state-bismarck” model is in tensions, namely due to the scarcity of the funds and to the new employment regime and is slightly evolving to a “universalist one”. This reshaping of the model is also putting in tension the various stakeholders and actors. We can take two examples.

Unemployment benefits are mainly based on social contribution of the employers and employees. The “general” regime is shared and managed by the social partners. The “Unedic“ is the bipartite fund redistributing unemployment benefits. The national employment agency is a public -state- agency where the unemployed must be registered and which is providing guidance, training, and matching job's demand and supply. This two bodies are now merging (as a State decision). And some conflicts are arising as the social partners are claiming to maintain their bipartite management on the unemployment contributions and benefits.

The same problems are arising from the decentralisation process. More and more, and due to the scarcity of funds and to the complexity of the management, some social benefits are transferred from a national- state management- to a local authority. It is the case for the minimum income benefit which has been transferred to the local department authority. But this authority is not in charge of the employment policy. And a lot of households who benefit for the RMI are individuals and/or households at the end of their unemployment benefits. The regulation of the unemployment benefits has some strong consequences on the RMI benefits, but it depends from different stakeholders, sometimes in conflict.

Nevertheless, the coverage by social protection is quite high (and sometimes universal), and the weight of the social protection both in the GDP and in the household's income is also high, as seen in section II. The two main questions in debate are the cost and balance of the social protection (increasing deficits due on the one hand to the increasing expenditures of health and retirements benefits) and the loopholes in this coverage (due to the state-bismarck model).

### *Social protection at a glance*

Tables below give some general data and information regarding the social protection in France. Table III.7.1 show the increasing weight of the social protection in the redistribution

process in relationship to the GDP. Table III.7.1 provides informations about the increasing weight of the social protection in the household income ( second line including free education and other services).

Table III.7.1 Social protection expenditures (% of the GNP)

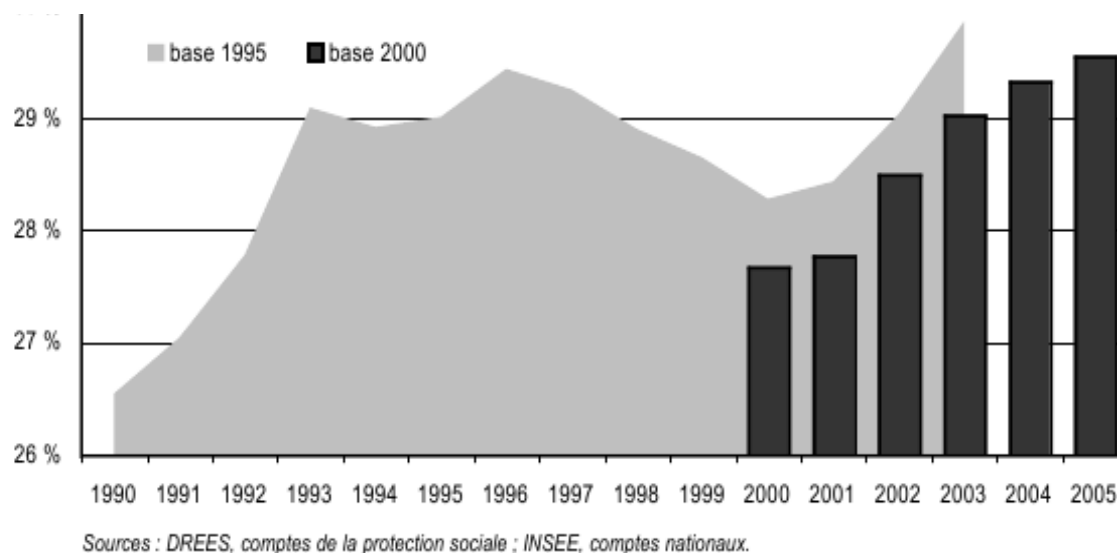


Table III.7.2 Share of the different components of the social protection (% of GNP)

|                  | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
|------------------|------|------|------|------|------|------|
| Health           | 9.4  | 9.6  | 9.9  | 10.2 | 10.3 | 10.4 |
| Old age          | 12.3 | 12.3 | 12.5 | 12.6 | 12.8 | 13   |
| Maternity/family | 2.7  | 2.6  | 2.6  | 2.6  | 2.6  | 2.7  |
| Employment       | 2.0  | 2.0  | 2.2  | 2.3  | 2.3  | 2.2  |
| Housing          | 0.9  | 0.9  | 0.9  | 0.8  | 0.8  | 0.8  |
| Poverty          | 0.4  | 0.4  | 0.4  | 0.4  | 0.4  | 0.5  |
| total            | 27.7 | 27.8 | 28.5 | 29   | 29.3 | 29.6 |

Source : Dress, Insee

Table III.7.3 provides more detailed informations for the various risks which are covered by social protection and for the various regimes of funding and managing.

- “social insurances” are compulsory general regimes and additional regimes, mainly funded by social contributions based on wages. Since the beginning of the nineties, additional funds are coming from specific taxes on the incomes (all kinds of incomes) paid by the households.
- “employers” regime are specific regimes of some sectors and or firms

- “mutuelle” regime are additional collective regimes usually providing an additional coverage to the “social insurances” regime
- public regime is based on state budget
- the last column show the contribution of non profit associations (usually funded by public funds).

Table III.7.3 Components of the social protection and their regimes

|                   | Social security | Unemployment regime | Firm based special regime | Additional regimes | State and local authorities | Other | total |
|-------------------|-----------------|---------------------|---------------------------|--------------------|-----------------------------|-------|-------|
| Health            | 79              | -                   | 1,2                       | 9,1                | 7,3                         | 3,4   | 100   |
| Old age           | 93              | -                   | -                         | 2,4                | 4,6                         | -     | 100   |
| Maternity, family | 69,3            | -                   | 7,7                       | 0,5                | 22,5                        | -     | 100   |
| Unemployment      | 2,7             | 69,4                | 13,3                      | -                  | 14,6                        | -     | 100   |
| Housing           | 26,1            | -                   | -                         | -                  | 73,9                        | -     | 100   |
| Social exclusion  | 0               | -                   | -                         | -                  | 80,5                        | 19,5  | 100   |
| Total             | 76              | 5,1                 | 2,1                       | 4,3                | 11,0                        | 1,5   | 100   |

Reading : 76% of the expenditure of the total social protections expenditures are covered by the general social security system, 11% by the state and other local authorities ; among the unemployment benefits, 69.4% are covered by the unemployment regime of employer's and worker's cotisation.

Source : Dress, Insee

#### *Trends among the components*

Looking now at the various risks :

- “Health risks” represent roughly 35% of the expenditures. They were quickly increasing, but increase now at a slower pace. Some reforms of the regime (more controls, promotion of the generic medicines....) could explain this new trend. On the resources side, the trend is to increase patients' responsibility, by leaving to the individuals a fraction of the expenditures. Another major change was the creation of the Universal Coverage (CMU), specially dedicated to peoples which are not under the social insurance scheme. If nobody is out of the health risks system, analyses emphasize the inequalities between categories. As an example, unemployed are losing their additional insurances and could bare higher costs. This was one of the topic of the recent agreement on labour contracts.
- “Old age risks” (retirements pensions and various help to old people, for example to allow them to stay at home) represent 44% the expenditures. Expenditures are increasing. The ageing of the population, the fact that the french system is a “pay as you go” system put

strong pressures on the system. A lot of reforms have been engaged in the recent period. The general trend is to increase the age of retirement (63 now) and the number of compulsory years of cotisation (from 37.5 to 40 then to 41). Another change was to change the rules for the pensions level (now based in the private sector on the average wage of 25 years before the retirement and not on the “bests” 10 years). Last and not least, the trend is to harmonize all the regimes. It was the case for the civil servants, which are now following the main rules of the private sector. It is also the case for the specific firm's based regimes (trains, underground, but also *clerc de notaire*...) which are changing (still in a bargaining process at the firm's level).

- Family and maternity risks represent roughly 9% of the total expenditure. They are increasing (maternity due to the high fertility rate), other special help for families with young children under 3 or 6 years.
- Unemployment risk represent 7.4 % (of which 90% for the unemployment benefits, and is decreasing due to the decrease of the rate of unemployment, but also to the increasing work fare policy and to the transfer from unemployment benefits to the minimum income benefit, and to the decrease of the early retirements benefits. It is well-known that in France, on the one hand, a high number of unemployed are out of the unemployment benefits (not enough working time to be entitled, to long spells of unemployment...) and, on the other hand that the replacement rate is low. This is a part of the debate about the flexisecurity.

Here again, the French social protection regime is under tensions [Elbaum, 2007]. It is mainly based, as in other “corporatist” models on compulsory contributions from the firms and the workers. A lot of reform have been done since the 70's. Some have been developed on the principle of a minimum universal coverage (CMU for the health as an example, or the minimum income RMI), paid on public funds. But it is not effectively universal as it focuses, under different rules, on specific categories. And the articulation with “corporatist model” is sometimes lacking. On the other hand, other reforms are directed towards the individual in order to increase freedom and/or responsibility (self insurance, assuming a part of the costs...). The most recent debate about the funding of the social protection regime is a new transfer from wages based contributions to the general tax system (increasing again the specific taxes for social protection ? Increasing the VAT ? ). Another discussion is about developing more private based system (private insurances), including a shift from the pay as you go system to a capital-based system for the pensions. Last but not least, the increase of the individual's contribution (an amount of the costs of the medicines, of the days of hospitalisation...) is sometimes viewed as as tool to erode the solidaristic system and to push individuals towards a private base system. It was a claim of the insurance's companies to give the choice to anybody. Up today, it is not possible and the compulsory wage-based system remains. Nevertheless, for some individuals with low risk (and low cost for a private insurance eventually offering a full coverage of the costs), it could be more interesting to shift from the general regime to a private one.

### III. 8 Social dialogue and worker's participation

#### *Unions*

Unionisation is well known to be at a very low level in France. The rate of unionisation is about 8%, decreasing on the long run, but stable and slightly increasing in the very recent years [Amossé, 2004]. High differences exist between public and private sector, between small and big firms (3,5% in less than 50) and between categories of workers. The highest rates of unionisation are for highly skilled workers (managerial staff, technicians, teachers, nurses...), the lowest for semi skilled or unskilled white (5,5%) and blue collars (6.1%). Status of employment has also a strong impact :

*Table III.8.1: unionisation and union presence according to the employment status*

|                       | Rate of unionisation | Union representative (plant level) | Union representative (firm level) |
|-----------------------|----------------------|------------------------------------|-----------------------------------|
| Fixed term/temp       | 2.4                  | 23.2                               | 35                                |
| Open ended, part time | 6.1                  | 28.2                               | 43.1                              |
| Open ended, full time | 9.5                  | 42.5                               | 57.2                              |
| total                 | 8.8                  | 38.5                               | 52.9                              |

Table III.8.1 provides also an important information : the very low level of unionisation does not mean that union are not present. 38% of the plants have at least one union representative. This representation is slightly increasing since the end of the nineties. In some cases it is an elected delegate. In other cases it is a nominated one, depending on the size of the plant and of the union's [Pignoni, 2007].

A recent national agreement (2001) within the small craft industry try to promote unions and employer organisations activity : a compulsory percent of the wage bill must be devoted to unions and employers representative within all the bipartite organisations. The others employers organisation loosed their claim against this agreement in the law court. An other way to extend the union representation in firms is the “mandatement” : a workers' representative could be appointed by the workers in a firm where no unions are represented , and with a kind of delegation from one union. He is protected as a union official delegate. It was used in the 35 hours bargaining, mainly in the small firms and could be a response in other fields for SME's.

We must also add the work councils as a different way of representation of the workers. Work councils are compulsory for plants of more than 50. They gather elected representatives. They are not a bargaining structure, nevertheless a lot of topics (including wages, health and safety, employment level, economic situation...) must be discussed. In some procedure, the work council must be consulted (even if its negative vote is not binding for the employer). The worker's participation to the election is slightly decreasing (from 66% in 2005 to 63 in 2005 -private sector only) but remains at a high level. Depending of the size of the plant and of the sector, union's members are the leading lists for the work councils : in average, union's lists

gather 77% of the suffrages -it provides an other indicator of the strength of the unions, well behind the rate of unionisation- and “independent” lists 23% (slightly increasing) [Jacod, 2007].

Nevertheless, one cannot look at the French situation only about the rate of unionisation.

On the one hand, as it is well known, unions are able to mobilize workers well beyond the members. National protests and strikes such in 1995, 2006, and more recently 2007 against the pensions’ reform provide evidences of this power. On the other hand, due to the mandatory, state led, process of extension of collective agreements, the rate of coverage is high and expanding. From 1997 to 2004, the rate of coverage has been increasing and nowadays quite all the workers are under a collective agreement or a status (public firms, civil servant status). In quite all cases, the collective agreement is at the sector level [Combault, 2007]. However, the quality of the collective agreement differs highly according to the sector. Some are covering a wide range of topics and highly protecting. Other are “weak” collective agreements and/or have not been reviewed since the 50's (as an example, in some collective agreements, wages are still in Franc and not in Euro, or the minimum agreed wage is below the SMIC).

On the other hand, the low rate of unionisation and the weak presence of unions at the firm level lead to a rather low enforcement of the labour law and other collective agreements. Bypassing processes of institutions are frequent, for example in the field of labour contracts, of health and safety...namely in SME’s. Some of the classical OECD figures (such as the level of job protection, mainly based on national rules) do not fit with the effectiveness of these rules at the firm level and work place level. And the low number of labour inspectors do not enable to counteract this tendency.

### *Collective agreements*

In the recent period, important shifts in the collective agreement framework have been noticed. In the classical French industrial relations, the “hierarchy” of the norms implies that a firm collective agreement must be better for the workers than an industry based collective agreement which must also improve the results of an inter-industrial collective agreement. Claims from the employer’s organisation have been followed by the state : in 2004, the law about the new training organisation included, in an other section, the possibility of “opt out” agreement at the firm level and, in fact, break down the “hierarchy of the norms”. It is too early to grasp the consequences of this new law. Recent studies [Jobert and Saglio, 2005, Mehaut, 2006] suggest that even the employers organisations are not so keen with this new possibility : it will decrease the power of the industry level organisations and open the door to dumping policies on the labour market. But the government as well as the employers’ organisations are exerting strong pressure in favour of a more decentralised bargaining pattern, of “opt-out” clauses at the firm level (see section about the working time).

Analysing the situation in a more global perspective, most of the observers underline the lack of social dialogue at the national level and at the firm level. On the one hand, unions and employers organisations have a lot of difficulties to agree and to promote new rules. On the other hand, the state is often deciding unilaterally (for the minimum wage, the working time, the “contrat première embauche”). Lallement [2006] suggest the hypothesis of a shift in the

French industrial relation model. The previous centralised bargaining process, with sectoral agreements is eroding. Unions are less representative. They have difficulties to take into consideration the risky groups as well as the new type of employees. The union representatives are mainly men, rather old, skilled workers in big firms. Some associations are merging (for the unemployed, the people without housing facilities), beside and sometimes against the unions. In the last 10 years a lot of struggles have been led by informal coordinations (nurses, students, artists...). It is a sign of the difficulties of the unions, of their weakness in some categories, and of some growing corporatist movements, far away from the classical “class struggle model”. Moreover, as emphasised by Lallement, there is a trend towards new contractual relationships, at the level of the individuals, of the firm, between firms, between the organisations and the public authorities, which is also eroding the system.

And the recent trends show increasing difficulties for the classical organisation of the French industrial relation (the industry level bargaining) to cope with new topics as well as to new structural organisation :

- new topics are more global and needing “de-segmented” approach” (work and housing, work and health) ;
- new productive organisations (HRM at the level of the group, relationship between “donneur d’ordre” and subcontractors, common questions at the local level) and the new organisation of public policies (increasing power of regional and local authorities) are challenging the actors’ organisation and configuration [Mériaux, Verdier, 2006]
- Dealing with the “flex-security” need to overcome the sectoral organisation in order to guaranty the workers' rights in case of mobility.

Nevertheless, as seen in the other sections, some major topics are under discussion at the national and sectoral levels since the very recent years. On the one hand, unions (and employers organisations) want to re-develop collective bargaining. Some unions, which were on a “front to front” strategy are now more keen to discuss and eventually to sign agreements. On the other hand, since the mid of 2007, the new government is putting high pressures to change the labour law and the whole rules on the labour market. Employers, as well as unions are obliged to bargain, and eventually to agree, if they do not want a mandatory law to be decided by the government.

Finally, tensions are due first to the globalisation and second to the growing share of new sectors, with a lower level of regulation.

On the first topic (globalisation), the outsourcing process, in the EU or abroad, put pressures on the national firms and workers. Key examples could be found in the car industry, where the leader firms are imposing to subcontractors to move to new EU countries, in order to follow the creation of new plants in these countries (Poland, Romania...). Some are unable to do that and must close. Other are complying. It could lead to job cuts, to the reshaping of employment and wage conditions. And sometimes, the new plants will compete with the French one’s. Same examples could be found in the field of call centres and similar new activities and will probably increase for the aircraft industry.

On the second topic (new sectors), the picture is quite blurred. On the one hand, some sectoral

collective agreements are now covering more workers than the classical industries : the retail sector, the engineering and computer industry are gathering more than 600 000 workers. The leading role of the “old” industry (metal-mechanic) in the bargaining process is obviously eroding. This could lead to some changes in the landscape. On the other hand, some key expanding sectors such as the household services, the social services, remain quite fragmented and/or with weak collective agreements. Nevertheless, Unions are trying to expand sometimes with success, in these new sectors, as well as in SME's. The first national conflicts about wages recently appeared in the retail industry. Compulsory part-time, working time arrangement, low wages were on the agenda.

### *The rewriting of the labour law code*

Decided by the state in 2004, the rewriting of the labour law code (the first since 1973) has 3 main goals :

- simplify a very complex code, made of a lot of stratifications;
- erase old outdated texts
- reorganise what is at the level of the law, what is depending of government's decrets.

This process of rewriting is said to be done « at constant rights », i.e without changes to the labour laws.

Since 2004, the labour administration, expert committee, a committee of the social partners have work on this topic. One must say that the labour law is not the only field of the laws in a rewriting process, and that such a process is not the first.

In 2007, the result was published and will be official in March 2008 when the second part of the process (the rewriting of tthe decrets) will be also published.

As most of the reforms in process, it is quite impossible to say what will be the results and the consequences. Moreover, most of the consequences will only appear during conflict, at the law courts.

Nevertheless, some arguments in favour or against the new text are available among labour la specialists as well as among unions.

For labour law specialists, two point of view are emphasized.

On the one hand some jurists (and obviously those involved in the rewriting process) are claiming that the new code will be more readable, better organised. They say that the principle of a rewriting « at constant rights » has been strictly followed (Combrexelle, 2007, Radé, 2007). Moreover they emphasize the good consensus between the various committees involved in the process.

Other jurists are more critical. Some are mainly on a lawyer perspective : is it possible to rewrite « at constant rights » ? (Moysan 2007). Other are explaining that the main goal (a more readable an easy to use labour code) is not fulfilled (Dockes, 2007). Other are speaking about a new code, which is not following the principle of « constant rights », but weakening the workers' protection. Example are found in the changes of the definition of workers

benefiting or not of some part of the law (workers under non civil servant labour contract in the public sector for the minimum wage. Some categories of workers (miners, fisherman and others) which were included in the code are now depending of an other code (a kind of fragmentation). Another piece of the debate is that a lot of topics previously included in the code are now at the level and depending of the government's decrees. In that case, there is no control by the parliament. Some analysts are forecasting that a lot of changes will be introduced during this second step (rewriting the decrees).

Looking at the point of view of the social partners, one must say first that most of them agree (on different bases) on the fact the the code was too complex, with too much pages... They claim for a simplification, but not necessarily with the same point of view. The employers are fighting against the labour law and its rigidities. Most of the unions agree on the necessity of a more readable code. And some are emphasizing the need for a decrease of the state and of the law, opening a new field to the collective bargaining and to the autonomy of the social partner. Other are still defending the need of strong laws. Regarding the rewriting process and its results, as the jurists, unions are also divided. Most of the unions agree with the new draft. Some disagree, arguing that it does not follow the « constant right » rule.

### **III.9 Work and Family**

#### *A female question ?*

As emphasized by Bouffartigues [2004], the question of the work/family balance remains in France highly influenced by the “conciliation” approach which implicitly means that it is a female question. And if highly qualified women, with the new regime of flexible autonomous working time (the model of the high skilled manager, of the artist or intellectual professions) succeed sometimes to build a new and more equal balance, it is not the case for those working under new compulsory flexible working time in the field of unskilled or semi skilled service activities (services at home, care...), where unions are also weak and/or male dominated.

Despite high and persistent gender inequalities on the labour market (higher risk of unemployment for women, higher incidence of part time and of compulsory part time, glass ceiling for managerial occupations, wage discrimination...), some analyses emphasize the changing regime of women employment (and of family work conciliation). In the seventies, the growth of the female rate of employment is still within the model of the “male bread winner”. The second step, during the eighties, and despite the growth of part time is a transitional one : both the family policies and the employment policies are building institutional rules towards more equality. But the part time is the main tool for work/family conciliation. The nineties (and further ?) are a new step towards “equality”. This is not only due to the evolution of the labour market, but also to the growing women performance within the school system, and to the changing structure of the family : increasing number of single households, of single parent families. This does not mean that the global work load (working time plus home work time) is equally shared. Inequalities among men and women remains high ; but in the case of two parents equal on the labour market ( full timers) and/or of single households, the women model is more and more closed to the men one’s (see Barrere Maurisson, 2000).

### *Household's structure and employment*

Changes are affecting the household structure : growing number of single persons, of single mother with children, decreasing number of weddings, increasing number of divorces and of new recomposed families. Today, more than 50% of the births are coming in non married couples. This more unstable family structure must be linked to what was said about the wages and employment conditions. The role of the family as a “safety net” is decreasing. New needs for social protection are arising. It must also be linked with the question of housing.

Table III.9.1 Family structure (% of the households)

|                      | 1975 | 1982 | 1990 | 1999 |
|----------------------|------|------|------|------|
| Men alone            | 7.4  | 8.5  | 10.1 | 12.5 |
| Women alone          | 14.8 | 16   | 17.1 | 18.5 |
| Single parent        | 3.0  | 3.6  | 6.6  | 7.4  |
| Couple               | 22.3 | 23.3 | 23.7 | 24.8 |
| Couple with children | 36.5 | 36.1 | 36.4 | 31.5 |
| others               | 16.0 | 12.5 | 6.1  | 5.3  |

Source : Insee

Maternity leave is a full right (16 weeks) with full wage and an obligation for the employers to re-integrate you at the same job place. The recent opportunity for the men to get a (short) parental leave seems to be a success. And the rather good fertility rate seems to confirm that the high female employment rate is not an obstacle.

Parental leave is open to both the mother and the father (but usually not shared...). The maximum duration is 3 years. A small benefit is compensating the wage loose (maximum about 300 €). In 2005 roughly 580 000 (mainly female) workers were under the parental leave. Firing is forbidden during the leave (as during the maternity leave) and the same obligation of re-integration is existing, as the labour contract is only suspended.

Between 0 and 3 years, some places are available in collective nurseries (public, private, sometimes firms(based) (see table III.9.2). But the most common solutions are family based and/or to pay a nanny (most are official one's and controlled by the health authority). A special benefit is available to cover (partly) the costs.

After 3, the pre-school (usually public and free of charge) is the most common and quite generalised solution. The trend was to start the pre-school earlier (2, 2.5 years old). But it seems to be reversed, due to the lack of places. And the school organisation (starting at 8.30 or 9, ending at 4.30 pm, closed on Wednesday and Saturday) does not fit with the trend regarding the working hours. The 35 hours regulation provided new opportunities. It was not

unusual to find collective agreements and work schedules allowing for example a free day on Wednesday.

Table III.9.2 Trend in the number of places, nurseries and others

|                         | 1999           | 2002           | 2005           | 1999/2005     |
|-------------------------|----------------|----------------|----------------|---------------|
| <b>places available</b> | <b>289 263</b> | <b>299 371</b> | <b>318 858</b> | <b>+ 10 %</b> |

Source : Drees, enquête PMI.

Table III.9.2 shows the impact of the number of children on the rate of activity. This rate decrease sharply when there is more than one child and when one of them is under 3. But it is above the average when there only one young child (under 3) or two (3 or more).

Nevertheless, the increasing part time rate (especially for women) could be said as a good indicator of the difficult work/family balance. The gender question is not away. The high concentration of female part time workers in the bottom of the job distribution (part time, low wage, dead end jobs) in some of the expanding industries ( retail, home care and household services) could be a major problem for the future. And for the same job, same individual characteristics, wage difference between men and women could be said as between 6 and 13%.

Table III.9.4 rate of activity, women/men and familial situation

|                     | Activity women | Activity men | Full time women | Part time women |
|---------------------|----------------|--------------|-----------------|-----------------|
| couple              | 75.7           | 91.4         | 46.3            | 22.8            |
| Without children    | 74.4           | 84.2         | 51.4            | 16.5            |
| 1 < 3 year          | 80.2           | 96.5         | 54.1            | 16.1            |
| 2, 1 <3 years       | 59.8           | 96.3         | 29.9            | 25.6            |
| 3 or +, 1 < 3 years | 37.1           | 96.4         | 15.9            | 17              |
| 2 > 3years          | 81.1           | 91.2         | 51.5            | 23.1            |
| 2 > 3 years         | 83.9           | 95.9         | 47.9            | 29.7            |
| 3 or + > 3 years    | 68.2           | 94.8         | 30.6            | 29.3            |
| Single              | 79.5           | 82.8         | 53.9            | 15              |
| Without children    | 77.6           | 82.4         | 55.6            | 13.4            |
| 1 or more           | 82.1           | 86.3         | 51.6            | 17.1            |
| total               | 76.5           | 89.8         | 47.9            | 21.1            |

SOURCE Insee, LFS, 2005, 15-59 ans

### **III.10 Child labour, forced labour**

Child labour is not a major issue in France. On the one hand, compulsory age of education is 16, protecting most of the children. On the other hand, due to the French tradition of schooling, the average year of entry on the labour market is 21. Moreover, unlike other countries, such as the US, the French model of full time studies does not fit with “small jobs” for the children. Nevertheless, in the recent period, after the suburbs riots, an attempt has been done to redevelop pre-apprenticeship at the age of 15, for school drop outs. It has been denounced by the unions (workers and teachers) as a way to come back to a younger entry on the labour market.

Forced labour exists, probably at a small scale. But data and analyses are scarce. Newspapers provide some information on forced labour, mainly for irregular migrants (women working as housekeepers without any right, their passport in the hand of the employer... workers in the building industry). One of the most well-known case was the situation of Polish workers, working on a shipyard, in a subcontracting firm. They were out of the French labour law, waiting for their pay, and not able to come back to their country. French unions were organising protests and strikes in order to get them paid and to organise the return to Poland.

Other examples could be found for some posted workers who could be supposed to be at the border line of forced work.

According to a report from the authority fighting against illegal work (DILTI, 2007), posted workers are estimated 150 000 in 2005, sharply increasing, mainly unskilled blue collars, in the agricultural industry, in the building industry...Moreover it is estimated that only 25% of these posted workers are officially declared to the French administration. It is probably among them that one can find forced work.

The increasing controls of illegal migrants also reveals cases of forced work, namely for women from Asian or African countries, paying for there illegal entry in France and depending at a later stage from the “passeur”.

## **Section IV. Linkages, trade-ins and trade-offs between different element of working conditions**

### **IV.1 Linkages, trade-ins and trade-offs**

We shall describe here some of the complex relationships between the main changes in various dimensions of the employment and working conditions and other consequences.

#### *Working time*

The 35 hours regulation provide a rather good example of complex interactions...and also of the uncertain results of a national measure, depending on the micro situations and bargaining power of the stakeholders.

The consequences of this regulation could concerns most of the dimension of the working conditions, and with different consequences according to the stakeholders (firm/workers) and/or to the different types of firms and workers.

It is assumed in the literature that, on the firm's side, the 35 hours had 3 main effects.

- a) it pushed the firms to increase the hourly work productivity, sometimes by increasing the work pace, and/or decreasing the pauses during the working time (time to be dressed, lunch time and others...)
- b) it allows firms to enjoy a greater flexibility, due the the specific arrangements (variations in the daily/weekly working time depending of the season, annual rules for some categories of workers).
- c) it had (controversial) consequences on the labour costs. On the one hand increasing hourly labour costs; on the other hand, increasing the total wage bill due to job creation, and, sometimes, wage costs gains due to the highest productivity and flexibility.

For the workers, same complex mechanisms have been operating.

- a) A decrease of the total working time, with, for most of the workers, positive consequences on the work/family balance,
- b) A job creation process, with some positive consequences on the unemployment rate
- c) A pause in the wage increase, due on the one hand on the wage moderation policies (implicit or explicit trade-off following the 35 Hours) and, on the other hand, to later pressures on wages levels;
- d) Tighter work schedules, and, for some workers, more unpredictable and/or unsocial working hours (depending of the micro level arrangements)
- e) Higher work load, with sometimes increasing risks.

Most of the analyses emphases that this complex mechanisms are linked :

- to the market constraints of the firms : the 35 hours have pushed some firms to off shoring and/or to a new bargain in order to abolish this regulation, with a trade-off between employment and working time (tire factories). But the globalisation is not the only factor. In some sectors, such as hospitals, the budget constraint lead to a very low level of job creations, with negative consequences on the work load and work schedules.

- to the bargaining power of the parties at the firm level, as well as to the gender balance of this power. In some case studies, it was shown that the “male breadwinner model” supported by the unions had negative consequences for the women. In other cases, when women were fully engaged in the bargaining, more positive consequences have been reported.

### *Employment status and flexibility*

Turning now to the employment status, some kind of similar, complex figure could be drawn.

In the classical French model of stable, long life employment in internal labour markets (including/following the civil servant model), employment stability usually provides cumulative advantages: seniority premium, benefits linked to seniority, low risk of firing/unemployment... As said before (section III), this model was the reference point for the unions, but also for some employers, as they gain commitment, low turn over, specific human capital...

Since the eighties, this model has been eroded. New firms strategies, unemployment (allowing more room of manoeuvre for the firms), state policies contributed to the growth of what is said, in France, as “atypical employment status”. We are here at the core of the “transitional labour market perspective” and/or of the “flexi-security perspective”. Again we can look at some various consequences between and within stakeholders.

On the employer's side,

- a) Flexible employment status provide easier quantitative flexibility in a world of uncertainty. It contributes to quicker adjustments to the demand (market demands or other) and could lower the labour costs due to the flexibility.
- b) In some cases this flexible status are linked to lower wage costs (less social protection, subsidised jobs...)
- c) Flexible status could also allow to recruit more easily some workers looking for flexible opportunities on the labour market (women, others). It is also a good tool for the selection of the permanent work force.
- d) Nevertheless, depending on the skill's requirements as well as on the labour market situation, flexible work status could be expansive, due to the high turn-over level and due to the tight labour markets for certain skills and qualifications.

On the workers' side,

In the French model, flexible employment status are seen as “the dark face” of the labour market : lower stability, lower wages, lower benefits, lower employment prospects. The picture is a bit more blurred.

- a) For some workers, flexible employment is a choice, whether they want to work less and/or to have a different work/life balance
- b) Flexible employment status could increase job opportunities, but also lead to a higher instability and risks. As most of the social protection and workers rights are build on the model of the full time/stable employment, flexible employment could lead to a lower level of

social protection. One of the key questions, just arising now, will be the level of the pensions for those who have alternating spells of employment (and part-time) and spells of unemployment. It is mainly the case of women, for example in the retail industry and/or in the household services. Due to the changes in the household structure, the old model of pensions (based on the full-time model of the male bread-winner) could not be able to allow good pension levels to a part of the work force.

c) Flexible employment status are mainly depending on the bargaining power of the individuals on the labour market. For highly skilled workers, in case of tight labour markets, it will not be a problem (as an example, some nurses will prefer to work through a temp agency, with highest wages and better choices about work schedules, rather than to have a permanent job). For the lowest part of the work force, flexible employment is not a choice. It is the consequence of the monopsony power of the firms, and the consequences are negative.

#### **IV. 2 Identification of the workers at the lower end of the labour market**

It is clear that most of the unskilled blue collar jobs and some unskilled white collar ones (in building; transport, retail, hotel and restaurant, cleaning, households services) are cumulating a lot of bad indicators. Without any change, this could lead to some problems about the quality of employment (and/or to some problems of recruitment for the firms). In the more recent forecast for 2015 employment perspective (7,5 millions of recruitments), 1.5 millions could be unskilled or semi skilled blue/white collars in industry, building, transport and others, of which 900 000 in household services, child and home care and cleaning activities.

If we try to summarize some factors of risk, without any possibilities to combine all of them.

“Structural factors” (industry and size of the firm) seems to play a higher role in France than in other countries. Very small firms (less than 10 or 20 employees), in the building industry, in retail, in transport, in services to households, in hotel and restaurant could be said with : higher concentration of non standard labour contracts, including public schemes, eventually in some industries with higher incidence of “grey labour market” ; lower rate of access to training ; less career opportunities without external mobility...and as a consequence, higher risk of unemployment spells ; higher incidence of low wage work ; weak collective agreement, low rate of coverage, very weak unionisation ; lower level of social protection in case of redundancies and/or plant closure

Some of these characteristics are also present and expanding in subcontracting industries highly depending on the wage level and on high pressure of the globalisation (subcontractors of the second row in the car industry, in the clothing industry) and/or in industries competing on low value added product markets.

A piece of the debate, regarding mainly household services is the future of this activity. Most of the forecasting analyses are reporting a growth of this kind of activities : home care for elderly peoples, child care, small at home work, cleaning...This growth is also viewed as a solution to unemployment and a way to increase, through short part time, the rate of (female, young or old) employment. One of the solution, promoted by the employment policy and by

the tax policy is on the one hand to alleviate the income tax for households consuming this kind of services, and, on the other hand to facilitate the wage earning relationship, using a “cheque emploi service” which is both a labour contract and a tool for payment. But it could reinforce a direct “face to face” between an employer and an employee, very often without any knowledge of her right and depending from a lot of individual employers in a kind of domestic relationship [Meda, 2005, Labruyere, 1996]. The other solution is to promote private (for or non for profit) intermediate bodies, acting as employers and as a go between the employee and the household and which could build a more classical wage earning relationship, including the grouping of working hours, training.... Up today, the first solution is prevailing in the public policies. However, the most recent data show an increasing use of intermediate (non for profit) bodies and firms. As an example, some big mutual insurance companies are now providing services to the household's (home care for elderly peoples).

If we now try to cross the structural variable with the job/individual characteristics, it is clear that most of the unskilled blue collars jobs and some unskilled white collars ones (in building; transport, retail, hotel and restaurant, cleaning, households services) are cumulating a lot of bad indicators. Without any change, this could lead to some problems about the quality of employment (and/or to some problems of recruitment for the firms). In the more recent forecast for 2015 employment perspective (7,5 millions of recruitments), 1.5 millions could be unskilled or semi skilled blue/white collars in industry, building, transport and others, of which 900 000 in households services, child and home care and cleaning activities [Chardon et alii, 2005].

Considering now individual characteristics, what the main factors of risk (which are often pointed in separate analyses when using logit) ?

- level of education, mainly for those ICED 0-2 [Bordigoni, 2000]
- gender (women)
- age group ( young school leavers/dropout ; old workers >55)
- single parents
- leaving in a segregate urban area [Maurin, 2004]
- migrant
- bad health condition

Three remarks about this list :

- a) The migrant characteristic has not been quoted before. This is mainly due to the fact that the French legislation forbid the use of ethnic characteristics in the statistics and that most of the migrants from the 2<sup>nd</sup> generation, born in France, are French. When available, information about the country of origin of the individual or of the parents shows specific difficulties (for example young school leavers with statistical discrimination on the labour market, higher rate of unemployment), mainly for migrants from Maghreb.
- b) All these factors are “classical” one’s. This does not mean that new risks and new factors must not be taken in consideration. But on the one hand they more characteristic of very specific groups (for example the “burn out” risk for nurses) and, on the other hand, they are less cumulative.

- c) Most of the individual factors are not only produced by and depending on the labour market and work environment. Bad health conditions are not necessarily the result of bad working conditions. Some of the young school leavers with a high risk of labour market exclusion are also in bad health condition. The drop out and de-schooling process is the result of complex interactions between family situation, school organisation, urban policies... They challenge the segmented public policies as well as the segmentation of the collective rules and protections coming from the social partners.

When these factors are cumulative, they lead to social exclusion (see for example some suburbs areas).

#### *Employment quality : a global assessment*

Following the ILO and EU trend, studies are more and more focusing on the quality of employment, according to a set of indicators (see Centre d'études de l'emploi, 2006, for a survey).

About the trend, using the Laeken indicators, Fremigacci and L'Horty (2005) analyse the evolution from 1982 to 2002. They show that the opportunity to get a job and/or to have a wage increase is better in 2002 than before. The access to the training is not improving since the mid of the nineties. The men/women wage gap decreasing. The rate of return from unemployment or inactivity to employment is stable. The conclusion is a global improvement in the quality of employment since the nineties and a link with the economic cycle. But, as emphasized by the authors, the Laeken indicators must be discussed. Most of the indicators are related to the employment and wage and not to the working conditions. For example, the only indicator related to health and safety (incidence of the work injuries, decreasing) does not grasp the increase of work related diseases. The work productivity is included as an indicator of quality, but it could be discussed from the workers' point of view if it means an increase in the work load and work intensity. Flexibility (short term contract, compulsory part time) could be regarded as a positive or negative factor : increasing rate of employment, or decreasing stability. Moreover, data do not allow a break down analysis by categories.

Based also on the Laeken indicators, Davoine and Ehrel (2007) try a comparative analysis. They conclude first that France, belonging to a "continental" model has a lot of weaknesses compared to the Nordic countries. Secondly, a more detailed analysis, including more data and indicators, confirms this intermediate position for the economic and employment security, for the access and intensity of the training, not for the working conditions (bad performance). For the gender and work/family conciliation, France is closer to the Nordic countries than to some other continental ones. A dynamic analysis (1995-2004) shows an improvement (aggregated indicators) since 1998.

## V. Conclusion and policy recommendation

The conclusions of this report must be prudent. On the one hand, the French model of employment is under tensions and is evolving (see also Meda, Lefebvre, 2006). Most of the topics are on the political agenda and the outcomes of the State lead and/or social partners lead reforms are today unclear. On the other hand, as most of the topics are in debate (sometimes conflictual), it is quite impossible to get a common point of view of the trends and recommendation. Most of the social partners do not want to engage themselves on policy recommendations about topics which are under a bargaining process. In this section, we will summarize the main tensions and challenges and try, on some of them, to suggest solutions.

### *A State/Corporatist model, in difficulties when facing the structural changes*

According to most of the comparative analyses, the French model of employment was a mix of corporatist one and of state based one. Corporatist as it was based on the social partners agreements, and focusing on the full time wage earner in the big industry. State based, as, unlike the German model, the State was taking the lead on most of the topics, not only as a State, but also as the main employer organisation (role of the civil servant status as well as the of the public nationalised firms).

This model has been eroded on the long run. On the one hand, most of the public firms have been privatised. On the second hand, the globalisation and the industrial restructuring implies a shift in the economic structure, with an increasing weight of services (to the firms and to the individuals). One of the consequences is the decreasing share of the internal labour markets, the need for a most “transitional” perspective for the workers. Another perspective is the shift in the stakeholder's power : from a state/employers regulation to a multipartite regulation (including the regional authorities, other balance within the stakeholders -see the recent question about the relationship between the main employer's association and it's sectoral organisation in the field of the metal-mechanic industry). Last, but not least is the balance between the national choices and the EU one's. At this time, EU regulations in the field of the work are not so important for France. Sometimes they implement weaker regulations (nevertheless with the threat of a downgrading process), sometimes they improve the working/employment conditions (EU work councils, regulation about the women's working schedule). The EU macro-economic regulation (namely the Masstrich's criteria) and the EU employment and training policies (through the MOC) are probably playing a more important role than the direct regulations.

### *Loopholes and new challenges*

As we have seen in section III, most of the social protection was based on the model of a full time, male, bread winner, working in a stable environment in a big industrial firm, and leaving in a stable household.

This model is challenged on the one hand by the economic changes and, on the other hand by the change of the individual's behaviours.

One of the consequences is the increasing number of loopholes and/or inequalities in the social protection coverage. The unemployment benefits provide a good example, as the

entitlement, the level and the duration of the benefit are linked to the seniority in employment. Young new comers on the labour market, highly hit by the short term contracts and by the unemployment have difficulties to get unemployment benefits. The same could be said about the workers on the new segment of the labour market (the Valette, 2007, "labour insecurity" segment). Another example is the access to the training, which is lower for the unskilled workers in SME's (the 2004 reform will probably reduce this gap).

A second consequence is, in some cases, the negative impact of an external mobility. Some rights are not (were not) transferable. It is the case for the additional firm/sector based health insurance. An other example was provided by the new "individual training right" (DIF) which was not transferable (depending on firm's and or sector's collective agreements).

Three main solutions have been developed, not necessarily coherent. And they are all in debate as they contribute to change the previous model.

The first one is to increase or to create some additional, universalistic rights, independently of the employment position, in order to overcome the loopholes. In most of the cases, these rights are funded by public schemes, through taxes. The minimum income right (RMI), the universal health right (CMU) are good examples of this first way. They provides a minimum safety net for those without the classical social protection. Another example is the experiment of the minimum "activity income" (RSA) in order to avoid a moose of income for those, having the RMI and getting a job (often a part-time one). Two main questions are arising. On the one hand, this could lead to a "two speed" society. On the other hand, this type of benefits could open the door to the decrease of other benefits (see for example the relationship between the duration of the unemployment "standard" benefit and the RMI).

The second one is to transfer some work based/wage funded benefits to a general system, based on public funds and taxes. The creation and extension of the "contribution sociale" (CSG) based on all the incomes, in order to cover a part of the deficits of the social funds is a good example of this trend. More recently, the employers' organisation was suggesting to create an universal unemployment benefit, funded by public funds. In that case, additional unemployment benefits would be provided by a regime based on wages. The on going debate about the "social VAT" is representative of this second way. In that case, some general rights could be provided by the State, and the corporatist model would be only an additional one. Most of the unions (and some expert, see for example Friot, 1998) are fighting against this choice. On the on hand it is seen as a transfer from the firms to the nation. On the other hand it is

A third way is to increase the transferable rights, following more or less the proposals of the "transitional labour market" school and/or the flexi-security model. This could be done by an extended contract, providing rights and coverage for various transitional situations (unemployment, education and training, social activities) outside of the classical work contract. This was one of the proposals made by Boissonnat (contrat d'activité). Another suggestion (made by the CGT) is an extension of the labour contract outside of the firm. Another solution, in the recent 2008 agreement on the labour market, is to extend some individuals right beyond the labour contract (complementary health insurance coverage for some month in case of unemployment), possibility to transfer the DIF in case of mobility. Again it is not without difficulties, mainly about the financial burden : public funds ? private firm based funds (but in this case, it could be a handicap to find a new job if the new firm

must pay) ? common funds ?

Whatever the choice, the same question is emphasised : how to give to the individuals some coverage and rights which are totally or partly distanced from the instantaneous job situation and which can follow him in his transitions from one situation to another.

### *Key weaknesses*

Looking now at the main components of the employment and working conditions, we can put the emphasis on some key topics and areas.

Working conditions and Health and Safety seems to be at a too minor level on the agenda. This is probably due on the one hand to the high level of unemployment (unemployment and job protection was a major topic for the unions in the past twenty years). This is also probably due to the weaknesses of the social dialogue at the firm and at the plant level. It will be a key question to fulfil the objective of increasing the rate of employment of the seniors.

Atypical labour contracts remains also a major question, despite the recent agreement on the labour market. A part of the answer is in the “transitional rights”. Nevertheless, the high (and increasing ) variety of atypical contracts do not provide a clear framework, both for the firms and the workers.

Despite the recent reform, and in the perspective of the knowledge/lifelong learning society, the education and training system needs some reforms. Here again, one of the key question is how to develop more transversal training opportunities (see the 2008 contribution of the Conseil National de la formation tout au long de la vie about the “formation et sécurisation des parcours professionnels”).

Some other key issues are transversal to most of the topics.

One is the gender issue. As we have seen, women are more vulnerable (labour contract, compulsory part time). Moreover they are over-represented in some sector (such as retail) which are cumulating risks. In a dynamic perspective, expanding sectors (care, household's services) will create a lot of (mainly female) jobs. These sectors, and namely the latter are well known for the rather bad quality of jobs and employment. The new “low skill/low paid” question will concern mainly activities where, up today, the regulations and the role of the social partners are weak.

In a similar view, the very small and small firms, which gather an important part of the work force remain sometimes with weakest regulations. This is the case for some rights linked to the size of the firm and, also, for the organisation of the social dialogue. Moreover, it is well-known that it is in this kind of firms that the enforcement of some regulations is the weakest. In the past, less attention has been paid to this question, both by the State and by the social partners, as it was assumed that the core of the work force was in the big firms. Some reforms (including national agreements for example in the craft industry) try to overcome this situation. But a lot remains to be done.

### *Process of change and governance*

The process of change is not only a question of topics, funding principles but also a question of the actors supporting it. France was usually classified as a “state-led” model. As we have seen, the State has effectively a strong role, sometimes dominant (the SMIC is a good example). Nevertheless, an important part of the regulation, of the funding was in the hand of the social partners, mainly at the national and sectoral level. In some fields, one can notice a State withdraw, the regional authorities are playing an increasing role, with interventions on the labour market, on the training, on health and safety (see Mériaux Verdier, 2006). The fine tuning of some policies is done at the local level, especially when SME's are concerned. Moreover, as seen in section IV, some topics are strongly inter-related. There is a growing need for “de-segmented” policies, able to tackle with new challenges, and to follow individual's trajectories.

Example of segmented policies could be found for example about unemployment : unemployment benefits are in the hand of the social partners at the national level, minimum income is organised at the local (department) level, training is partly under the control of the social partners, partly under the control of the State, partly under the control of the regional authorities....It has been also analysed (see Mériaux, Verdier, 2006) that in some case a mix, local, policy was a need. As an example, in some local areas with a high pourcentage of seasonal workers, the needs are not only a better enforcement of the regulation, but also a housing policy, a training policy. The coordination of all these questions cannot be done without a reshaping of the actors.

As we have seen before, the weaknesses of the unions do not allow them to tackle with some new issues. Moreover, most of the union's organisation (as well as of the employer's organisation) is based on a sectoral organisation. One of the consequences is the difficulty to take into account problems at the local level, as well as to organise the workers in SME's. A key question is the strengthening of the unions. But another question is the coordination between the State (national) policies, the Union/Employer based policies, the role of the regional authorities. In some cases, the leadership must be clearly devoted to the State... In other, it has been shifted to regional authorities and/or to the employers and unions. The changes of the French model will imply a reshaping of the actors and of the coordination.

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