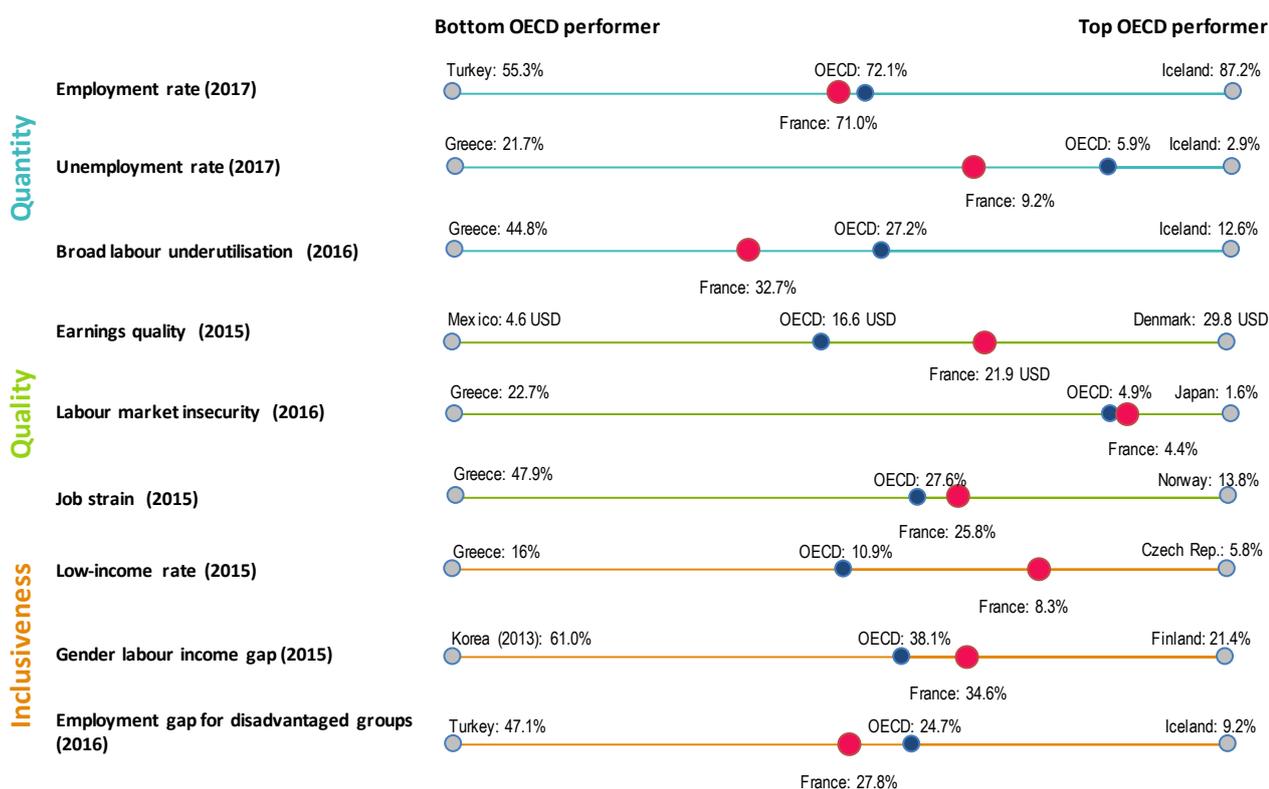


### How does FRANCE compare?

The digital revolution, globalisation and demographic changes are transforming labour markets at a time when policy makers are also struggling with slow productivity and wage growth and high levels of income inequality. The new *OECD Jobs Strategy* provides a comprehensive framework and policy recommendations to help countries address these challenges. It goes well beyond job quantity and considers job quality and inclusiveness as central policy priorities, while emphasising the importance of resilience and adaptability for good economic and labour market performance in a rapidly changing world of work.

Dashboard of labour market performance for France



Notes: Employment rate: share of working age population (20-64 years) in employment (%). Broad labour underutilisation: Share of inactive, unemployed or involuntary part-timers (15-64) in population (%), excluding youth (15-29) in education and not in employment. Earnings quality: Gross hourly earnings in PPP-adjusted USD adjusted for inequality. Labour market insecurity: Expected monetary loss associated with the risk of becoming unemployed as a share of previous earnings. Job strain: Percentage of workers in jobs with a combination of high job demands and few job resources to meet those demands. Low income rate: Share of working-age persons living with less than 50% of median equivalised household disposable income. Gender labour income gap: Difference between per capita annual earnings of men and women (% of per capita earnings of men). Employment gap for disadvantaged groups: Average difference in the prime-age men's employment rate and the rates for five disadvantaged groups (mothers with children, youth who are not in full-time education or training, workers aged 55-64, non-natives, and persons with disabilities; % of the prime-age men's rate).

#### ASSESSING JOB QUANTITY, QUALITY AND LABOUR MARKET INCLUSIVENESS

The new *OECD Jobs Strategy* presents a dashboard of labour market performance that provides a comprehensive overview of the strengths and weaknesses of different national labour markets, going well beyond the standard measures of employment and unemployment rates. These include measures of job quantity (employment, unemployment and broad underemployment), job quality (pay, labour market security, working environment) and labour market inclusiveness (income equality, gender equality, employment access for potentially disadvantaged groups). Some countries score well on most or all

indicators, implying that there are no hard trade-offs that prevent countries from performing well in all areas.

- Overall, France scores in the bottom third of OECD countries on all three indicators of job quantity. The employment rate remains below the OECD average. Unemployment and inactivity rates are structurally high, due to a high share of low-skilled workers with weak employment prospects and low employment rates among both young and old people.



- France performs above the OECD average in terms of earnings quality. Labour productivity and earnings are high, and the minimum wage lowers the dispersion of gross hourly earnings. The unemployment insurance system and social assistance ensure that French workers can expect to lose 4.4% of their income on average if they lose their jobs, slightly below the OECD average (4.9%). Job strain, measured by a combination of high job demands and limited job resources, is also low. However, long-term unemployment weighs on too many workers. Moreover, France has a high incidence of temporary work and short-term contracts. These are

associated with low probabilities of accessing permanent employment and lifelong training.

- Inclusiveness indicators show a mixed picture for France. The poverty rate is much lower than the OECD average, largely due to redistribution through taxes and transfers. However, the employment gaps for some disadvantaged groups, such as youth, older workers and non-natives are higher than the OECD average. By contrast, gender disparities in terms of annual labour market earnings are below the average. In particular, gender wage differentials and the gap in employment of mothers with young children, though still significant, are comparatively low.

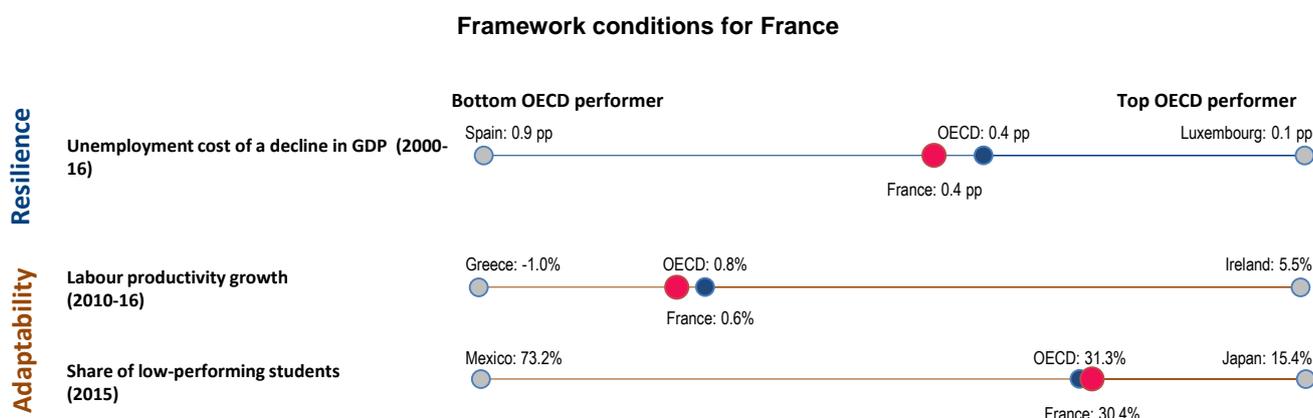
## FRAMEWORK CONDITIONS FOR RESILIENCE AND ADAPTABILITY

Labour market resilience and adaptability are important to absorb and adjust to economic shocks and make the most of new opportunities. Resilience is crucial to limit the short-term costs of economic downturns. Labour productivity is a key precondition for high growth of output, employment and wages and central to long-term growth in living standards. Finally, skills are key to improving workers' productivity and wages and provide an indication of the readiness to respond to future challenges.

educational outcomes are highly dependent of parents' education and career.

- France scores below the OECD average in terms of labour productivity growth and employment resilience. Labour productivity growth over 2010-16 has been among the lowest of OECD countries, which partly reflects depressed investment, labour hoarding and an increase in subsidised jobs for low-skilled workers.
- The share of low performing students is around the OECD average. However, the French education system is characterised by its inequality, as

- Recent labour market reforms have the potential to improve the resilience and adaptability of the labour market, while reducing dualism. The 2016-2017 labour reforms facilitate firm-level negotiations, reduce legal uncertainty surrounding dismissals for open-ended contracts, simplify workers' representation and better take into account the situation of smaller firms in branch-level agreements. Their implementation and the development of new firm and sector-level agreements could better align firm-level wage and productivity developments and encourage hiring on open-ended contracts. Additional financing for the training of low-skilled and unemployed workers, the overhaul of vocational training, and the increased focus on apprenticeships will also help to improve skills and ensure better job matches.



Notes: Resilience: average increase in unemployment rate over 3 years after a negative shock to GDP of 1% (2000-16); Labour productivity growth: annual average productivity growth (2010-16), measured in per worker terms. Share of low performing students: Share of 15-year-olds not in secondary school or scoring below Level 2 in PISA (%) (2015).