

# Employment

In France, non-farm market payroll employment slowed down in Q3 2017 (+46 000, after +77,000 in Q2). The employment intensity of growth linked to measures to lower the cost of labour would appear to have been lower than in the previous year, due to the end of the hiring premium for SMEs. However, the hiring intentions of business leaders expressed in the business tendency surveys show that employment should pick up in Q4, bringing the number of job creations in H2 2017 to 106,000. Over the year as a whole, 242,000 jobs are expected to be created (after +215,000 in 2016). This pace should be maintained in H1 2018 (+100,000).

In the non-market sector, employment should fall back significantly in H2 2017 (-38,000, after +27,000 jobs in H1) due to the sharp decrease in the number of subsidised contracts. At the beginning of 2018, the decline is expected to continue with 32,000 fewer jobs in H1.

All in all, 239,000 jobs would appear to have been created in 2017 (after 253,000 in 2016). The pace of job creations seems to have been markedly slower in the second half of the year (+71,000 in H2 2017, after +168,000 in H1), primarily due to the decrease in subsidised contracts. In H1 2018, total employment is expected to rise, as at end 2017, with the creation of 72,000 jobs.

## Market payroll employment is expected to keep increasing at the end of 2017 and in H1 2018

In 2017 in France (excluding Mayotte), the rise in payroll employment in the non-farm market sectors would appear to have been slightly greater than in the previous year (+242,000, after +215 000 in 2016, *Table 1*). It is not expected to weaken in H1 2018 (+100,000 jobs).

Based on business leaders' responses on recruitment in the business tendency surveys, the employment climate continues to improve. After experiencing a slight decline during the summer, the index picked up, reaching 109 in November, its highest level since the summer of 2011. In Q4 2017, non-farm market payroll employment is therefore expected to accelerate (+60,000): it should cease to decline in industry for the first time since 2011 and should continue to rise in construction (+8,000) as well as in the tertiary sector excluding temporary work (+45,000, after +36,000 in Q3). At the beginning of 2018, payroll employment is expected to continue its growth in the non-farm market sectors (*Graph 1*), thanks to continued buoyant growth in activity. The general measures aimed at lowering the cost of labour would appear to have made a neutral contribution overall to growth. The Tax Credit for Encouraging Competitiveness and Jobs (CICE) and the Responsibility and Solidarity Pact (PRS) should continue to boost growth in employment, creating approximately 15,000 jobs in H1 2018, as at the end of 2017. However, the end of the

Table 1

### Change in employment in thousands, SA

	2017				2018		2017 H1	2017 H2	2018 H1	2016	2017	Level end 2017
	Q1	Q2	Q3	Q4	Q1	Q2						
<b>Mainly non-agricultural market sectors (1)</b>	<b>59</b>	<b>77</b>	<b>46</b>	<b>60</b>	<b>55</b>	<b>45</b>	<b>135</b>	<b>106</b>	<b>100</b>	<b>215</b>	<b>242</b>	<b>16,718</b>
Industry	-4	-3	-3	0	-1	-3	-6	-3	-4	-23	-9	3,136
Construction	9	5	2	8	7	7	15	10	14	-14	25	1,356
Temporary employment	-1	29	11	7	3	0	28	18	3	99	46	735
Market services excl. tempory employment	53	45	36	45	46	41	98	81	87	153	180	11,491
<b>Agricultural workers</b>	<b>3</b>	<b>2</b>	<b>1</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>5</b>	<b>2</b>	<b>3</b>	<b>1</b>	<b>7</b>	<b>301</b>
<b>Mainly non-market service sectors</b>	<b>17</b>	<b>10</b>	<b>-2</b>	<b>-36</b>	<b>-20</b>	<b>-12</b>	<b>27</b>	<b>-38</b>	<b>-32</b>	<b>44</b>	<b>-11</b>	<b>8,045</b>
<b>Self-employed</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>-6</b>	<b>2</b>	<b>2,811</b>
<b>TOTAL EMPLOYMENT</b>	<b>79</b>	<b>89</b>	<b>45</b>	<b>26</b>	<b>37</b>	<b>35</b>	<b>168</b>	<b>71</b>	<b>72</b>	<b>253</b>	<b>239</b>	<b>27,875</b>

Forecast

(1) Sectors DE to MN and RU

Source: INSEE

hiring premium for SMEs on 30 June 2017 should continue to weigh down on employment in a similar proportion at the beginning of 2018, although it could have a smaller impact than initially expected (*Focus*).

## Temporary employment is set to slow, but employment in the tertiary sector excluding temporary work should remain strong

In 2017, temporary employment would appear to have slowed down (+46,000, after +99,000 in 2016). As it responds rapidly to fluctuations in activity, it recovered more quickly than the other employment components (*Graph 2*), exceeding the high levels it had reached before the economic crisis of 2008-2009. It increased particularly in transport equipment manufacturing and transport-warehousing services. After increasing by 28,000 jobs in H1 2017, temporary work is expected to slow down through to mid-2018

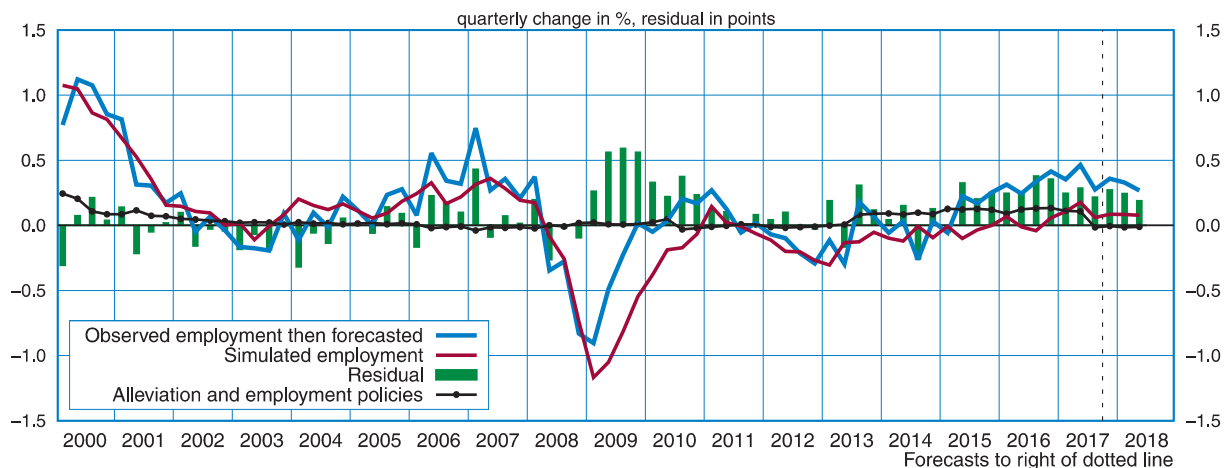
(+18,000 in H2 2017, then +3,000 in H1 2018). Employment in the tertiary market sector excluding temporary work accelerated slightly in 2017 (+180,000 after +153,000 in 2016) and should maintain a similar pace in H1 2018 (+87,000), with business leaders still optimistic about the growth of their workforces (*Graph 3*) on the strength of growth in activity that is expected to remain sustained.

All in all, employment in the non-market tertiary sector (including temporary work) is set to increase by 226,000 in 2017 (+127,000 in H1 2017, then +99,000 in H2). It should maintain this pace during the first half of 2018 (+90,000 jobs).

## Job losses in industry are expected to ease

In 2017, net job losses in industry would appear to have eased (-9,000 jobs lost after -23,000 the previous year). As the expectations of business managers in industry regarding their workforces

**1 - Employment observed in the non-agricultural market sector, simulated and residual employment**

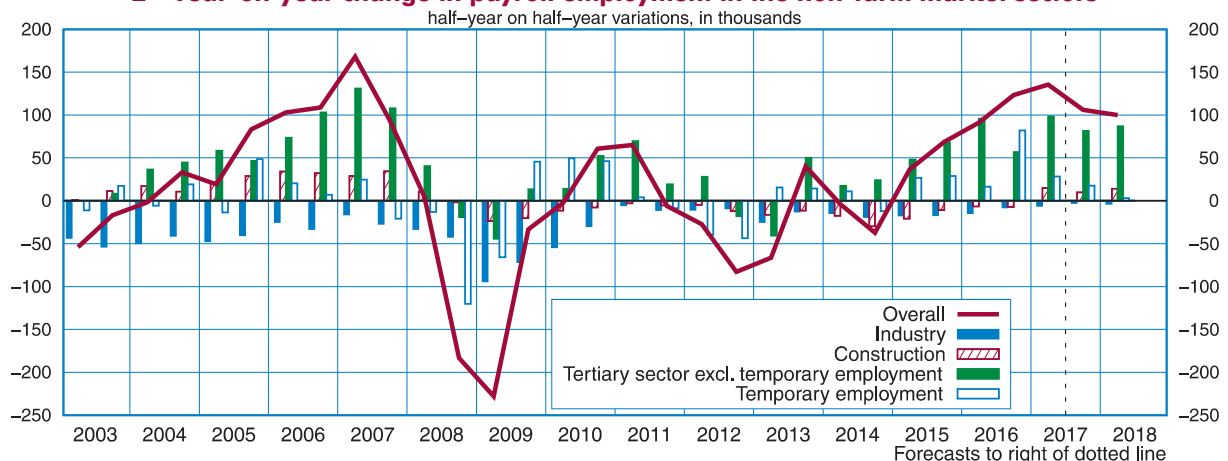


Note: The equation residual for employment is the spread between the observed employment and the simulated employment from past and current variations in employment and activity and from effects of employment policies (included, over the recent period, the effects of the CICE, the PRS and the employment plan). A positive residual, such as that observed in 2015, indicates that observed employment showed better growth than past behaviour would lead us to expect. Estimation period: 1984-2009.

Scope: France excluding Mayotte

Source: INSEE

**2 - Year-on-year change in payroll employment in the non-farm market sectors**



Scope: France excluding Mayotte

Source: INSEE

## French developments

are at their highest level since 2007, employment in industry should stabilise in Q4 2017, before slightly declining again in H1 2018 (-4,000 jobs).

### The construction sector returns to job creation

Payroll employment in construction decreased almost continuously between 2008 and the end of 2016. However, job losses have progressively diminished, and at the start of 2017 the sector returned to growth; for the year, it would appear to have created jobs anew (+25,000 jobs, after -14,000 in 2016). In the business tendency surveys, business leaders' opinions on the growth of their workforces is at a very high level in the building industry and especially in civil engineering. Employment in construction should therefore continue to grow in H1 2018 (+14,000).

### Non-market employment is expected to fall back

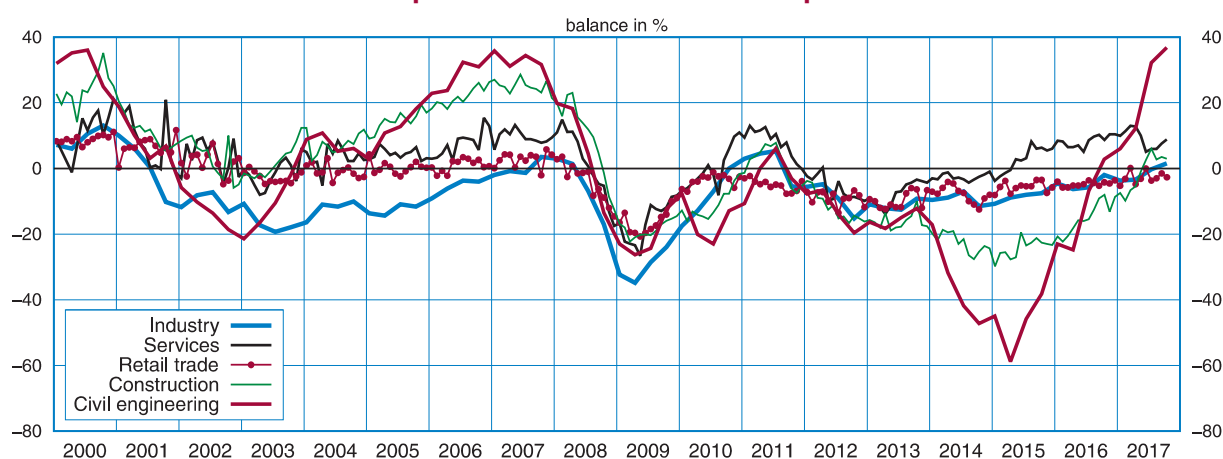
In 2017, non-market employment would appear to have declined by 11,000 jobs, primarily due to the reduction in the number of beneficiaries of contrats uniques d'insertion (single integration contracts)

and emplois d'avenir (future jobs) in H2 (Table 2). This decline is likely to continue in the first half of 2018, with 36,000 fewer subsidised contracts and another drop in non-market employment (-32,000).

### Total employment should increase by 72,000 in H1 2018

Including agricultural employment and self-employment, net job creations across all sectors would appear to have reached 239,000 in 2017 (after +253,000 in 2016). The slowdown appears to be fairly significant in H2 (+71,000, after +168,000 in H1 2017). This dip seems to have originated from market payroll employment on the one hand, with the end of the hiring premium for SMEs in mid-2017, and non-market payroll employment on the other hand, with the drop in the number of beneficiaries of subsidised contracts. Total employment should continue to grow at a similar pace in H1 2018, with 72,000 net job creations, driven by activity that should continue to be positive, albeit still held back by the reduction in subsidised contracts. ■

### 3 - Balance of opinion of business leaders on expected workforce



Source: INSEE, Business tendency surveys

Table 2

### Change in subsidised employment and civic service in the non-market sector

in thousands

	2017				2018		2017 H1	2017 H2	2018 H1	2016	2017
	Q1	Q2	Q3	Q4	Q1	Q2					
"Future Jobs"	-4	-4	-13	-10	-10	-8	-8	-23	-18	-21	-31
CUI-CAE incl. ACI*	5	6	-40	-48	-14	-4	11	-88	-19	19	-77
Civic service contracts	3	6	5	0	1	0	10	4	1	5	14
<b>Total</b>	<b>4</b>	<b>9</b>	<b>-49</b>	<b>-58</b>	<b>-24</b>	<b>-12</b>	<b>13</b>	<b>-107</b>	<b>-36</b>	<b>3</b>	<b>-94</b>

Forecast

\* Since July 2014, recruitment by integration workshops and sites (ACI) no longer takes the form of a CUI-CAE (Contrat unique d'insertion - Contrat d'accompagnement dans l'emploi - Single integration contract - Employment support contract) but instead a CDDI (Contrat à durée déterminée d'insertion - Fixed-term integration contract). Nevertheless, in order to ensure that the scope of this analysis remains constant when tracking subsidised jobs, the CUI-CAE forecasts given here include ACIs.

Scope: Metropolitan France

Sources: DARES, INSEE calculations