Employment

In France, non-farm market payroll employment continued to rise in Q4 2018 (+46,000 after +29,000 in Q3). Over the year as a whole, 150,000 jobs were created (after +322,000 in 2017). The hiring intentions of business leaders as expressed in the business tendency surveys suggest that market employment is likely to increase in H1 2019 (+70,000) at a similar pace to that of 2018.

In the non-market sector, employment bounced back slightly in Q4 2018 (+7,000 after –2,000 jobs in Q3 2018) and another moderate increase is expected in H1 2019, with the drop in the number of beneficiaries of subsidised contracts being much less pronounced than during the previous 18 months (+6,000 in H1 2019).

All in all, 164,000 jobs were created in 2018, a marked slowdown compared to 2017 (+342,000). In H1 2019, total employment should continue to grow at its 2018 trend rate, with 85,000 job creations expected.

Market-sector employment is expected to improve again in H1 2019

In 2018, the increase in payroll employment in the non-farm market sectors in France (excluding Mayotte) was significantly smaller than in 2017 (+150,000, after +322,000, *Table 1*). In Q4 2018, non-farm market employment increased again (+46,000): it continued to grow steadily in construction (+6,000) and in the non-temporary tertiary sector (+45,000), while accelerating in industry (+7,000). Year-on-year, non-farm market employment slowed again to +0.9% at the end of the year, after +1.3% in Q3 and +2.0% one year earlier.

Based on business leaders' responses about recruitment in the business tendency surveys, the employment climate has declined slightly since last summer but remains favourable, at 104 in January and 106 in February 2019. In H1 2019, payroll employment should therefore grow again in the non-farm market sectors (+70,000, *Graph 1*). This rise is likely to be consistent with the expected growth in activity and a slight increase in the effects of policies designed to reduce the cost of labour. In particular, the transformation of the CICE (competitiveness and employment tax credit) into reductions in employers' contributions from 2019 onwards should contribute to the creation of around 15,000 jobs in H1 (Focus in the December 2018 issue, p. 64).

Temporary employment is set to edge down again, but employment in the non-temporary tertiary sector is expected to remain strong

After 2017 (+124,000), when temporary employment exceeded the high levels recorded before the economic crisis of 2008-2009, this sector, which responds particularly quickly to fluctuations in activity, suffered a reversal of fortunes in 2018 (–27,000) (*Graph 2*). In keeping

Table 1

Change in employment

in thousands, SA

	2018				2019		2018	2018	2019	2017	2018	Level end 2018
	Q1	Q2	Q3	Q4	Q1	Q2	H1	H2	H1			
Mainly non-agricultural market sectors (1)	**48**	**27**	**29**	**46**	**35**	**35**	**75**	**75**	**70**	**322**	**150**	**16 896**
Industry	2	1	1	7	3	3	2	7	6	–1	10	3 150
Construction	9	5	6	6	4	4	14	12	8	28	26	1 380
Temporary employment	–2	–6	–7	–12	–5	–10	–8	–19	–15	124	–27	788
Market services excl. tempory employment	40	27	29	45	33	38	67	74	71	172	142	11 578
Agricultural workers	**3**	**0**	**2**	**1**	**1**	**1**	**3**	**3**	**2**	**4**	**6**	**309**
Mainly non–market service sectors	**5**	**–16**	**–2**	**7**	**3**	**3**	**–11**	**6**	**6**	**1**	**–6**	**8 040**
Self–employed	**4**	**4**	**4**	**4**	**4**	**4**	**7**	**7**	**8**	**15**	**15**	**2 868**
TOTAL EMPLOYMENT	**60**	**15**	**33**	**57**	**43**	**42**	**74**	**90**	**85**	**342**	**164**	**28 113**

Forecast

(1) Sectors DE to MN and RU

Source: INSEE

with 2018, temporary employment should continue to fall moderately in H1 2019 (–15,000, i.e. slightly fewer than in H2 2018).

Employment in the non-temporary tertiary market sector weakened a little in 2018, while remaining solid (+142,000 after +172,000 in 2017). In H1 2019, with business leaders remaining optimistic about increasing their workforce, employment in these sectors looks set to maintain a similar rate to that in H2 2018 (+71,000, *Graph 3*).

All in all, employment in the tertiary mainly market sector including temporary employment increased by 115,000 in 2018 (+59,000 in H1 2018, then +55,000 in H2). It is likely to keep growing at the same rate through to mid-2019 (+56,000 jobs).

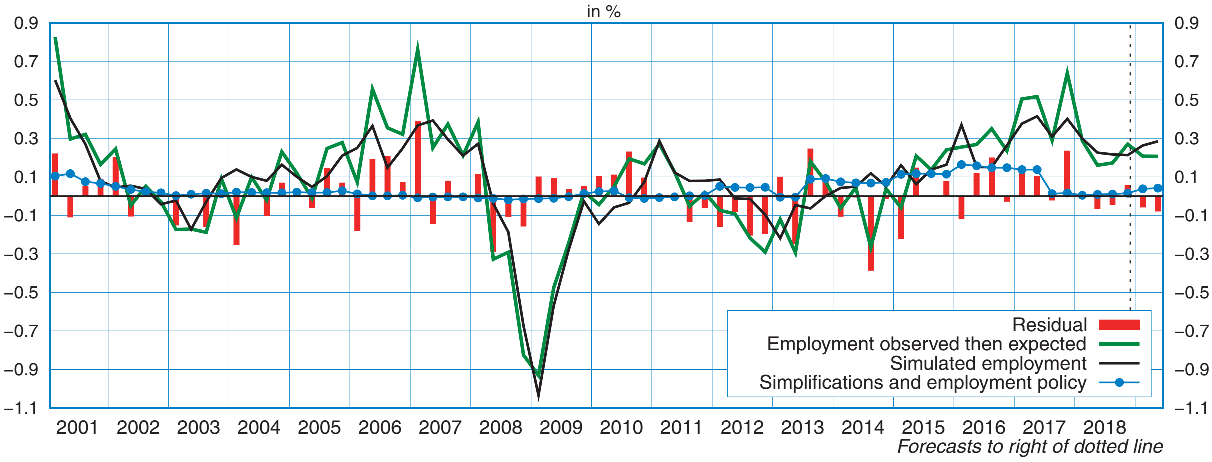
Industry should continue to create jobs

Employment in industry picked up slightly at the end of 2018. Over the year, it was up slightly (+10,000), after remaining virtually stable in 2017 (–1,000). The expectations of business managers in industry regarding their workforces suggest that employment in industry should continue to grow but at a less sustained pace over the coming quarters (+6,000 in H1 2019).

Employment in the construction sector is expected to remain solid

Payroll employment in construction fell almost continuously between the end of 2008 and the end of 2016. However, job losses have gradually decreased and since the start of 2017, the sector has returned to growth. In 2018, employment in construction remained dynamic (+26,000, after +28,000 in 2017). In the business tendency surveys, the expectations of business leaders concerning the growth of their workforces remain very favourable in civil engineering and the building industry. In H1 2019, employment in the

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

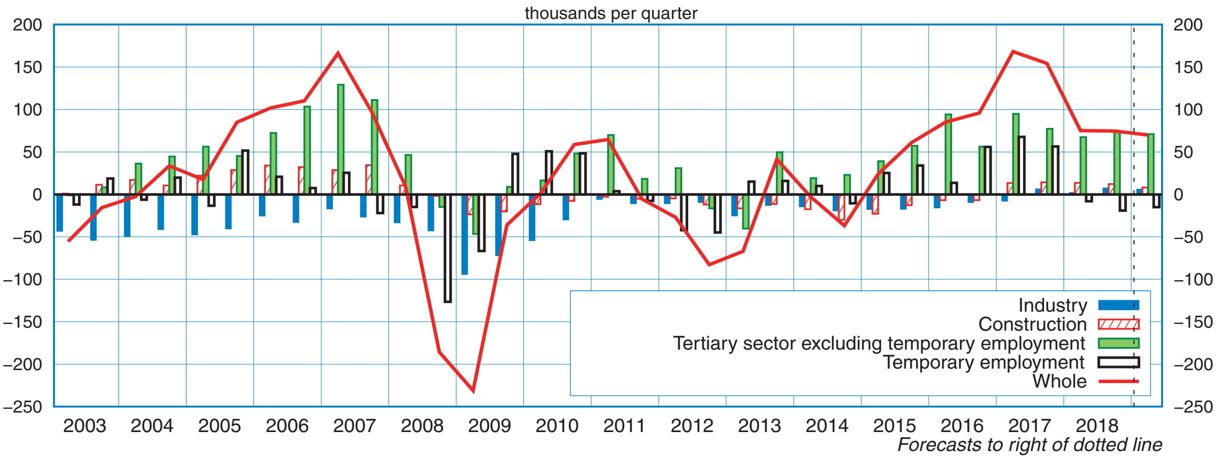


Note: The equation residual for employment is the spread between the observed employment and the simulated employment from past and current variations in employment and activity and from effects of employment policies (included, over the recent period, the effects of the CICE, the PRS and the employment 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: 1984-2015.

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

construction sector should therefore continue to grow at a similar pace to that of H2 2018 (+8,000 after +12,000).

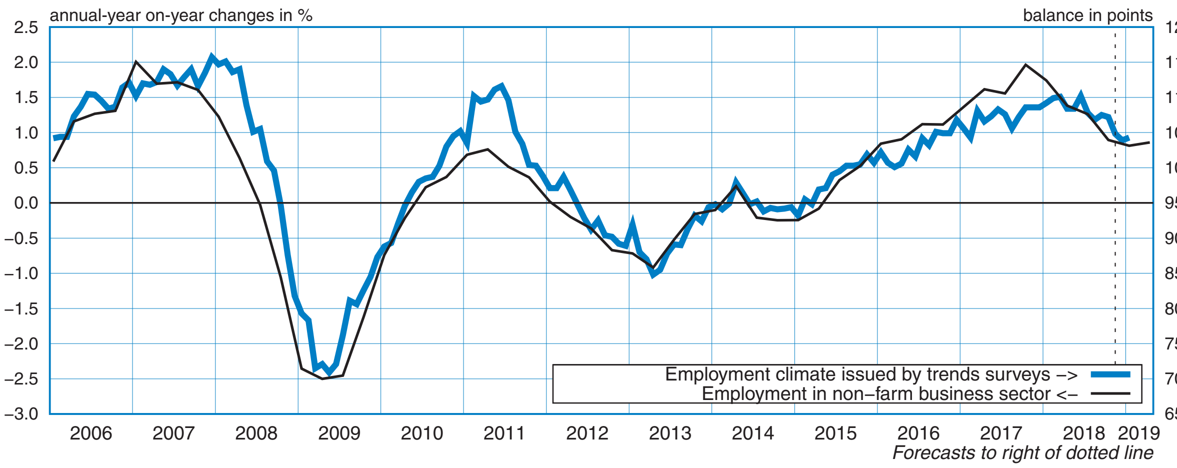
Non-market employment is set to rise slightly

In 2018, non-market employment slipped back a little: –6,000 against +1,000 in 2017. This slowdown was mainly due to the decrease in the number of beneficiaries of "Contrats uniques d'insertion" (single integration contracts, CUI) and "Emplois d'avenir" (future jobs contracts) since mid-2017 (*Table 2*). Non-market employment should be up slightly (+6,000) in H1 2019, with the ramping up of the new subsidised employment contract scheme ("Parcours emploi compétences", PEC) stabilising the number of beneficiaries of subsidised contracts (*Focus*).

Total employment is expected to rise by 85,000 in H1 2019

Taking into account self-employed and agricultural workers, net job creations, all sectors combined, reached 164,000 in 2018, i.e. far fewer than in 2017 (+342,000). Total employment picked up a little in H2 2018, with +9,000 after +74,000 in H1, driven by non-market payroll employment. In H1 2019, total employment is expected to increase at the same pace as in H2 2018, with +85,000 net creations, in line with the moderate growth in activity and the slightly beneficial effect on employment of the transformation of the CICE into reductions in social contributions. ■

3 - Balance of opinion of business leaders on expected workforce and variation in non–farm payroll empoyment



Source: INSEE, Business tendency surveys

Table 2

Change in subsidised employment and civic service in the non–market sector

in thousands

	2018				2019		2017		2018		2019	2017	2018
	T1	T2	T3	T4	T1	T2	S1	S2	S1	S2	S1		
Contrats aidés non marchands, hors ACI	–41	–32	–24	1	–13	–2	–1	–99	–72	–22	–15	–101	–95
Emplois d'avenir	–9	–7	–7	–8	–3	–3	–8	–22	–16	–15	–5	–30	–31
Contrat unique d'insertion (CUI-CAE)	–54	–53	–50	–14	–7	–1	6	–77	–106	–63	–7	–71	–170
Parcours emploi compétences (PEC)*	22	28	33	23	–4	1	0	0	50	56	–3	0	106
Ateliers et chantier d'insertion (ACI)	–2	0	–1	1	8	3	1	3	–2	0	11	4	–2
Services civiques	1	0	4	2	–1	–4	10	4	1	6	–4	14	7
Total	**–42**	**–31**	**–21**	**4**	**–5**	**–3**	**9**	**–92**	**–73**	**–17**	**–8**	**–83**	**–90**

Forecast

* Since January 2018, 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