Employment and unemployment

In H1 2021, payroll employment bounced back significantly: +438,000 between the end of 2020 and the end of June 2021, after –293,000 for the whole of 2020. Thus by the end of June 2021, payroll employment had exceeded its pre-crisis level (Q4 2019) by 145,000 (or +0.6%). In H2 2021, payroll employment is expected to continue to increase, but to a lesser degree: +76,000 (+0.3%). Since June, the upswing in activity has been accompanied by a decline in the use of short-time working, resulting in a sharp rebound in working time per employee and apparent labour productivity per capita.

If we also take self-employment into account, which looks likely to fall back moderately in 2021, total employment (payroll and self-employment) should increase by 474,000 in 2021 (between the end of 2020 and the end of 2021), after –263,000 in 2020, thus exceeding its pre-crisis level (Q4 2019) by 211,000 jobs by the end of 2021.

After a historic decline in 2020, the number of active workers bounced back in H1 2021 and should increase further in H2, at the same pace as in H1 (+194,000 after +225,000), thus returning to its pre-crisis trend trajectory. The strong rebound in employment in the middle of the year is expected to lead to a drop in unemployment, which should fall from an average of 8.0% in Q2 to 7.6% in Q3 and Q4.

By the end of June 2021, payroll employment had exceeded its pre-crisis level in virtually all sectors of activity

In H1 2021, payroll employment increased in France (excluding Mayotte): +438,000 between the end of 2020 and the end of June 2021 (with +148,000 in Q1 and +289,000 in Q2), after –293,000 for the whole of 2020 (between the end of 2019 and the end of 2020). In Q2, this rebound was mainly driven by the dynamism of activity linked to the gradual lifting of health restrictions in May and June. Payroll employment increased particularly strongly in the market tertiary sector (+336,000 across the half-year, including temporary workers in their user sector), driven by those sectors that had been worst affected by the health restrictions: accommodation-catering (+112,000), trade (+61,000) and services to households (+51,000, notably with the reopening of museums, cinemas and concert halls). It also grew significantly in services to businesses (+65,000), the non-market tertiary sector (+59,000) and building construction (+27,000).

At the end of June, therefore, payroll employment exceeded its Q4 2019 level of 145,000 jobs, i.e. +0.6% (► **Figures 1** and **2**). Notably, payroll employment (including temporary workers) exceeded its pre-crisis level by 54,000 in building construction and by 122,000 in the non-market tertiary sector, almost half of which is in the health sector, directly linked to the health crisis. By mid-2021, employment in the market tertiary sector exceeded its end of 2019 level overall by 34,000, although it was still below this level in accommodation-catering and services to households. Finally, in industry, employment at mid-2021 was still 69,000 down on its Q4 2019 level (–2.0% compared to the end of 2019, of which –6.7% was in the production of transport equipment).

The rebound in employment in early 2021 concerned all age groups, especially young people, whose employment rate had fallen particularly sharply in spring 2020. Thus the employment rate of 15-24 year-olds rebounded by 4.6 points year-on-year in Q2 2021, after a considerable drop of 3.4 points in H1 2020. Across all 15-64 year-olds, downward variations were much more moderate (–1.6 points in H1 2020) as were upward variations (+1.7 points across the year by mid-2021).

► 1. Change in payroll employment

in thousand, SA, at the end of the period

	Evolution over 3 months								Evolution over 1 year		Evolution since end of 2019	
	2020				2021							
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	2020	2021	End of June 2021	End of Dec. 2021
Agriculture	–8	–2	3	12	–2	2	–2	–4	4	–7	4	–2
Industry	–125	–3	46	–2	10	5	2	3	–84	21	–69	–63
Construction	–100	58	49	20	30	–2	1	–6	27	22	54	49
Commercial tertiary sector	–241	–192	208	–78	81	255	53	29	–302	418	34	115
Tertiary non-trading	–17	–68	118	30	30	29	2	–1	63	60	122	123
All	**–491**	**–207**	**423**	**–17**	**149**	**289**	**56**	**20**	**–293**	**514**	**145**	**222**

Forecast
Note: in this table, temporary workers are counted in the sector where they carry out their assignment.
Scope: France (excluding Mayotte)
Source: INSEE

In H2 2021, payroll employment is expected to continue to grow but at a more moderate pace than in H1

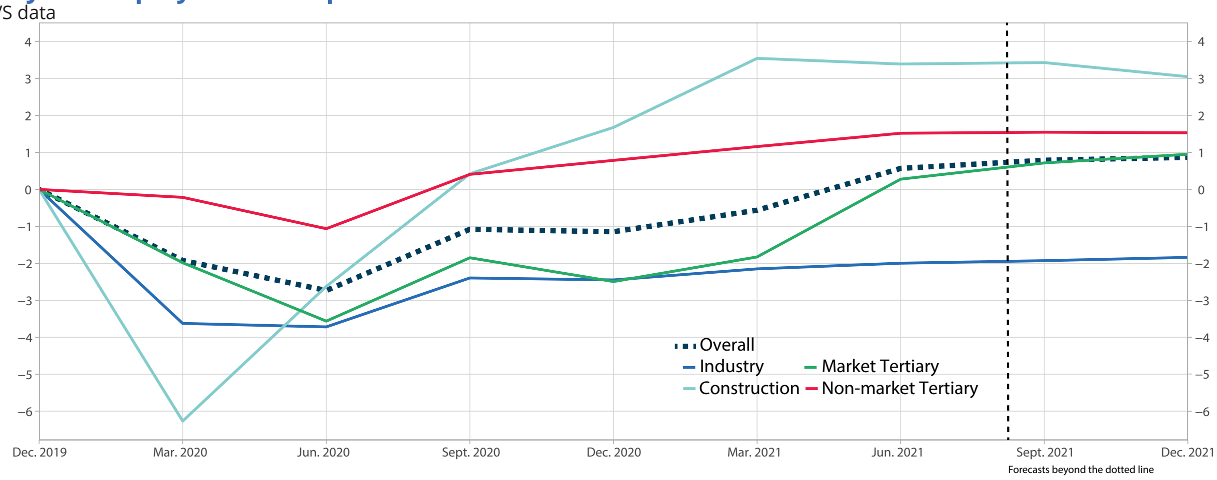
In H2 2021, payroll employment should continue to grow, but at a significantly more moderate pace: +56,000 in Q3 and +20,000 in Q4, i.e. +76,000 in H2 2021 (after +438,000 in H1). Ultimately, in the two years affected by the health crisis, it would seem that 222,000 net payroll jobs would have been created between the end of 2019 and the end of 2021, against 217,000 per year on average between 2015 and 2019.

The momentum in activity that can be attributed to the easing of health restrictions has already contributed to the dynamism of employment at the end of Q2; the main effect of this in H2 is likely to be the elimination of the short-time working scheme almost completely by the end of the year.[1] Employees' effective working time would then pick up significantly. The use of short-time working has already declined considerably over summer 2021. For private sector employees, short-time working estimated from nominative social declarations provided by businesses represented on average 4.7% of hours in Q2 2021, during which April was still affected by major health restrictions. This percentage came down to 2.1% in June 2021, then to 1.0% in July and 0.8% in August. In March 2021, paid hours were 5.1% below their March 2019 level; in July, they were only 1.0% below the July 2021 level (► Figure 3).

1 Especially as from September 2021, the share payable by companies has been increased, except for a few sectors which are still affected by specific restrictions.

► 2. Payroll employment compared to the end of 2019

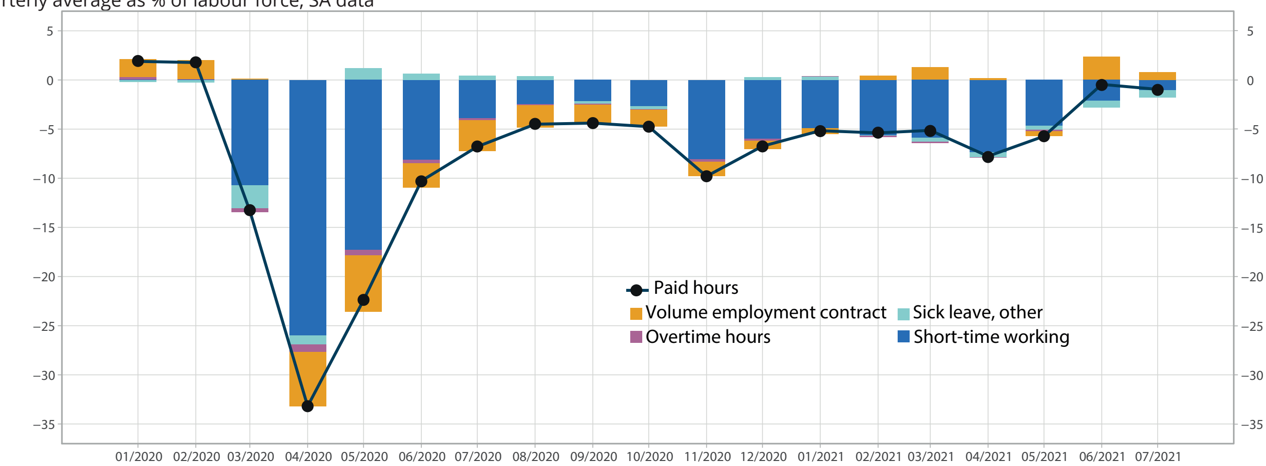
in %, CVS data



How to read it: at the end of June 2021, payroll employment was 0.6% higher than its level at the end of 2019.
Note: in this graph, temporary workers are counted in the sector where they carry out their assignment.
Scope: France (excluding Mayotte)
Source: INSEE

► 3. Change in the volume of paid work compared to 2019 and contributions to this change

quarterly average as % of labour force, SA data



How to read it: between July 2019 and July 2021, the volume of paid hours fell by 1.0% and short-time working accounts for 1.0 point in this decline.
Note: "Volume employment contract" corresponds to the sum of the contractual working time offered by companies. This is the working time that the employee should complete in the month, taking into account only the weekly rest periods provided for by law (2 consecutive days per week). These figures were obtained using conventional measurements: e.g. 151.67 hours for a full-time employee, i.e. 35 hours per week (75.88 hours for a part-time employee); 21.67 days for an employee whose contract stipulates a fixed volume of work of 218 days per year.
Scope: France (excluding Mayotte)
Source: INSEE

Total employment (payroll and self-employment) looks set to increase by 474,000 in 2021 after a decline of 263,000 in 2020

In 2020, self-employment would seem to have done better than simply withstand the crisis: it appears to have increased by 30,000 between the end of 2019 and the end of 2020, driven by a rise in the number of micro-entrepreneurs.[2] Nevertheless, this would be a net slowdown compared to the previous two years (+66,000 self-employed jobs in 2018 and +121,000 in 2019). The buoyancy of micro-enterprise creations, driven since 2018 by the doubling of the turnover ceiling and in 2020 by the unusual circumstances surrounding the health crisis, is likely to weaken in 2021. As a result of the downward trend in the number of “traditional” self-employed (excluding micro-enterprises) and the end of aid schemes associated with the crisis, self-employment is expected to fall back by 40,000.

Finally, total employment (payroll employment and self-employment) looks set to increase by 474,000 in 2021 after –263,000 in 2020, considerably in excess of its level of two years previously (+211,000).

The unemployment rate is expected to fall to 7.6% in Q3 and Q4 2021

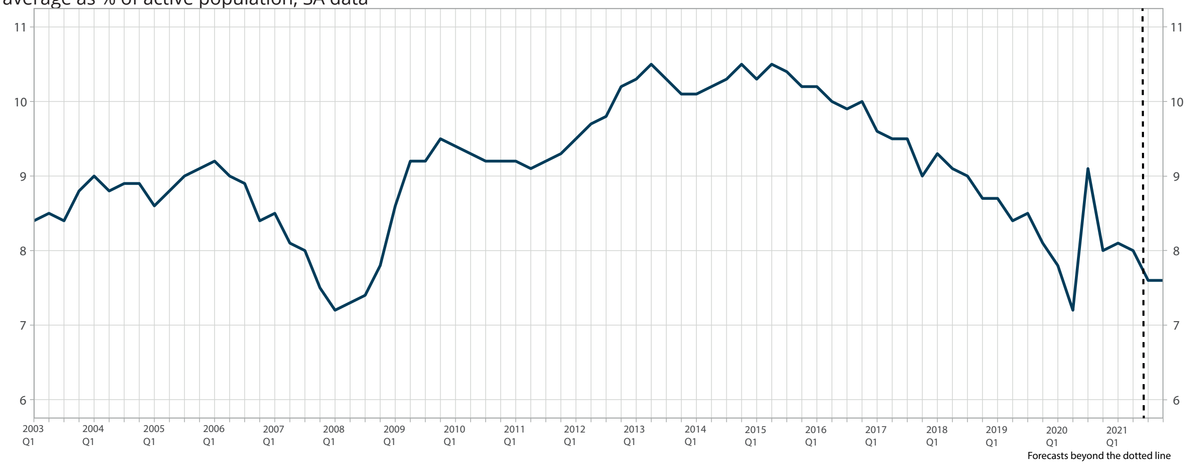
In Q2 2021, the unemployment rate remained virtually stable compared to the previous quarter (–0.1 points), at 8.0% of the active population (► **Figure 4**), just below its Q4 2019 level (8.1%).

This virtual stability in the unemployment rate in Q2 2021 is in line with the forecast published in early July. It is the result of the strong momentum in employment (+189,000 on average over the quarter) and in the active population (+173,000) – both these components were more dynamic than expected. The increase in the active population since the beginning of the year is mainly due to the return to the labour market of some of those workers who had left during the health crisis. First, during lockdowns or periods when major health restrictions were in place, some people stopped searching actively for a job and were therefore no longer considered as active jobseekers according to the ILO definition. This effect was particularly noticeable during the first lockdown and accounts for the decline of almost one million active workers in Q2 2020 and the rebound

2 Because of the way the self-employed declare their income, the employment of self-employed workers is not yet known for 2020.

► 4. Unemployment rate (ILO definition)

quarterly average as % of active population, SA data



How to read it: at the end of March 2021, payroll employment was 0.8% down on its level at the end of 2019.
Note: in this graph, temporary workers are counted in the sector where they carry out their assignment.
Scope: France (excluding Mayotte)
Source: INSEE, Labour Force Survey

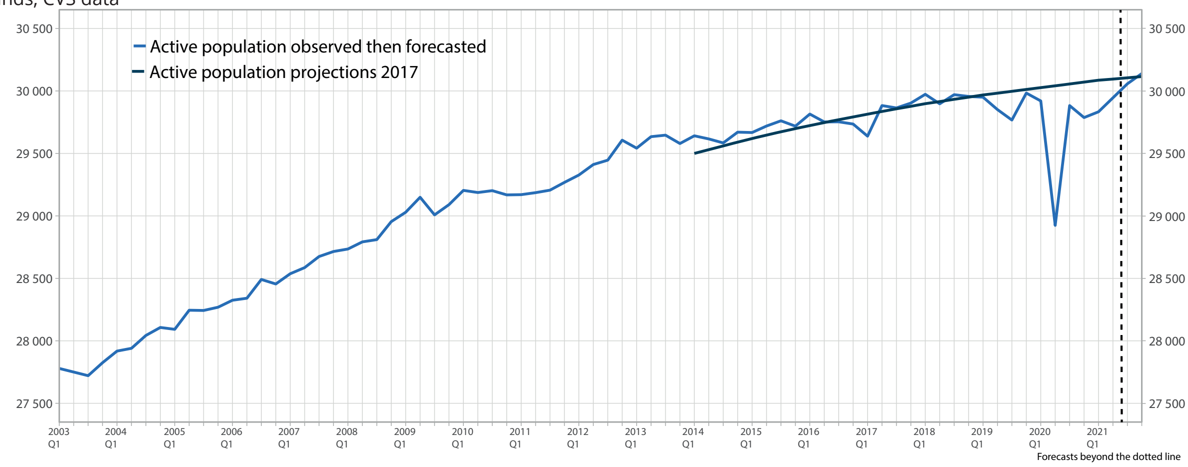
the following quarter. Second, in a more pervasive way throughout the entire crisis, the number of active workers fell as employment declined, as a result of an "effect of economic downturn on the active population". The improvement in the economic outlook during 2021 results in the return of these people to the labour market. The existence of such an effect is common[3] but in 2020 and 2021 it was on an unprecedented scale, similar to the shock that activity had undergone.

By the end of 2021, the active population is expected to continue to grow at the same pace as in H1, back to its trend trajectory: it looks set to increase by 112,000 in Q3 and by 82,000 in Q4 (► **Figure 5**). At the same time, the average rise in employment across the quarter is likely to be greater: +204,000 in Q3 (due to a strong carry-over effect linked to the considerable increase in employment between the end of March and the end of June), before slowing in Q4 (+97,000). As a result, the unemployment rate is expected to fall substantially from Q3, by 0.4 points to 7.6%, and remain at this level in Q4 (► **Figure 6**). ●

3 See Focus "New labour force projections and the effects of economic downturns" in Conjoncture in France June 2017.

► 5. Change in the active population compared to the latest long-term projections (2017)

in thousands, CVS data



Scope: France (excluding Mayotte), people aged 15 or over living in ordinary housing.
Source: INSEE, Employment survey, labour force projections 2017

► 6. Change in employment, unemployment and the active population

variation in quarterly average in thousands, SA data

	2020				2021				Cumulative change since end 2019
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
Employment (1)	–34	–739	358	170	31	189	204	97	274
reminder: employment at the end of the period	*–484*	*–200*	*431*	*–10*	*139*	*279*	*45*	*11*	*211*
Unemployment (2)	–96	–272	662	–351	22	–16	–92	–15	–158
Active population = (1) + (2)	**–130**	**–1011**	**1020**	**–181**	**53**	**173**	**112**	**82**	**116**
trend labour force	*15*	*15*	*15*	*15*	*10*	*10*	*10*	*10*	*99*
Variation in unemployment rate	**–0.3**	**–0.6**	**1.9**	**–1.1**	**0.1**	**–0.1**	**–0.4**	**0.0**	**–0.6**
Unemployment rate	7.8	7.2	9.1	8.0	8.1	8.0	7.6	7.6	

Forecast
How to read it: between the first quarter of 2021 and the second quarter of 2021, employment increases by 189,000 on average, unemployment decreases by 16,000 and the labour force increases by 173,000. The unemployment rate falls by 0.1 percentage points to 8.0%.
Note: unemployment corresponds here to total employment (payroll + self-employment), measured as a quarterly average.
Scope: France (excluding Mayotte), persons aged 15 or over
Source: INSEE, Labour Force Survey, Quarterly employment estimates