

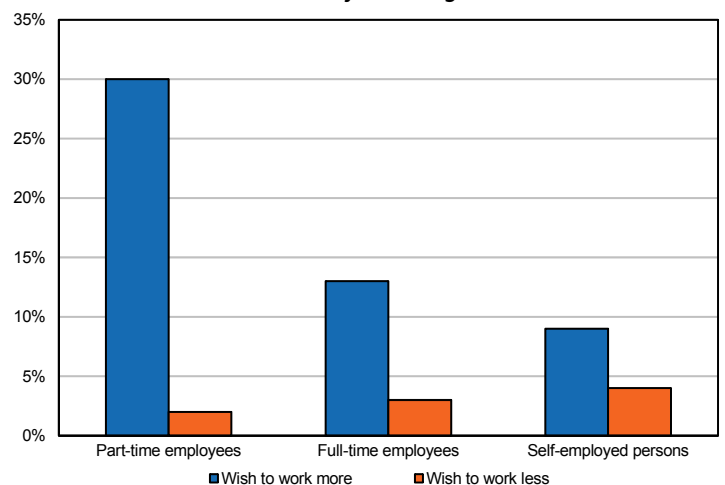
Trésor-economics

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Lifetime worked hours in France

- GDP per capita is calculated from the hourly productivity of labour and the average per capita volume of labour input. In its turn, the latter depends on the number of hours worked per year by persons in employment, the level of unemployment and the participation rate, which inter alia reflects the length of economically active life, between the ages of entry to and exit from the labour market.
- Since 2005, changes in the total number of hours worked by all workers have sustained growth in Germany much more than in France.
- According to certain international comparisons, the average annual hours worked per employee is lower in France than in other European countries. In a typical working week, the usual hours worked by French employees are in fact around the European average, but since working hours were reduced to 35 hours per week at the beginning of the 2000s, French workers are entitled to more days of annual leave entitlement than in other countries.
- The relatively low participation rate compared with other countries can partly be explained by the fact that, in France, employees end their working life at an earlier age. Since French employees do not enter the labour market at an earlier age, this accentuates the difference between hours worked over the life cycle.
- In France in 2017, one out of six persons in employment expressed the wish to work more hours. These were mainly part-time employees, especially who reported that their working part-time working was "involuntary". A significant proportion of full-time employees (13%) also reported that they would like to work more hours. These were employees on lower wages and with lower-than-average educational qualifications, and mainly on fixed-term or seasonal contracts.
- Certain recent measures could in the long term foster an increase in worked hours in France. Several recent pieces of legislation, in particular the Acts of 8 August 2016 and 29 March 2018, have given more flexibility for companies to adjust working hours, to make greater use of overtime and additional hours, thereby enabling them to respond to fluctuations in demand. The latest pension reforms encourages a gradual increase in the average retirement age and should therefore increase the number of hours worked over the life cycle.

Proportion of persons in employment wishing to change their usual weekly working hours



Source: Labor Force Survey 2017, DG Trésor calculations.

Scope: All persons in employment, France excluding Mayotte.

1. The number of hours worked affects economic activity¹

The annual number of hours worked within the economy has generally remained stable over a long period in France and Germany. That stability masks a downward trend in annual working hours, offset by an increase in the participation rate, which has increased the number of hours

worked over an entire working life (see Box 1). Since, at the same time, there has been only a relatively small increase in productivity, those factors are even more significant in determining economic growth.

Box 1: Different definitions of working hours

The term "working hours" covers several very different concepts. In prescriptive terms, it may be understood as the reference hours during which any full-time employee ought theoretically be working on the basis of the working hours regulations to which they are subject (statutory working hours, collectively agreed working hours). It may also reflect the number of hours actually worked by an individual over a given period (usual weekly working hours, annual working hours, lifetime working hours).

Statutory working hours: set at 35 hours per week or 1607 hours per year^a for all undertakings, whatever their size, statutory working hours are used as a benchmark. They are the threshold from which overtime is calculated. They do not represent either minimum working hours (employees may be employed on a part-time basis), or maximum working hours: overtime may be worked within maximum limits beyond which no one may be required to work.

Collectively agreed working hours: the actual collectively agreed contractual working hours common to a group of employees, as displayed at their workplace. They would apply only to full-time employees, as working hours for part-time employees or those paid at a flat rate would be set in their employment contract. They are usually defined on a weekly basis and differ from the statutory weekly working hours as they include requirements regarding working hours specific to the undertaking or sector.

Usual weekly working hours: the hours individually worked by an employee during a normal week without any exceptional occurrences (public holiday, leave, strike, etc.): they therefore include all the hours usually worked by the respondent, including regular overtime, whether paid or otherwise.

Annual working hours: number of hours "effectively" worked by an individual during the year, either full-time or part-time. Days representing leave, public holidays, sickness, workplace accidents, maternity or paternity leave and time off in lieu are deducted from annual working hours. Periods of unemployment or economic inactivity do not reduce the annual number of hours measured, since only persons in employment are taken into account. Annual working hours are measured by the Labor Force Survey, by measuring the various components of working hours during the reference week for persons in employment and multiplying the average actual weekly working hours over all the reference weeks by the number of calendar weeks. For international comparisons, several sources are used (national accounts or surveys).

Lifetime working hours: overall total of annual working hours over an individual's entire working life. They depend not only on possible periods of unemployment or inactivity experienced during that person's career, but also on the ages at which they entered and left the labour market. A person is considered to have left the labour market at the age when they finally cease to engage in or seek any employment, independently of retirement.

Annual number of hours worked: total number of hours worked during a year in a particular country. That figure depends on the number of hours worked by persons in employment over the year and the number of persons in employment within the population during that same year. It is therefore affected by the level of unemployment, the participation rate and part-time working. The trend in that figure over time reflects changes in lifetime working hours in the various generations of economically active persons, as a result of compositional effects.

a. Statutory annual working hours since 2004, with the introduction of the day of solidarity with the elderly.

(1) In preparing this document, we were assisted by input from the Ministry of Labour's Directorate for Research, Studies and Statistics (DARES).

1.1 Annual working hours have fallen in France as in other developed countries

Although it is difficult to compare annual working hours per person in employment in different countries, that figure has shown a downward trend in the developed countries, as a result of choices made by society and changes in the structure of labour markets.² That trend is the result of the combined effect of an increase in the number of days' paid leave, the downward trend in statutory working hours and changes in the structure of labour markets: there has been an increase in part-time working and there are more people in paid employment and fewer self-employed persons, who usually work longer hours. That downward trend has been made possible by gains in productivity, the benefits of which are divided, firstly, between higher earnings and consumption and, secondly, more leisure time, depending on social preferences in each country.

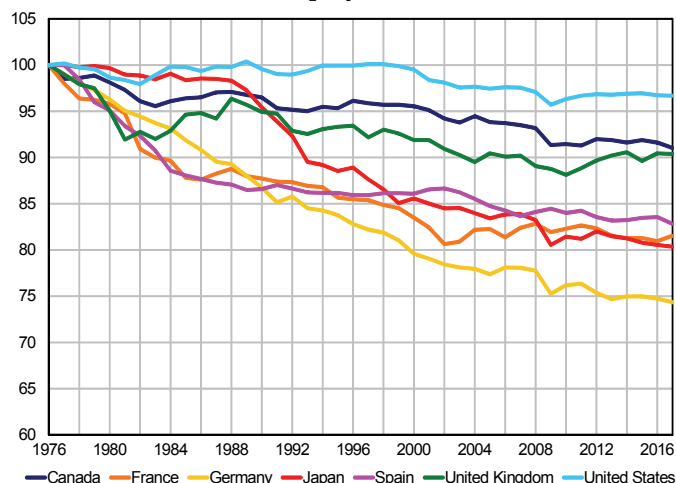
In France, there have been several stages in downward trend in annual working hours per person in employment³. Between 1965 and 1982, they fell as a result of the reduction in statutory working hours. A fourth and then a fifth week of paid annual leave were granted in 1969 and 1982. In addition, statutory weekly working hours, which had been set at 40 hours per week since 1936, were reduced to 39 hours in 1982.

During the 1990s, the downward trend in working hours continued at a slower pace, linked to the increase in part-time working.

At the beginning of the 2000s, the move to the statutory 35-hour working week contributed towards the fall in annual working hours. Since the mid-2000s, annual working hours per person in employment have generally remained stable.

In international comparisons, France is one of the countries showing the largest fall in annual working hours since 1976 (see Chart 1). Only Germany has shown a greater fall (-26%), in annual working hours due to an increase in part-time working and the effects of collective bargaining.⁴

Chart 1: Trend in annual working hours per person in employment⁵



Source: OECD. Base 100 in 1976, DG Trésor calculations.

Scope: All employees and self-employed persons.

1.2 The increase in participation rates has boosted the number of hours worked

Since the 1970s, the fall in the annual working hours of persons in employment has been accompanied by an increase in the participation rate. This phenomenon, which has been observed both in France and in other developed countries, maintains the total number of hours worked over a year by the population as a whole, by increasing the number of economically active persons.

There are two main reasons for this upward trend in the participation rate. Firstly, a significant increase in women's participation in the labour market: from a 30-point difference compared with the participation rate for men aged 15-64 in 1977, in the 2010s, the difference in the participation rate for women compared with men has fallen to around 8 points. Secondly, the length of economically active life has increased since the end of the 1990s, with an increase in the participation rate of those aged 55 and over, which has been significantly affected by past reforms and specifically the raising of the statutory retirement age from 60 to 62 as part of the 2010 reform.⁶ Those reforms resulted in an 11.4-point⁷ increase in the employment rate for those aged 60-64 between 2010 and 2017, mainly due to

(2) An indicator produced by the OECD uses disparate sources (national accounts for France, but declarative surveys for other countries), which makes it possible to compare trends over a long period, but not the figures for a given year.

(3) Insee (2019), "Tableaux de l'économie française", *Insee Références* 2018 Edition and C. Létroubon and S. Zilloniz (2016), "La durée du travail, principaux résultats", *Dares Résultats* no. 080.

(4) In Germany, collective agreements introducing weekly working hours below the statutory working hours (40hrs) have pushed down the number of working hours. J. Evans, D. Lippoldt and P. Marianna (2001), "Trends in Working Hours in OECD Countries", *OECD Labour Market and Social Policy Occasional Papers* No. 45.

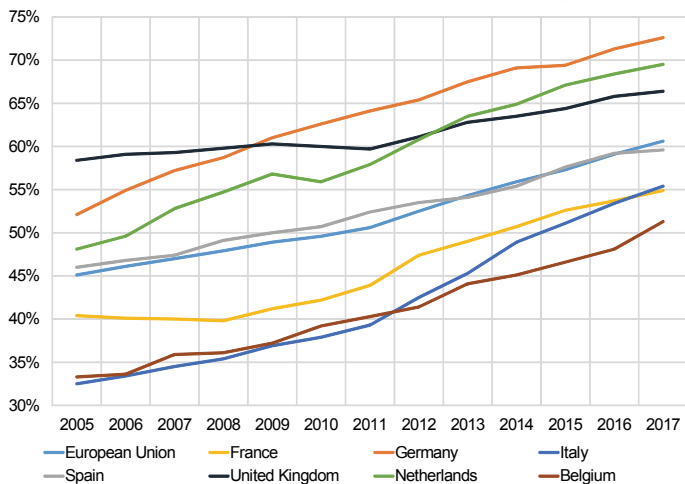
(5) It is difficult to compare OECD data on annual working hours due to the disparate sources used (national accounts, European Employment Survey etc.). For France and Germany, annual working hours are calculated from national accounts.

(6) Y. Dubois and M. Koubi (2016), "Does raising the retirement age increase older workers' activity? The case of the 2010 French pension reform".

(7) S. Beck and J. Vidalenc (2018), "Employment of older people on the rise between 2007 and 2017: more part-time and temporary jobs", *Insee Focus* No. 119

older workers already employed before the reform being kept on. In international comparisons, the French population's participation in the labour market is still however adversely affected by an older workers' participation rate well below the European average (54.9% compared with 60.6% for those aged 55-64, see Chart 2).

Chart 2: Trend in participation rate for those aged 55-64



Source: : European Commission, The 2018 Ageing Report (May 2018). The participation rate for those aged 55-64 is the proportion of those persons who are in employment or unemployed.

The trend in the number of hours worked also depends on an economy's ability to mobilise its economically active population. Unemployment has increased in several countries, but in the majority of developed countries at the end of the 2010s it had fallen to a level comparable to that at the end of the 1970s, although it still remains much higher in France.

Those trends have also been influenced by demographic changes, with the ageing of the baby-boom generations. As a result, for around thirty years, the fall in the growth rate of the working age population has also seriously affected the number of hours worked.

1.3 Since 2005, the total number of hours worked by all employees has sustained growth in Germany much more than in France

The fall in average annual working hours since the end of the 1970s has had a negative effect on per capita gross domestic product (GDP), but less so since 1995 (see Table 1).

Between 1977 and 1995, the average annual growth rate in per capita GDP was 1.7% in France, despite a strongly negative contribution from annual working hours, which was more than offset by significant productivity gains, a favourable demographic effect and the increasing participation of women in the labour market. Despite lower productivity gains, during that period Germany experienced a slightly higher growth rate (2.0%), because the decrease in the number of hours worked was smaller.

Between 1995 and 2005, per capita GDP continued to grow by 1.6% per year in France, despite a slowing down in productivity, due to the fact that the effect of annual working hours was much less marked. Germany followed a similar trend, but growth in per capita GDP was slower due to the effects of the ageing population, an increase in unemployment and especially the reduction in average annual working hours per person in employment.

Table 1: Breakdown of the GDP-per-capita growth rate

	1977-1995		1995-2005		2005-2017	
	France	Germany	France	Germany	France	Germany
GDP per capita (1)=(2)+(3)+(4)	1.7%	2.0%	1.6%	1.0%	0.5%	1.5%
Effect of hourly productivity(2)	2.5%	2.2%	1.6%	1.5%	0.5%	0.8%
Effect of number of hours worked by persons of working age (3)	-1.1%	-0.6%	0.1%	-0.3%	0.2%	0.9%
of which effect of annual working hours	-0.8%	-0.6%	-0.2%	-0.5%	-0.2%	-0.4%
of which effect of unemployment	-0.3%	-0.2%	0.1%	-0.2%	-0.1%	0.6%
of which effect of participation rate	0.1%	0.2%	0.2%	0.5%	0.5%	0.7%
Demographic effect d(4)	0.2%	0.3%	0.0%	-0.2%	-0.3%	-0.2%

Source: OCED, DG Trésor calculations.

Note: Trends in per capita GDP are broken down for accounting purposes into five components: trend in hourly productivity, in annual working hours per person in employment, in unemployment (calculated by the growth rate in the proportion of the economically active population in employment), in the participation rate and in the demographic effect (calculated by the growth rate in the working age population as a percentage of the total population) reflecting the combined effect of the baby-boom generation and increased life expectancy.

Since 2005, all the effects connected with the number of hours worked (effects of annual working hours, unemployment and the participation rate) have significantly contributed to maintaining growth in Germany (+0.9 percentage points), but much less so in France (+0.2 percentage points), where the trend in per capita GDP now only reflects the trend in hourly productivity, which itself is slowing down.

In Germany, productivity is also slowing down compared with the previous period, but the decline has been less marked, and favourable trends, especially in the unemployment rate and the participation rate, have more than compensated for demographic ageing and the fall in average working hours per person in employment, thus sustaining growth in per capita GDP.

2. In France, lifetime worked hours have decreased as a result of high annual leave entitlement and early exit from the labour market

2.1 Usual weekly working hours in France are close to the European average, but France has more annual leave

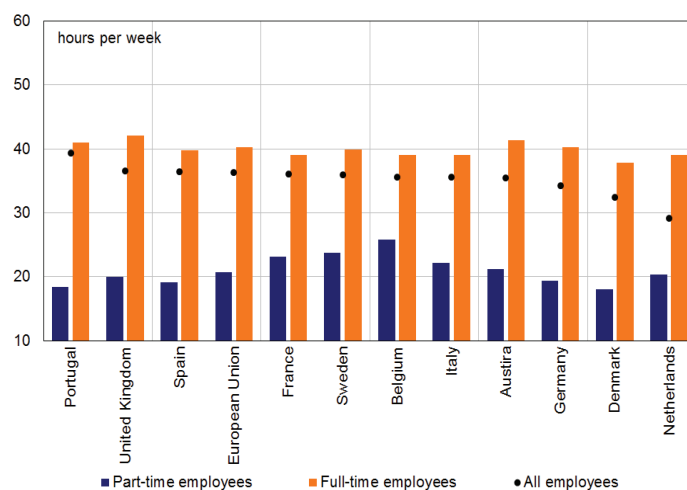
Annual working hours reflect usual weekly working hours, the number of public holidays, the number of days' leave actually taken, which itself depends on leave entitlement in each country, sick leave, training days, parental leave, etc.⁸

In France, the usual working hours for all employees combined are 36.1 hours, i.e. close to the European average (36.3 hours). That figure is 34.3 hours in Germany, and less than 30 hours in the Netherlands. France's median position masks major compositional effects.

Full-time employees normally worked 39.1 hours per week in 2017 (see Chart 3). That is above the statutory working hours (35 hours), due to the regular use of overtime or specific working hours agreements, and working time defined in fixed days for some posts, for example senior managers. However, during a normal working week, French full-time employees on average work less than their European neighbours: 1.2 hours less than the Germans and the European Union average and 3 hours less than the British.

On the other hand, when they work part-time, the French work longer than in other European countries. Their average working week of 23.1 hours is 2.4 hours above the European average, around 3 hours longer than the British and nearly 4 hours longer than the Germans. If we consider all employees, France is therefore close to the European average.⁹

Chart 3: Usual weekly working hours for employed persons (2017)



Source: Eurostat, Labor Force Survey.

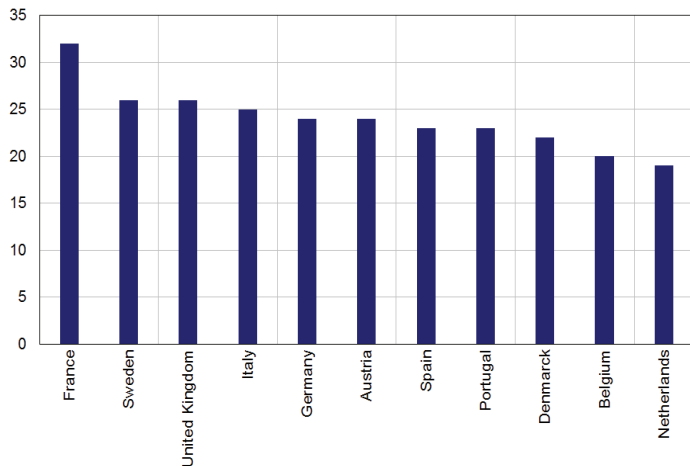
Thus, the difference in usual weekly working hours compared with Germany is due to a compositional effect linked to the large proportion of German women who work part-time (46%) who, moreover, work considerably fewer hours (less than 20 hours per week).¹⁰ The difference compared with the Netherlands, where usual weekly working hours are much shorter, can be explained by the fact that more Dutch people, both women and men, work part-time (nearly one employee in two, men and women combined).

Although usual weekly working hours in France are in line with the European average, the country differs from the rest in that it has a significantly higher number of non-working days per year. In terms of public holidays, France is around the European average.¹¹ Where France really differs is in the high number of days' paid leave entitlement compared with other European countries (see Chart 4). That paid leave

(8) C. Létroublon and S. Zilloniz (2018), "Comparaisons européennes des durées du travail: illustration pour huit pays", *DARES Study document*, no. 220.
 (9) There are slightly fewer part-time employees in France than in other countries, but that factor contributes less to the overall figure than the fact that French part-time employees work longer hours than in other European countries.
 (10) N. Costes, L. Rambert and E. Saillard (2015), "Part-time work and work-sharing: a comparison between France and Germany", *Trésor-Economics* n° 141.
 (11) C. Létroublon and S. Zilloniz (2018), *op. cit.*

includes statutory paid leave (five weeks, or 25 days, for all employees) and reductions in working time (RTT, when provided for by a company agreement). This gives a total of 32 non-working days in France, compared with the European average of 25 days in 2014.

Chart 4: Leave entitlement in Europe (number of days per year)



Source: Eurostat, *Structure of Earnings Survey*, 2014.

Scope: Undertakings with 10 employees or more and central government (excluding teachers). The figures show leave entitlement and not the leave actually taken by employees.

In almost all European countries, the minimum number of statutory days' leave varies between 20 and 25 days per year, and may be more as a result of collective agreements. It is therefore the leave associated with working time reduction following the introduction of the 35-hour week which accounts for the major difference between France and other countries. The inclusion of other non-working days (training days, sick leave or parental leave, etc.) could alter that conclusion.

Taking all occupations as a whole, the number of days' paid leave is higher in France than in Germany, but that difference is particularly marked in the case of certain highly-skilled occupations, for which weekly working hours

are moreover longer. The difference is less in the case of less-skilled occupations.¹²

In France, there is a significant difference in leave entitlement between employees,¹³ with it being higher in the public sector than in the private sector (42, 38 and 34 days respectively, in central and local government and the hospital sector, compared with 29 days in the private sector).

On average, employees take all the leave days to which they are entitled. Age and family situation only slightly affect actual use of leave entitlement.

In the case of annual working hours, comparisons are more difficult.¹⁴ By way of illustration, and pending fuller harmonisation of the data, it has been estimated that working hours in France, for full-time and part-time employees combined, are probably some of the lowest in Europe at around 1 520 hours worked per employee per year in 2015, below Germany (difference of -4%), Spain (-7%) and Italy (-8%). This is considered to be mainly due to some of the lowest average annual working hours in Europe for full-time employees, at around 1 650 hours per year in France, comparable to Sweden or Finland, but significantly lower than Germany (-12%) or the UK (-14%).¹⁵

2.2 In France, early exit from the labour market reduces hours worked over the life cycle

Low annual working hours in France are not offset by a longer working life than in other countries.

The Auroux Acts of 1982 significantly reduced lifetime working hours, by reducing the statutory retirement age to 60. Although the pension system reforms introduced since the 1990s – such as the raising of statutory retirement ages and the extension of the contribution period required in order to receive a full pension – helped to raise the age of leaving the labour market, France is still one of the European countries where people leave the labour market earliest at the end of their working life (see Chart 5). That exit from the labour market does not always coincide with retirement: some pension scheme members have periods

(12) For example, the difference is very marked in the case of "Intellectual and scientific professions": 41 days' annual leave in 2014, compared with 26 days in Germany (source: wage structure survey, 2014). That difference partly reflects usual weekly working hours that are nearly 1½ hours per week longer for "executives, senior managers and managers", according to the European Employment Survey. For "Skilled trades in industry and crafts", on the other hand, the difference in paid leave entitlement is only two days.

(13) S. Zilloniz and C. Beswick (2017), "Les congés payés et jours de RTT : quel lien avec l'organisation du travail ?" [Paid leave and RTT (working time reduction) days: how does this affect work organisation?], *DARES Analyses* no. 054.

(14) The available resources are survey data (processed by Eurostat) and national accounts (collected the OECD). They are not always consistent either with each other or between countries, but in all those sources, France is significantly below the European average (between 8% and 12%).

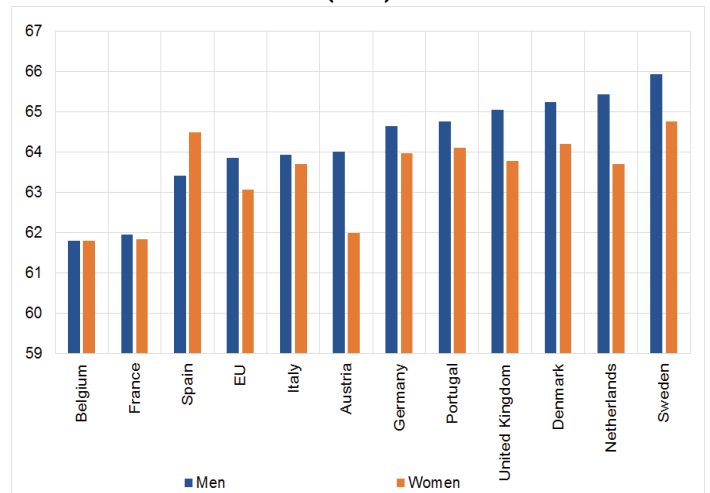
(15) J. Tychev (2016), "La durée effective annuelle du travail en France et en Europe", *Working document* no. 59 Coe-Rexecode.

of not working (pre-retirement, incapacity for work, etc.) before they actually retire whilst, conversely, others combine their pension with employment for a certain amount of time. On average, French men leave the labour market two years earlier than their counterparts (at age 61.9 compared with an average of 63.9 for European Union countries), and French women one year and four months earlier (at age 61.8 compared with 63). This can partly be explained by arrangements allowing pension scheme members to retire before the statutory age of 62: this is the case for example with the system allowing early retirement after a long working life (members who started work early and who have accrued the full number of pensionable years) – which today applies to over a quarter of members of the general scheme, but is likely to decrease rapidly – and certain categories of public sector employees in hazardous or arduous occupations (police officers, firefighters, prison officers, certain paramedical professions, etc.).

This earlier exit from the labour market is only partially offset by an age of completing education slightly below the European average, for all levels of education. The average

age of completing education in France is 20.7, below that in the Nordic countries and Germany (22.4 in Germany), but close to that in Spain (20.5) and Italy (21).¹⁶

Graphique 5 : Average age of exit from the labour market (2017)



Source: European Commission, *The 2018 Ageing Report (May 2018)*. The age of exit from the labour market represents the age at which a person permanently ceases to participate in that market (employment or seeking employment), estimated using participation rate projections per cohort throughout working life. It may differ from the retirement age.

3. In France, 16% of employees would like to work more hours

Various sub-groups within the population are prepared to work more. Firstly, the unemployed and those in a similar situation (the "halo" around unemployment) represent a major pool of persons wishing to work: around 4.2 million people in 2018, or a little over 10% of those aged 15-64.¹⁷

But the desire to work more hours is also expressed by a significant proportion of French people in employment:¹⁸ in 2017, one in six persons in employment stated that they would like to increase their usual weekly working hours. Only 3% wanted to reduce their usual weekly working hours. In number of hours per week this represents a desire for 31 million extra hours and 6 million fewer hours (see Table 2). In net terms, French people therefore report that they would like to work around 25 million extra hours per week, or 2.5% of the total hours worked reported in the Labor Force Survey. That represents on average a desire for

slightly less than one extra working hour per week per person in employment. However, that desire varies considerably amongst different groups of persons in employment.

3.1 A distinctive feature of the French labour market is the fairly significant number of people in involuntary part-time work

Over 60% of the desire for extra working hours in net terms was expressed by part-time employees. Amongst those employees, over half of those in 'involuntary' part-time work (who are working part-time because they were unable to obtain full-time hours in their present employment when they were recruited)¹⁹ expressed the desire to work more hours, and amongst them two thirds would like to work between 5 and 15 extra hours per week.

(16) Source: Eurostat, Ad-hoc Module "Young people on the labour market", *Labor Force Survey* (2009).

(17) Y. Jauneau and J. Vidalenc (2019), "Labour market at a glance in 2018", *Insee Première* no. 1740; G. Parent, S. Rebière (2019), "People Facing Restrictions on the Labour Market in the European Union: a Complementary Analysis that Reveals the Extent of Underused Labour", *France in the European Union*, 2019 Edition.

(18) The Labor Force Survey identifies workers who would like to change their working hours. All the respondents identified as persons in employment were asked about their desire to change their weekly working hours, and also, where appropriate, about the extra number of hours they would like. It is then possible to determine, for persons in employment, the extra number of hours they would like to work compared with their current weekly working hours.

(19) This category of part-time employees was identified from statements made by employees based on the Employment Survey. In fact, that Survey contained a question concerning the main reason for working part-time. Since 2013, the various options for that variable in the Employment Survey have been: "not possible to work more hours in present employment", "I have other employment", "I am studying or training", "I am working to supplement other income (pension, for example)" or "personal or family reasons".

Table 2: Breakdown of extra/fewer hours desired by persons in employment and proportion of persons in employment wishing to change their weekly working hours in 2017

		No of extra hours desired per week (million hours)	No of fewer hours desired per week (million hours)	Net no of hours desired per week (million hours)
Employed persons		27.4 [16%]	4.7 [3%]	22.6 [20%]
	Part-time	15.7 [30%]	0.5 [2%]	15.3 [32%]
	" involuntary " part-time	12.4 [54%]	0.1 [2%]	12.3 [56%]
	" voluntary " part-time	3.3 [12%]	0.4 [2%]	2.9 [14%]
	Full-time	11.6 [13%]	4.3 [3%]	7.4 [16%]
Self-employed persons		3.3 [9%]	1.5 [4%]	1.9 [13%]
All employed persons		30.7 [16%]	6.2 [3%]	24.5 [19%]

Source: Labor Force Survey 2017, DG Trésor calculations.

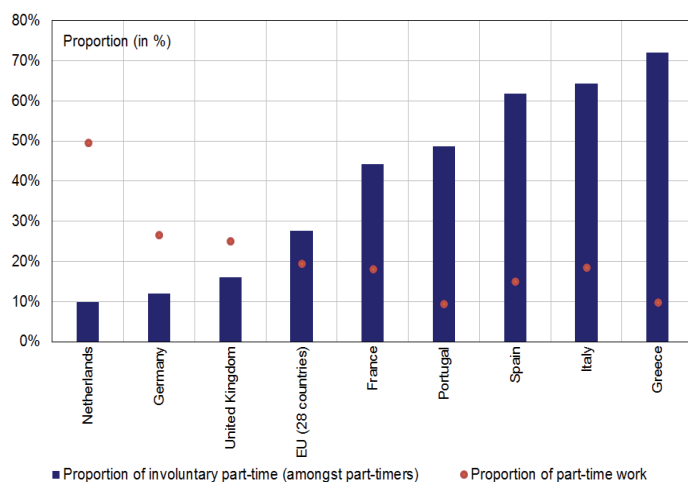
Scope: All employed persons, France excluding Mayotte.

Note: The percentages in square brackets show the proportion of persons in employment in that category who wish to increase, reduce or change their usual weekly working hours.

How to read this table: In 2017, involuntary part-time employees wished to increase their weekly working hours by a net figure of 12.3 million hours. 56 % of involuntary part-time employees wished to change their weekly working hours.

In France, amongst part-time employees, the proportion of those whose part-time working is involuntary is high compared with other European countries: 44% in 2016, compared with an average of 28% for European Union countries (see Chart 6).

Chart 6: Proportion of part-time working and involuntary part-time working in 2016



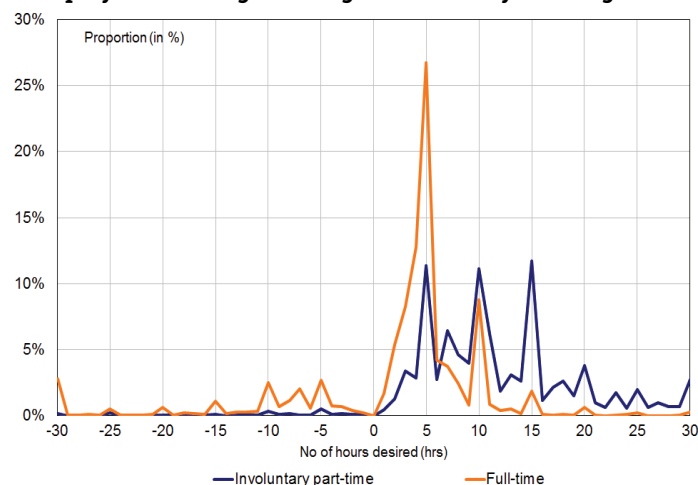
Source Eurostat, Labor Force Survey.

Compared with part-time employees as a whole, involuntary part-time employees are most often men. They are generally less skilled, younger and lower paid (see Table 3). Those employees are also more often the main breadwinner for their household. A higher proportion of them consist of one-person households and single-parent families. On average, their employment contracts are seasonal or fixed-term contracts. Lastly, fewer of them are offered additional hours (see Section 4.3 below) compared with part-time employees as a whole.

3.2 Full-time employees also express the desire to work more hours

Amongst full-time employees, 16% would like to change their working hours. Half of them would like to work between 3 and 5 extra hours every week (see Chart 7). However, that number of extra weekly hours would represent only 30% of the extra 25 million hours desired by persons in employment as a whole, compared with 62% for part-time employees and 8% for self-employed persons.

Chart 7: Breakdown of extra/fewer hours desired by employees wishing to change their weekly working hours



Source: Labor Force Survey 2017, DG Trésor calculations.

Scope: Persons in employment, excluding temporary employees and apprentices, France (excluding Mayotte).

How to read this chart: 27% of full-time employees wishing to change their working hours wish to increase them by exactly 5 hours per week.

The population of full-time employees who wish to work more hours differs from full-time employees as a whole (see Table 3). On average, it consists of more men, is less skilled, younger and more often on fixed-term or seasonal contracts. These persons are also more often the main breadwinner for the household. On average, their wages are lower and they belong to less skilled socio-professional groups (clerical staff and manual workers).

The profile of full-time employees who want to work fewer hours, in contrast to the rest of full-time employees, consists of more women, has higher qualifications, is older and more of them live in households consisting of a couple and belong to more highly skilled socio-professional groups. On average, their wages are also higher.

Table 3: Over- and under-representation of employees wishing to change their working hours, by various categories

	Involuntary part-time employees (amongst all part-time employees) (A)	Full-time employees wishing to work more (compared with all full-time employees) (B)	Full-time employees wishing to work less (compared with all full-time employees) (C)
Sex (female)	0.97	0.71	1.21
Level of education			
Higher diploma at Baccalaureat + 2 years level	0.62	0.80	1.55
BTS [Higher Technician Diploma], DUT [University Technology Diploma] or other diploma at Baccalaureat + 2 level	0.55	1.02	1.06
Baccalaureat or vocational qualification or other qualification at that level	1.04	1.17	0.85
CAP [Vocational Competency Certificate], BEP [Vocational Training Certificate] or other qualification at that level	1.20	1.11	0.70
General Certificate of Education	1.11	1.10	0.94
No qualification or Certificate of Primary Education	1.42	0.88	0.46
Type of household			
One-person household	1.15	1.38	0.97
Single-parent family	1.28	1.31	0.68
Couple with no children	0.97	0.88	1.14
Couple with child/children	0.89	0.87	1.02
Multi-person household all related to the reference person in the household, neither a couple nor a single-parent family	1.35	1.34	1.63
Multi-person household not all related to the reference person in the household, neither a couple nor a single-parent family	0.95	1.24	1.15
Other complex households of more than one person	1.26	0.98	0.58
Age			
15-24	1.20	1.43	0.30
25-49	1.01	1.14	0.95
50 and over	0.92	0.59	1.27
Type of contract			
No employment contract	0.90	1.10	1.05
Indefinite employment contract	0.82	0.83	1.05
Fixed-term contract (other than seasonal)	1.23	1.34	0.90
Seasonal contract	1.09	1.35	0.62
Socio-professional group			
Managerial and professional occupations	0.41	0.54	1.68
Technicians and associate professionals	0.65	1.02	1.05
Clerical staff	1.15	1.14	0.83
Manual workers	1.31	1.25	0.49
Overtime/additional hours	0.93	1.20	1.32
Net monthly income			
Less than EUR 500	1.07	1.62	0.33
EUR 500 to less than EUR 1 000	1.34	1.19	0.22
EUR 1 000 to less than EUR 1 250	1.20	1.38	0.55
EUR 1 250 to less than EUR 1 500	0.66	1.35	0.64
EUR 1 500 to less than EUR 2 000	0.27	1.16	0.73
EUR 2 000 to less than EUR 2 500	0.18	0.85	1.05
EUR 2 500 to less than EUR 3 000	0.16	0.65	1.59
EUR 3 000 to less than EUR 5 000	0.23	0.43	1.76
EUR 5 000 to less than EUR 8 000	0.06	0.29	2.60
Over EUR 8 000	0.00	0.16	3.31

Source: Labor Force Survey 2017, calculs DG Trésor.

Coverage: All persons in employment, excluding temporary employees and apprentices, France excluding Mayotte.

Note: A cell above 1, shown in blue (or less than 1, shown in white) indicates that the category is over-represented (or under-represented). More specifically, a cell representing a category x and one of the three criteria A, B or C gives the ratio 'Proportion of category x meeting criterion C out of the entire population meeting criterion C / Proportion of category x out of the entire population'.

Interpretation: Women are under-represented amongst involuntary part-time employees compared with part-time employees as a whole. They are also under-represented amongst full-time employees wishing to work more compared with full-time employees as a whole. On the other hand, women are over-represented amongst full-time employees wishing to work less compared with full-time employees as a whole.

Full-time employees who want to work more hours, like those who want to work fewer hours, do more overtime than the average for full-time employees. Working overtime therefore needs to be interpreted in two ways. For some employees, this is overtime that they want to do and they

would like to have more (those who want to work more hours each week), whereas those who want to reduce their weekly working hours, rather see overtime as something they are forced to do.

4. Structural measures are planned with a view to adjusting working hours

An initial lever of action in order to increase the number of hours worked is to combat unemployment and involuntary part-time working. Several government policies aim to achieve this, such as investment in initial and lifelong training, or the reduction in labour costs for the lowest paid employees.

Other additional levers could be applied in order to increase the number of hours worked, for example increasing annual working hours per person in employment or delaying end-of-working-life exit from the labour market. Various provisions which have recently been introduced or reformed have relaxed the regulatory framework governing working hours, opening up opportunities to increase them.

Those measures represent a positive supply shock for long-term economic activity and therefore for household incomes. However, an increase in working hours does not immediately translate into a corresponding all-embracing increase in the number of hours worked within the economy. The period of adjustment to be expected on the labour market will depend on how the increased working hours are implemented in practice, in particular on whether or not that increase is accompanied by compensation in terms of wages.

4.1 The Acts of 8 August 2016 and 29 March 2018 granted more discretion to adjust working hours

Traditionally, the structure of the Labour Code has been based on the hierarchy of rules, with the law taking precedence over branch agreements, which themselves take precedence over company agreements. In order to derogate from a higher-ranking rule, agreements concluded at a lower level had to comply with the favourability principle, that is to say they had to contain provisions more favourable to employees than the higher-ranking rule. Thus, the working time legislation was mandatory for all employers as a guaranteed basis for all employees.

Since the 1980s,²⁰ that legislation has been progressively amended in order to facilitate the development of rules negotiated by the social partners. Collective, branch or company agreements were permitted to derogate from laws or regulations, and then company agreements were permitted to derogate from branch agreements, including in ways less favourable to employees. However, in practice, few employers have made use of the opportunities to derogate from the higher-ranking rule provided by the Act of 4 May 2004 on lifelong vocational training and the social dialogue and the Act of 20 August 2008 on the renewal of social democracy and working time reform.

The Act of 8 August 2016 on employment, modernisation of the social dialogue and the securing of career paths for the first time introduced the primacy of company agreements over branch agreements regarding working hours (overtime, arrangement and adjustment of working hours); however the provisions of the higher-ranking rule continued to apply in the absence of a company agreement. The aim is to enable undertakings to be more reactive and competitive in order to adjust to the constraints of their environment, whilst at the same time assuring an equivalent level of protection for their employees.²¹

The Act of 29 March 2018, which ratified the regulations adopted to reinforce the social dialogue, greatly speeded up that process in order to enable undertakings and employees to anticipate and adapt simply, rapidly and securely to their economic environment. By a majority agreement,²² known as a collective performance agreement, undertakings may from now on adjust working hours in order to meet their operating needs or to protect or develop jobs, and those agreements must apply to employment contracts. In addition, in undertakings with no trade union representative with less than 11 employees, employers may from now on propose a draft agreement to their employees covering all matters on which the Labour Code permits collective bargaining (including working hours and work organisation). This new bargaining option has been

(20) The "Auroux" Acts, adopted in 1982, extended employees' rights and developed the social dialogue within undertakings. One of those four Acts required undertakings to conduct annual negotiations on working hours and work organisation.

(21) According to the new structure of the Labour Code, in the absence of a collective agreement, the default provisions should apply to all employees, thereby providing them with an equivalent level of protection.

(22) The agreement must be signed by trade union organisations which have received over 50% of votes cast in workplace elections.

extended to undertakings with less than 20 employees where there is no elected member of the personnel delegation on the Economic and Social Committee (ESC).

4.2 The Act of 8 August 2016 allowed for the introduction of 'multi-annual' working hours

An undertaking's business may vary from week to week because of its seasonal nature or fluctuations in demand. In order to adjust employees' working patterns to the needs of the business – and to avoid overtime during busy periods and part-time working during slack periods – the undertaking may spread working hours over a period exceeding a week. Working hours may in fact be organised on the basis of work periods of a maximum of nine weeks for undertakings with less than 50 employees, and four weeks for undertakings with 50 or more employees, on the terms and conditions defined by decree.²³ By a majority company collective agreement, that reference period may be extended beyond one year, up to a maximum of three years, provided that that multi-annual period is authorised by a branch agreement.

Nine branch agreements signed since 2016 make it possible to organise working hours over a period exceeding one week, in the form of working hours adjustments. This is the case for example in the photography, and beverage distributors and wholesalers branches, and also in the metalworking sector, which has introduced a 'multi-annual' working hours agreement.²⁴

4.3 Additional hours and overtime can ensure more flexible individual working hours for certain employees

When requested by an employer and subject to the maximum limits imposed by law, a full-time employee will be required to work overtime, except where this infringes the employee's rights.²⁵ Any overtime worked entitles employees to a higher hourly rate (an average of around

27%²⁶ in 2015) or time off in lieu equivalent to the increased rate.²⁷

Since 1 January 2019, this arrangement has become more attractive for employees, since overtime is now exempt from employees' national insurance contributions and income tax. This is expected to increase employees' purchasing power and encourage them to work longer hours.

If they work part-time, an employee may have to work beyond the hours stipulated in their contract and work additional hours,²⁸ which are paid at a higher rate but do not entitle them to time off in lieu.

For employers, use of overtime is attractive where there is a temporary surge in demand. Moreover, the Act of 8 August 2016 relaxed the terms and conditions applying to higher overtime rates, although the rate may not be less than 10%. In more structural terms, increasing the working hours of existing employees may also be more favourable for the employer than recruiting an additional employee: there are the direct and indirect costs of recruitment, and also the costs associated with training and inducting the new employee, before they are fully operational. Moreover, recruitment involves risks in view of the costs of redundancy.

Smaller undertakings are especially likely to make use of overtime, because they are most sensitive to the costs and risks associated with recruitment. For undertakings of equivalent size, the sectors making most use of overtime are those with the greatest need for flexibility in their business. For example, during the 4th quarter of 2018, undertakings with more than 10 employees operating in the construction, transport and warehousing and hotel and catering sectors on average had recourse to around 20 hours of overtime per employee, compared to a little under 11 hours for all establishments with over 10 employees.²⁹

(23) According to a judgment by the Court of Cassation 11 May 2016 if, in the absence of a collective agreement, an employer introduces a system of working hours distribution based on a period exceeding one week, this does not constitute a change to the employment contract which would require the employee's express consent.

(24) However, the European Committee of Social Rights (ECSR) has deemed the three-year-based adjustment to be contrary to the European Social Charter.

(25) For example, an employee may not be penalised if, in exceptional circumstances, they refuse to do the overtime demanded by their employer because they were not given sufficient advance notice.

(26) Source: DARES, Ecmoss Survey, 2015.

(27) Time off in lieu is nevertheless compulsory for any overtime worked above the overtime quota (see Article L3121-30 of the Labour Code).

(28) Additional hours must not bring the employee's working hours up to the maximum statutory working hours or, if the local limit is lower, up to the number of hours set in the company agreement (see Article L3123-9 of the Labour Code).

(29) Source: DARES, Acemo Survey.

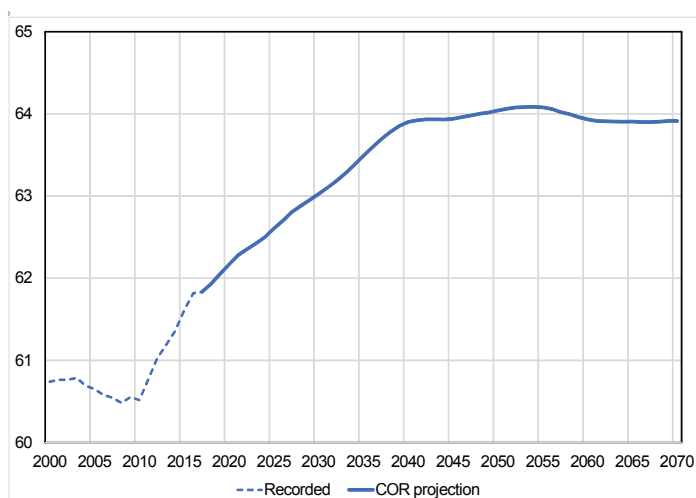
4.4 Lifetime worked hours are likely to increase as the effects of past pension reforms begin to be felt

Lifetime working hours in France are increasing as the result of past pension reforms, which are gradually helping to bring the effective retirement age closer to that in other European countries. For example, according to Pensions Advisory Council (COR) forecasts, the effects of the increase in the number of pensionable years required to receive a full pension (from 40 for the 1948 generation to 43 starting from the 1973 generation), combined with later

entry to the labour market, if there is no change in the legislation, are likely to increase the projected average retirement age to 64 starting from the end of the 2030s (see Chart 8), with expected positive effects for economic activity.

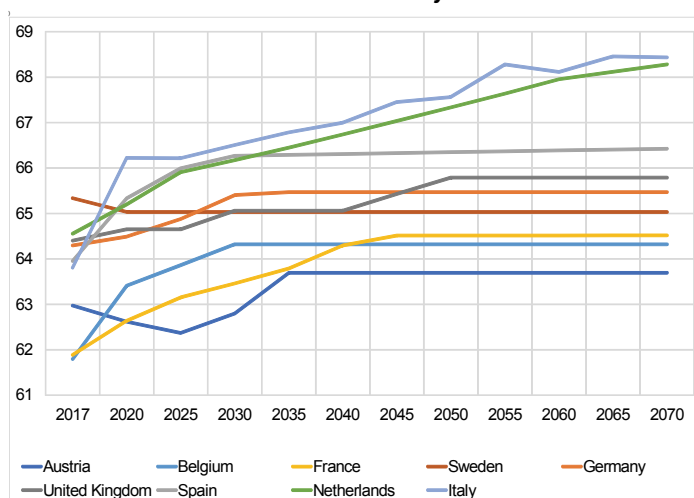
By 2070, the average age of exit from the labour market, that is to say when an individual permanently ceases employment or to seek employment, is however likely to remain a little over a year below the European average, at 64.5 compared with 65.6 according to European Commission estimates (see Chart 9).

Chart 8: Projected average retirement age



Source: COR Annual Report (June 2018). The projected average retirement age is the average retirement age for a hypothetical generation which at each age has the proportion of retirees for the corresponding year.

Chart 9: Projections of the average age of exit from the labour market by 2070



Source: European Commission, The 2018 Ageing Report (May 2018). The age of exit from the labour market represents the age at which people finally cease economic activity, defined as when individuals not only cease to engage in any employment, but also cease to seek employment.

Axel BRUNETTO, Quiterie DUCO, Marie KHATER, Quentin LAFFETER

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Michel Houdebine

Editor in chief:

Jean-Luc Schneider
(01 44 87 18 51)
tresor-eco@dgtresor.gouv.fr

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