

# Employment

In Q4 2016, non-farm market payroll employment continued to increase strongly (+64,000, after +50,000 in Q3), with temporary employment remaining particularly buoyant. 187,000 market sector jobs were created throughout 2016 as a whole (after +100,000 in 2015), the biggest rise since 2007.

Employment should slow slightly through to mid-2017, with a virtual stabilisation of temporary employment. Additionally, the effect of higher employment intensity of growth linked with measures to reduce the cost of labour is likely to weaken: employment is expected to rise by 81,000 during H1 2017.

In the non-market sectors, employment should rise moderately (+11,000 in H1 2017): the number of beneficiaries of subsidised employment contracts is likely to remain almost unchanged, public sector employment should continue to fall, but the private component is expected to remain promising.

All in all, 212,000 jobs were created in 2016 and 93,000 are expected in H1 2017.

## Market sector payroll employment expected to slow slightly in H1 2017

In 2016, payroll employment in the non-farm market sectors increased by 187,000 – a significant acceleration compared with 2015 (+100,000). It rose more quickly in H2 (+115,000, after +72,000 in H1; [Table 1](#)), driven

primarily by temporary employment. In Q4 2016, it grew by 64,000: temporary employment rose sharply (+38,000) and job creations remained buoyant in the tertiary sector excluding temporary work (+35,000), while there were further job losses in industry (–6,000) and construction (–2,000).

Payroll employment should continue to rise in the market sectors through to mid-2017, albeit a little more moderately than in the previous half-year ([Graph 1](#)). The pick-up in activity should sustain job creations and the hiring premium for SMEs should continue to boost growth by adding almost 20,000 additional jobs in H1 2017. However, the tax credit for encouraging competitiveness and jobs (CICE) and the Responsibility and Solidarity Pact (PRS) should produce a slightly lower job intensity of growth in H1 2017 (around 20,000 jobs) than in H2 2016 (around 30,000 jobs). On the one hand, the effect on employment of increasing the CICE rate from 6% to 7% on 1<sup>st</sup> January 2017 is likely to be minor through to mid-2017; and on the other hand, extending the reductions in social contributions under the PRS to 1st April 2016 is expected to have a more limited effect than the previous measures because these reductions do not target low wages (between 1.6 and 3.5 times the minimum wage). In addition, temporary employment should virtually stabilise. Therefore, after increasing by 115,000 in H2 2016, market-sector employment should rise by 81,000 in H1 2017.

Table 1

### Change in employment

in thousands, SA

	2016				2017		2016 H1	2016 H2	2017 H1	2015	2016	Level end 2016
	Q1	Q2	Q3	Q4	Q1	Q2						
<b>Mainly non-agricultural market sectors (1)</b>	<b>42</b>	<b>30</b>	<b>50</b>	<b>64</b>	<b>41</b>	<b>41</b>	<b>72</b>	<b>115</b>	<b>81</b>	<b>100</b>	<b>187</b>	<b>16175</b>
Industry	–6	–8	–5	–6	–5	–5	–14	–11	–10	–36	–25	3104
Construction	–4	–2	–3	–2	1	3	–6	–5	4	–32	–11	1306
Temporary employment	3	1	29	38	10	0	4	66	10	49	70	653
Market services excl. tempory employment	49	39	30	35	35	43	89	64	77	119	153	11112
<b>Agricultural workers</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>4</b>	
<b>Mainly non-market service sectors</b>	<b>10</b>	<b>12</b>	<b>0</b>	<b>3</b>	<b>5</b>	<b>6</b>	<b>22</b>	<b>3</b>	<b>11</b>	<b>25</b>	<b>25</b>	
<b>Self-employed</b>	<b>–1</b>	<b>–1</b>	<b>–1</b>	<b>–1</b>	<b>0</b>	<b>0</b>	<b>–2</b>	<b>–2</b>	<b>0</b>	<b>–8</b>	<b>–4</b>	
<b>TOTAL EMPLOYMENT</b>	<b>52</b>	<b>42</b>	<b>50</b>	<b>67</b>	<b>46</b>	<b>47</b>	<b>94</b>	<b>118</b>	<b>93</b>	<b>118</b>	<b>212</b>	

Forecast

(1) Sectors DE to MN and RU

Source: INSEE

## French developments

### Temporary employment is set to slow but the rest of tertiary employment should remain buoyant

In 2016, temporary employment continued to increase significantly (+70,000, after +49,000 in 2015). After remaining virtually stable in H1 2016 (+4,000), it picked up sharply in H2 (+66,000). Recourse to temporary employment thus approached the high levels reached before the economic crisis of 2008-2009 (Graph 2). It is expected to remain virtually unchanged in H1 2017 and temporary employment should slow down in this half-year (+10,000).

Employment in the tertiary market sector excluding temporary employment accelerated in 2016 (+153,000 after +119,000 in 2015). With business leaders remaining optimistic about prospects for growth in their workforce,

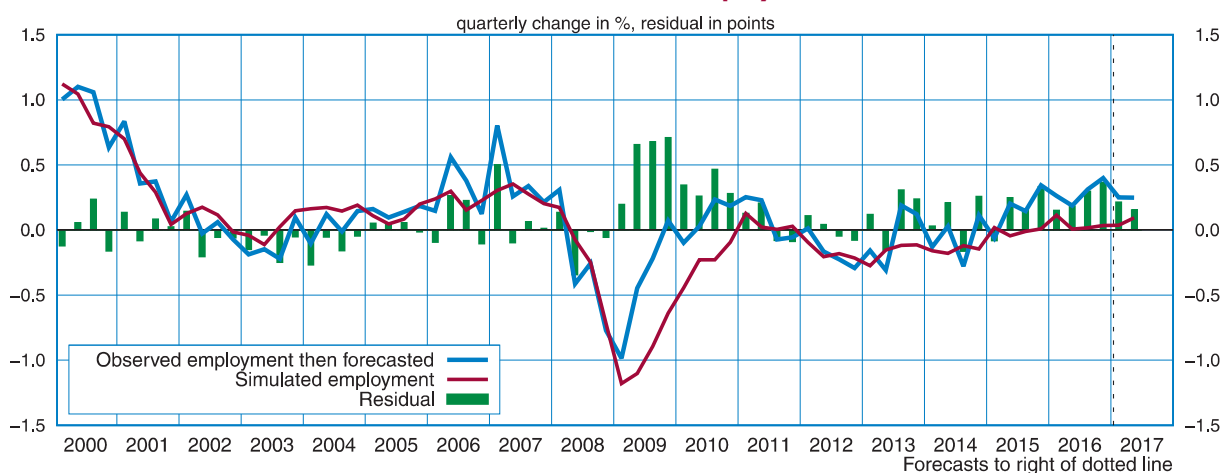
employment in this sector should maintain a similar rate in H1 2017 (+77,000 over the half-year, Graph 3).

All in all, net job creations in the tertiary sector (including temporary employment) should remain steady in H1 2017 (+87,000, after +130,000 in H2 2016).

### Job losses in industry are likely to continue

Industrial payroll employment continued to decline in 2016 (-25,000, after -36,000 in 2015). Net job destructions in this sector were a little less pronounced in H2 (-11,000, after -14,000 in H1). The opinions of industrialists on changes in their workforce suggest that job losses are likely to maintain a similar pace in H1 2017 (-5,000 per quarter).

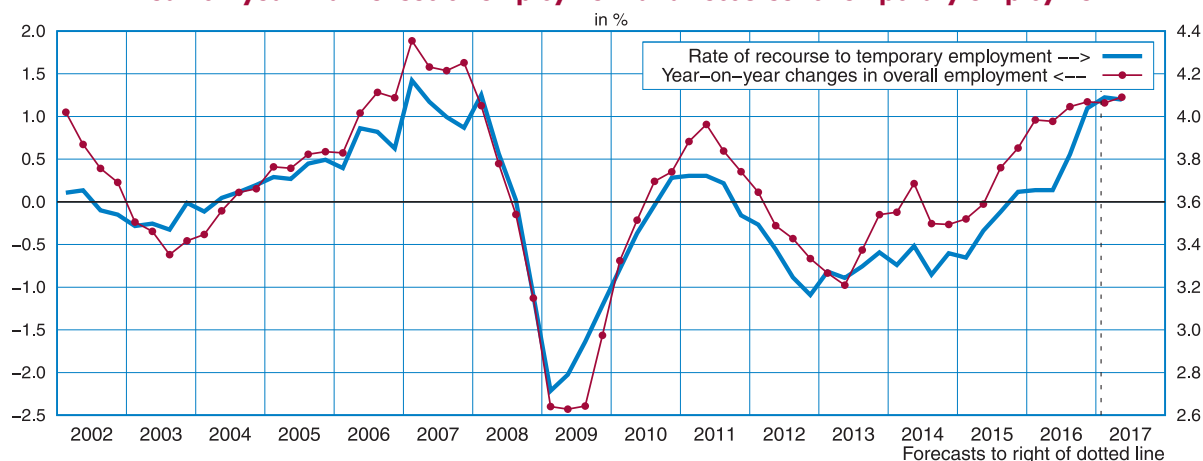
**1 - Employment observed in the non-agricultural market sector, simulated and residual employment**



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.

Source: INSEE

**2 - Year-on-year market sector employment and recourse to temporary employment**



Source: INSEE

### Employment in construction should increase slightly

Payroll employment in construction has fallen almost continuously since late 2008. However, job losses have gradually diminished. The sector shed 32,000 jobs in 2015 and then 11,000 in 2016. In the business tendency surveys, expectations concerning the workforce continue to improve in civil engineering and construction. This points toward a modest rise in employment in these sectors in H1 2017 (+4,000 over the half-year).

### Non-market employment should slow

In 2016 non-market employment would appear to have increased by 25,000, as in the previous year, driven mainly by subsidised contracts and civic services (+13,000, [Table 2](#)).

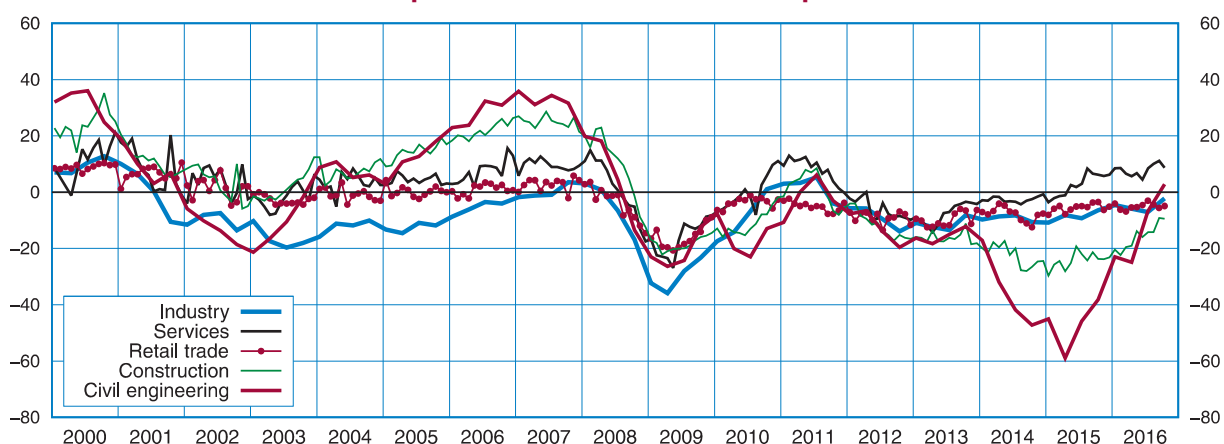
It should increase slightly in H1 2017 (+11,000 jobs). As slightly fewer newcomers are expected on subsidised contracts, such as the CUI-CAE (Single Integration Contract - Contract for Support in Employment) and the Future Jobs programme

(about 200,000 in H1 2017 in Metropolitan France, after nearly 230,000 in H2 2016, [Focus](#)), the number of beneficiaries should remain virtually unchanged. The same is expected to apply to people in civic service. Another moderate decline is expected in non-subsidised public employment, especially in local government. However, the private component of non-market employment (teaching, healthcare establishments, etc.) should continue to increase steadily.

### Total employment is set to increase by 93,000 in H1 2017

Taking into account self-employed and agricultural jobs, net job creations, all sectors combined would appear to have risen to 212,000 in 2016 (after +118,000 in 2015), with a slight acceleration in H2 (+118,000, after +94,000). Momentum is expected to drop off a little in H1 2017 (+93,000) because market sector payroll employment is likely to slow slightly, as the effects of high employment intensity of growth associated with CICE and PRS are not quite as strong. ■

### 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*

	2016				2017		2016		2017 H1	2015	2016
	Q1	Q2	Q3	Q4	Q1	Q2	H1	H2			
"Future Jobs"	-2	-4	-6	-7	-4	-4	-6	-14	-8	8	-20
CUI-CAE incl. ACI*	12	9	-3	3	2	4	22	1	7	17	22
Civic service contracts	2	2	3	4	0	0	4	7	0	8	11
<b>Total</b>	<b>12</b>	<b>7</b>	<b>-6</b>	<b>0</b>	<b>-2</b>	<b>0</b>	<b>19</b>	<b>-6</b>	<b>-1</b>	<b>33</b>	<b>13</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