



Revision of the French Labour Code: limited reforms, considerable tensions

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Description

The reform of the French Labour Code in 2016 enacts laxer rules for companies regarding dismissal and working time. At the same time, it outlines perspectives for additional employee protection. It fundamentally changes the nature of social dialogue but fails to address key labour market issues such as support for jobseekers or social protection for the self-employed. It is unlikely that its impact will be felt in the short term.

A bill that “aims to establish new freedoms and new protection for companies and employees” was adopted during an accelerated parliamentary procedure in July 2016 and published in the Official Journal on 9 August 2016.

Key measures in this bill include the following:

- The creation of a “Personal Activity Account”, which is open to anyone starting working life. The account includes a personal training account, the existing arduous conditions account, and also a citizens’ commitment account that promotes involvement in community activities and associations. It creates entitlements that individuals retain independently from their employment.

- The possibility (from 2017) for all 16-25 year-olds who are not in employment, schooling or training to benefit from the Youth Guarantee (a monthly allowance, company internship and personalised support for a maximum of one year).

- Modification of the negotiating rules between companies and employees. From now on, the organisation of working time, pay rates for hours worked above the legal limit, and the possibility for companies to ask employees to work more with no change in their salary in order to preserve jobs, will depend on a corporate-level

agreement. The agreement may be the subject of employee consultation (company referendum).

- The possibility for companies experiencing a drop in activity to make redundancies.

Other measures are: 20% additional time granted to trade union delegates for dealing with their union’s activities, no mandatory medical check-up when hiring staff, leave of absence in the case of a deceased family member, 10 weeks instead of 4 during which mothers cannot be dismissed following maternity leave, and reinforced measures to combat sexist behaviour in the work place.

Outlook & Commentary

In 2012, the government launched reforms in the areas of disablement, poverty, professional security and training, advocating wide-ranging consultation procedures called National Social Conferences. These conferences brought together unions, employers, associations and local authorities. The Labour Code reform put a stop to this practice. The government, keen to show its volition and capacity for reform, presented members of parliament with a draft law that met with strong opposition from non-reformist unions and the majority of the public, who considered

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that it put into jeopardy social protection for employed people. Divisions in the governing party, splits between unions, and recurrent public demonstrations often accompanied by violence and unusual forms of protest (all-night sit-ins, fuel blockades) have had a significant impact on the French political climate.

In putting the emphasis on in-house corporate negotiation and in giving company referendums a major role, this law changes the balance of social dialogue; it puts the individual company level first, to the detriment of negotiations by the professional sector (where unions are more powerful). The reform constitutes a turning point in the management of social relations. Although the law attempts to combine flexibility in the way companies operate with occupational security for employees, the lack of precision of the personal activity account results in an imbalance to the detriment of employees.

This reform does not tackle key labour market issues, such as support for jobseekers, segmentation of the labour market, an overhaul of working contracts, or social protection for the self-employed. It also misses an opportunity in disregarding both the progress resulting from different employment plans and inter-professional negotiations. A complete reworking of the Labour Code will thus be the work of a future commission, with no indication to date regarding its timetable, implementation or operating terms.

Although implementing this reform is, in the long term, likely to fundamentally change the nature of social dialogue by giving a major role to in-house company negotiations, it is unlikely that its impact will be felt in the labour market in the short term.

Further reading

Combexelle J-D., La négociation collective, le travail et l'emploi [Collective bargaining, labour and employment], Rapport au Premier ministre, France-stratégie, 2015, 140 p.

Dayan J-L., Réforme du marché du travail, encore un effort? [Labour market reform, is there more to be done?] Metis, 06 mars 2015, http://www.metiseurope.eu/reforme-du-marche-du-travail-encore-un-effort_fr_70_art_30071.html

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