

A few comments on the French case

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Peer Review on **“Measuring labour market tightness to improve employment policies and reduce skills mismatches”**

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1. Labour market tightness: from French political debate to statistical reality

Recurrent debate (and even a recent polemic...) on job vacancies and recruitment difficulties despite high unemployment level

Some surveys confirm such difficulties either experienced or expected by French firms:

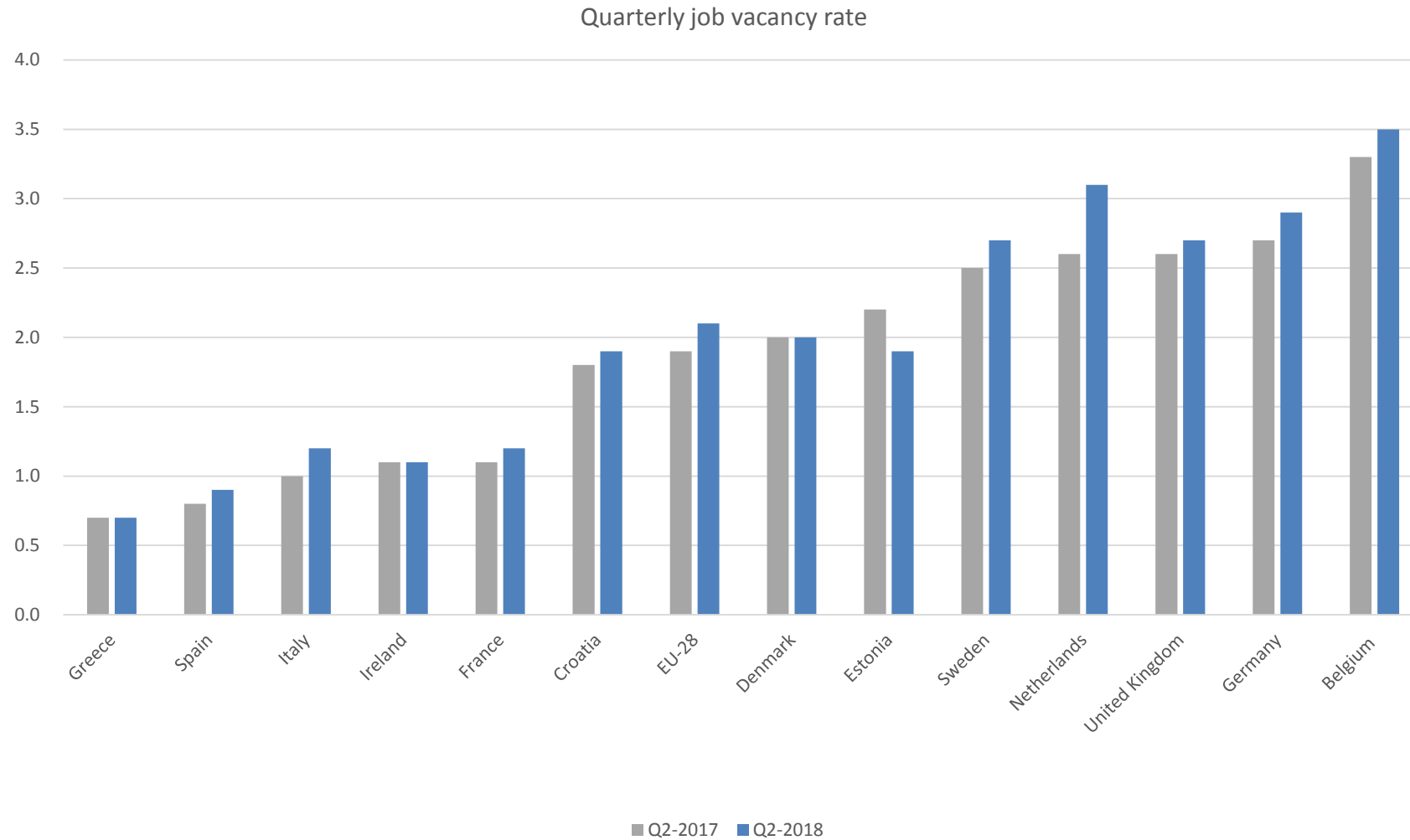
- **41% of firms employing less than 250 employees** declare they experience major difficulties in recruiting qualified candidates (Baromètre trimestriel BPIfrance Lelab/Rexecode, july 2018)
- difficulties are higher some industries (retail, transports, intermediary goods production...)
- this share is rather increasing, which is confirmed by PES surveys (*Enquête Besoins de Main d'Œuvre*, **44% of firms declare they expect recruitment difficulties in 2018** against 37.5% in 2017).

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But this statement has to be mitigated looking at other empirical evidence:

- recruitment difficulties are strongly linked with **business and macroeconomic situation**;
- the level of vacancies in France follows the **same trend as in other EU countries** – and rather stands below the EU average;
- there is evidence of a **dynamic labour market**, with a large number of successful hirings:
 - in 2017, 2.9 million job offers published by the PES led to employment (mostly in less than 15 days);
 - 97 000 were cancelled because of budgetary constraints or because the need had disappeared;
 - 53 000 were still opened, and
 - 150 000 recruitment plans were abandoned because of an absence of appropriate candidates (source: Pôle Emploi).

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Source: Eurostat (online data code: jvs_q_nace2)

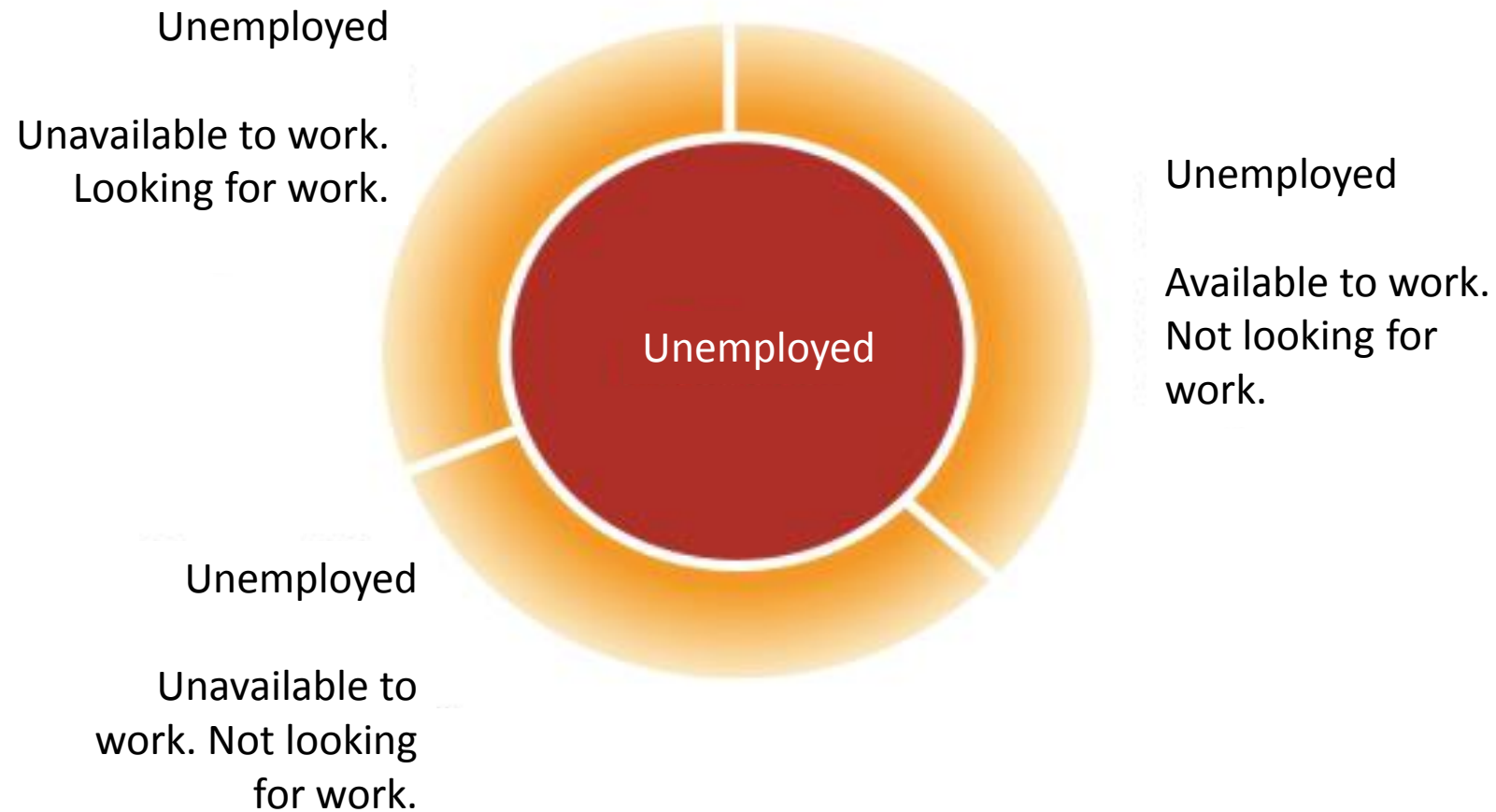
2. Towards a multi-dimensional concept of labour market tightness

- In **economic theory**, tightness of the labour market (defined as the vacancies/unemployment ratio) plays an important role in **matching (flow) models**. It influences several outcomes, like the number of hirings, or the level of wages.
- **Its measurement is a complex issue:**
 - **Unemployment is a multidimensional phenomenon**, that may be described strictly (through the ILO definition), or more widely (including the so called unemployment halo, or under-employment);
 - In the same vein, **job vacancies should also be defined according to several criteria**.

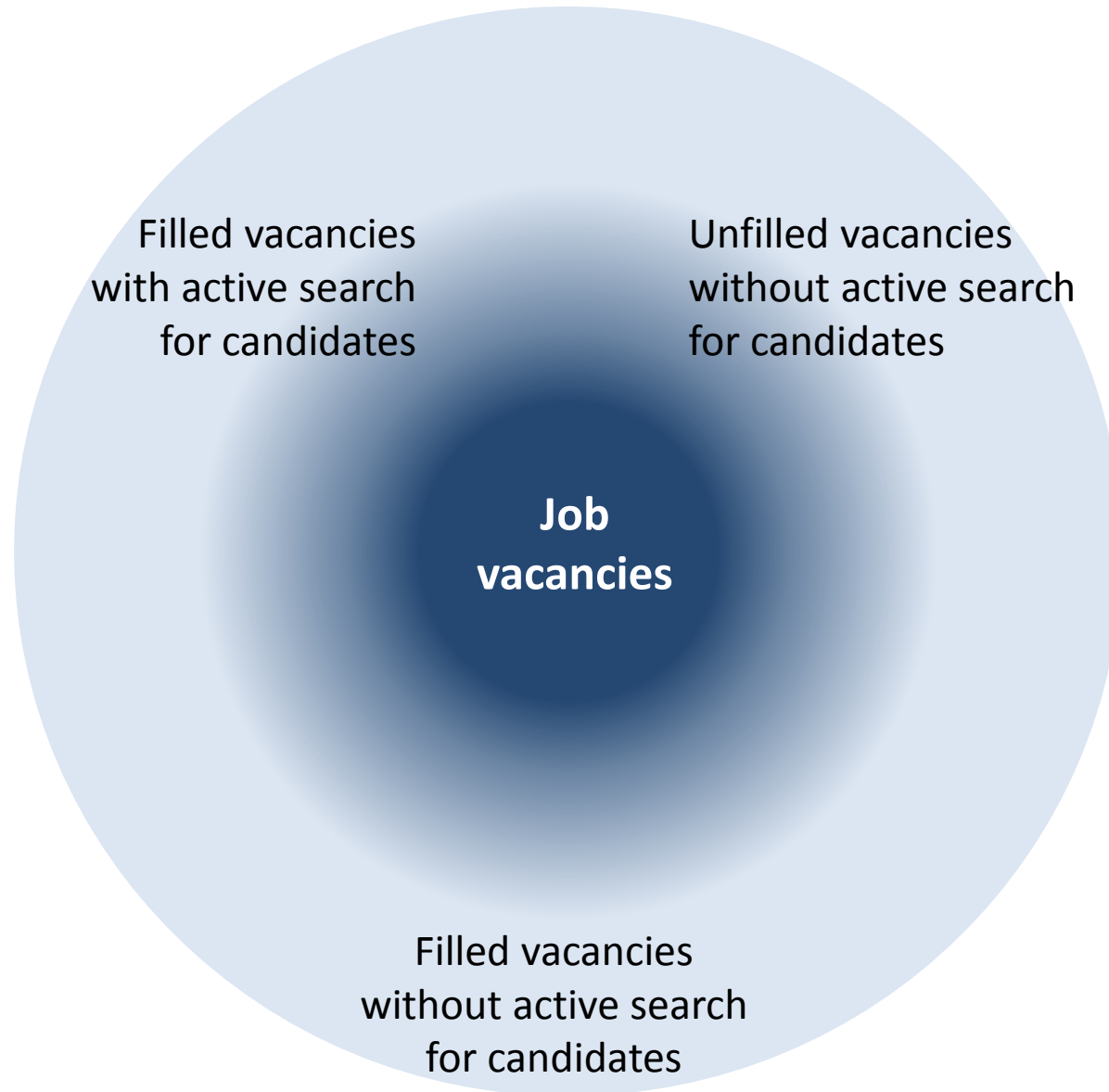
2. Towards a multi-dimensional concept of labour market tightness

Le « halo du chômage »

« unemployment halo »



2. Towards a multi-dimensional concept of labour market tightness: a « vacancy halo »



3. Policy recommendations to better measure and to face labour market tightness

- Following the approach developed in the previous section, more detailed information about job vacancies and firms' search procedures could be collected. But even in the existing framework, information could be better communicated to the public through **a single publication** gathering existing sources (DARES ACEMO, Pôle Emploi BMO and punctual surveys, other indicators as used in the document presented by DARES);
- Recent labour market policies have put the stress on the **supply side**: development of further training for unemployed (Competences Investment Plan, 2018-2022) and for workers (individual training account, 2014, 2018); controls of job search for unemployed.
- There is a need for other types of policies focusing on the **quality and attractiveness of jobs**: in specific industries or occupation facing recruitment difficulties, and more generally in France where job quality seems to have stagnated over the last years (limited wage growth, increase in non-standard employment, high level of perceived work-intensity...).