

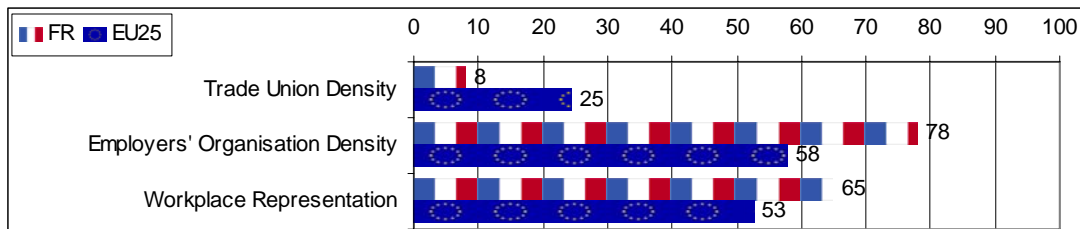
FRANCE
Industrial relations profile

Facts and figures

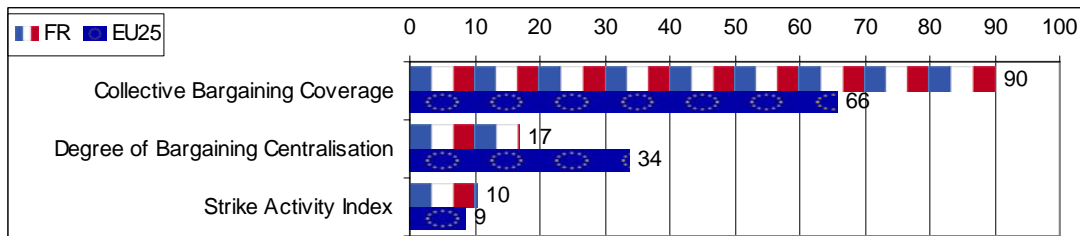
Area: 547,030 sq km
 Population: 59.9 million
 Language: French
 Capital: Paris
 Currency: euro

Overview	France	EU25
GDP per capita in PPS (EU25=100 / 2004)	109.3	100.0
Real GDP growth (Average 2000–04)	2.1%	2.1%
Productivity growth (Average 2000–04)	2.8%	2.0%
Inflation (Average 2000–04)	2.0%	2.2%
Employment rate (Average 2000–04)	62.8%	62.8%
Unemployment rate (Average 2000–04)	9.1%	8.7%

Main actors



Industrial relations processes



Outcomes	France	EU25
Gross annual earnings (2003)	28,847 euro	28,619 euro (2001)
Minimum wage (2004)	1,170 pps	.
Monthly labour cost (2001)	3,294 euro	2,778 euro
Collectively agreed pay increase (Average 2000–03)	+3.1%	+3.1%
Actual pay increase (Average 2000–03)	+2.3%	+3.3%
Female employment rate (Average 2000–04)	56.5%	54.7%
Gender pay gap (2002)	83%	75%
Collectively agreed working hours (Average 2003–04)	36.0 hours	37.8 hours
Usual weekly working hours (Average 2003–04)	38.9 hours	40.2 hours

Overview

France is one of the biggest European countries. It has a population of 60 million and about 2.5 million companies. GDP growth, inflation, productivity growth, and the unemployment rate are all comparable to EU averages. France is known for its *dirigiste* type of economy or state-managed capitalism. However, European integration, international liberalisation, and economic globalisation have also influenced the socioeconomic system. The traditional governance model has been under attack and is harder to sustain. The government has partially or fully privatised many large companies, banks, and insurers, but still retains large stakes in several leading firms, and remains dominant in some sectors, particularly energy, public transport, and defence.

In the context of the 'dirigistic' economic governance, French industrial relations have always been tense and dominated by strong involvement of the state and the law.

Employment relations have been heavily influenced by the presence of anarchists and revolutionary socialists within the labour movement and the specific characteristics of French employers, who tended to be either paternalistic or reactionary. This helps to explain the traditional lack of mutual recognition between the social partners and the interventionist role of the state in industrial and social matters. Today industrial relations are still contentious and fragmented. As a result, the social partners find it difficult to determine and expand their powers within the economic system. Their difficulty is reinforced by a continuous and growing weakness of the trade union movement.

In recent decades the system of industrial relations changed remarkably. A decentralised bargaining system has developed in which companies enjoy greater autonomy from both labour legislation and collective agreements. The employer confederation, relaunched in 1998 as MEDEF, has promoted this trend energetically with its campaign, *Refondation social*. The so called Fillon-law of 2004 stimulates further decentralisation of the collective bargaining system. The industrial relations agenda shifted to a large extent from wages to employment and production issues, reflecting more the agenda of employers than of employees and unions. The traditional form of labour representation, unions, is often outpaced by other actors (non-union worker representation or protest groups).

However, the institutionalised system of *paritarisme* in social security agencies, industrial tribunals, and social welfare boards is, although diminished, not abolished and is even strengthened in the field of vocational training. *Paritarisme* is an organisational principle implying strictly joint decision-making mechanisms in which the representatives of two groups with differing interests (employers and employees) carry equal weight. This *paritarisme* – although criticised by French business – is maintained as an important value of the state bureaucracy running social affairs.

Main actors

Trade unions

Trade union membership is quite low. Union density has fallen to 8% [Year 2004; data from DARES/INSEE, Source: Enquêtes permanentes sur les conditions de vie et menages. Another way to measure the support for the French unions is to compare the results of the

workplace social elections]. Trade union presence in the workplace is high in large companies, but very low in small ones. The highest membership rates are in the public sector.

The unions are mostly organised on a sector or branch level and grouped in several confederations. There are five main union confederations with membership across the entire economy (CGT, CFDT, CGT-FO, CFTC, and CFE-CGC), all considered representative at national level. This status automatically gives them rights to negotiate, nominate candidates for elections, and have seats in some of the social security bodies, which are directed by the social partners.

There are also other union confederations, which have significant influence but do not have this status at national level. These so called autonomous unions are organised in the more reformist UNSA and the G10, which forms a kind of cartel with the more radical, anti-establishment SUD.

The following table summarises the five main confederations.

Representative trade union confederations in France

Acronym	Translated name	Ideological roots	Founding date
CGT	General Confederation of Labour	Communist origins	1895
CFDT	French democratic confederation of labour	Christian-Democratic origins; reformist	1919
FO	Workers' power	CGT dissidents, reformist, but radicalised	1948
CFTC	French Christian workers confederation	Dissidents from CFDT, when this union abolished its Christian roots	1964
CFE-CGC	General Confederation of Professional and Managerial Staff	Sole occupational confederation	1944

For most of the post-war period, the trade union movement has been ideologically divided between the communist-inspired and militant CGT and the more left-reformist CFDT. Although periods of unity have been achieved between CFDT and the CGT, division has been the rule. Recently the trade union movement has had a sharp decline not only in membership, but also in influence. For example: voter turnout in elections for works council has declined continuously since the 1960s. Non-union candidates have gained considerable support in these elections over the years.

As a consequence of this weakness, the movement has organisational and financial problems. New unions and other NGOs have been born as channels of social protest and social movement competitors for the unions. The financing and the institutionalisation of the trade unions within the French sociopolitical system are, as a result, a matter of discussion in the hope restoring trade union pluralism as a positive societal factor.

Employers

In contrast with the employee's side, employer organisational density is quite high [Year 2003 Administrative data reported by Medef (see F. Traxler, eds. (2004a), *Small and medium-sized enterprises and business interest organisations in the European Union*, Brussels, UEAPME-Academy for Europe Avignon)]. Three out of four employers are member of an employer organisation.

The MEDEF, the main employer association, is a multi-layered confederation of sector and territorial organisations bringing together companies with more than 10 employees. MEDEF directly organises 87 federations that cover some 600 associations and 165

regional organisations. There is no direct company membership at the confederation level. MEDEF was founded in 1998 and succeeds the former CNPF.

Two smaller employer associations are worth mentioning. SMEs are represented by the CGPME, and self-employed artisans by the UPA. These two organisations played a significant part in reducing working time in small and very small companies in 2002. In 2001 an employer organisation, *Usgeres*, was established in the not-for-profit sector.

Industrial relations processes

Collective bargaining

Levels of collective bargaining

Negotiations can be carried out at all levels of economic activity, provided that some recognised actors take part. The structure of the bargaining levels is pyramidal. Statute law is pivotal. Operations between the different levels used to be organised on the principle of favourability towards the employee (*principe de faveur*), that is, the lower level had to comply with the upper and a proposal could not be accepted by the legislator unless it was more favourable to the employee. There were few exceptions. This principle was disposed of in 2004. As long as the law is respected (*plancher legal*), the decentralised levels have more autonomy to negotiate salaries and working time and more flexibility in general issues that concern the relationship between employer and employee.

Some agreements, often framework ones, can be reached at national level. After a decline in multi-sector bargaining in the 1970s and 1980s, it was relaunched in the 1990s, although on a limited level and concentrating on specific topics (vocational training, employment measures).

The lower bargaining levels are the more frequently used. The traditional level has long been the branch, certainly for negotiating collective agreements of general significance. Sector bargaining covers only SMEs. Many larger companies have a company agreement. Regional-level bargaining is rare, but some sectors (metalworking and construction) engage in local and regional bargaining.

More recently, a significant movement towards negotiating company-level agreements started in the area of wages and reduced working time. The 2004 Fillon law encourages this move towards company-level negotiation by approving derogation agreements.

Coverage rate

Collective bargaining coverage is very high. About 90% employees are covered by a collective agreement. This is because agreements are easily extended to entire sectors and/or to different geographical regions or other economic sectors. The government can extend agreements at the request of one of the bargaining partners. This extension decided by a public authority has been used in different branches to level the advantages given to employees and to even out conditions of competition. It has historically been used to improve the working conditions. As a consequence, companies that are not members of an employer association that signed an agreement, are covered by a sector-level agreement once it has been extended by the government.

Workplace representation

According to the European Social Survey, about 65% of employees declare to have a trade union representation or similar body at the workplace, a high proportion compared

to the European average. [Year: 2002-2003; Source: European Social Survey; public and private sector; % of employees with union or other workplace representation at the workplace. France has a range of possible bodies at the establishment and company level according to employment size].

There are many structures for employee representation. Representation on most issues is provided by two separate elected bodies:

- Employee delegates (*délégués du personnel*): These should be elected by all workers in all establishments with more than 10 employees and are responsible for presenting individual and collective grievances to management and ensuring the implementation of legislation and agreements.
- Works councils, either at company level (*comité d'entreprise*) or at plant level (*comité d'établissement*). They should be set up in private sector companies with more than 50 employees. They are made up of the head of the company and employee representatives, who are elected by the whole workforce every two years.

Works councils receive information from employers in areas such as the economic and social situation and new technologies. They also respond to formal consultations by employers in areas such as redundancies and vocational training, and are responsible for managing social and cultural activities, for which they have a budget. In a multi-establishment company or in a group of companies, works councils also form a central works council (*comité central d'entreprise*) or a group-level works council (*comité de groupe*), which enjoy similar rights to those of ordinary works councils.

Normally the employee delegates and the works council are separate, though the same people can be elected to both. Furthermore, under specific conditions the institutions of works council and workforce delegates can merge their responsibilities to form a single entity, known as the *délégation unique* (allowed when the establishment has between 50 and 200 employees).

A separate committee deals with health and safety issues and individual workers have the right of expression about their working conditions. The exact form in which this right is exercised is left to local negotiations with the unions, but might involve occasional meetings of groups of workers with their supervisors.

Since 1968, trade union rights have been recognised in companies and trade unions have been entitled to appoint delegates (*délégués syndicaux*), who have the power to negotiate and sign collective agreements at company level – a power the other bodies do not have. Agreements require the signature of only one union delegate to be valid for all employees, even if the signatory union is a minority one. However, the new Fillon law on collective bargaining has introduced procedures allowing a majority union to contest these minority agreements.

Recently legislative measures have been taken to loosen the rules of representation for SMEs. Employees younger than 26 will no longer be counted to determine if a company's workforce reaches the thresholds of mandatory elections for a worker delegation (11 employees) or a works council (50 employees). The terms of office for the elected representatives are extended from two to four years. The new measures are temporary and will be evaluated at the end of 2007.

France has one of the most developed patterns of financial participation. The number of employees covered by profit-sharing or capital-sharing schemes is high. Company agreements form the basis of this elaborate system. However, board-level participation is rare.

Policy concertation

The main tripartite bodies through which employer and trade union confederations can hope to influence government policy-making are purely consultative: the Economic and Social Council (ESC) and the Planning Commissions. Both are made up of representatives of employer and trade union confederations, as well as other interest groups such as consumers, and qualified individuals nominated by the government. This consultation or *démocratie sociale* remains underdeveloped, and is essentially limited to the state testing the strength of opposition to its policies. Thus both ESC and the Planning Commissions appear to be bodies through which the government explains and informs the employers and unions about its policies, rather than bodies with whom a genuine consensus is sought. France must be characterised as a low concertation country. Consultation (of a non-binding nature) runs high only in periods of big social reforms, for instance the pension reforms of 2003 and the health insurance reforms in 2004. Nevertheless, both industrial relations camps are still heavily involved in the management of certain social security provisions (public health insurance, unemployment benefits, social welfare boards). The social partners also play a central role in the supplementary private health insurance system (*mutuelles*) and pension plans. They are involved in the system of vocational training. The national system of policy concertation is complemented by a tripartite social dialogue in development at the regional or local level. However, French business has in the recent decade increasingly criticised these forms of tripartism. Therefore, MEDEF currently has a policy of selective disengagement and withdrawal from these joint steering roles.

Industrial conflict

The features described produce a discordant industrial relations atmosphere. Because of the lack of coordination between the state and the social partners, between the trade unions and employer associations, and between the different union confederations, strikes are frequent. The strike indicator is higher than the European average, because of a lot of strikes, a considerable number of employees involved in these actions, and consequently, a lot of working days lost. However, the strike figures have decreased in recent years and the current strike indicator is only a little higher than the EU average.

A lot of the strikes are in the public sector and especially in public transport. Another feature of the strike pattern is the growing importance of wider employment issues as motives: working time, restructuring, and downsizing. About 80% of strikes are initiated by the unions, 20% can be defined as unofficial (at the start). Last but not least, the trade unions use mass demonstrations accompanied by one-day strikes as a major strategy to put pressure on the government. For example; in February and March 2005 several hundred thousand people rallied in the streets of Paris to put forward their demands regarding pay, employment, and the 35-hour week.

Although there is little legislation on strikes, there are elaborate procedures for settling disputes, but these procedures are rarely used in practice.

Outcomes

Wages

Minimum wage [Eurostat statistics in focus 2004/10]

The minimum wage (SMIC) is set by legislation and covers all employees. It is a cross-sector minimum wage. Minimum wages are also agreed through collective bargaining. However, most of these sector-level minimum wages are lower than the SMIC. Hence, the legal minimum wage is important.

Average gross annual earnings and monthly labour costs [Eurostat structural indicators]

Average gross annual earnings are comparable to the EU average. In 2003, average gross annual earnings were close to 29.000 euro. Monthly labour costs were 3.294 euro in 2004, higher than the EU25 average.

Pay increases

The average collectively agreed pay increase (2000–2003: on average +3.1%) is in line with the EU average (2000–2003: on average +3,1%) [Years: 2000-04; Source: EIRO annual pay review]. However, the actual pay increase was less than the one agreed (on average +2.3%), whereas average wage increases in the EU (+3.3%) were slightly higher than those agreed [Years: 2000-03; Source: EIRO annual pay review].

Working time

The ‘Aubry laws’ of 1998 and 2000 reduced the statutory working week from 39 to 35 hours in 2000 for all companies employing more than 20 people, and in 2002 for smaller companies. The law continues to be controversial, but even the conservative government that emerged from the 2002 general elections kept statutory working time at 35 hours. All French companies have bargained working time reductions in the period 2000–2004. The results of these years of bargaining on working time cuts have been considerable. The average collectively agreed working time was close to 37 hours in 2000, and has been gradually reduced, to 35.6 hours in 2004 [Years: 2000-04; Source: EIRO annual review of working time]. This is by far the shortest European working week. The period of intense bargaining on working time seems to be over for the time being. Weekly working time is no longer being reduced. Even a slight trend towards extending working time was observed in the middle of 2004.

These working time agreements have resulted in a short actual working week [Years: 2000-04; Source: Eurostat structural indicators]. Usually, French full-time employees work less than 39 hours a week. Only Dutch and Italian employees have a comparably short actual working week.

Other issues

Thematically, French collective bargaining has been enriched in recent times. The 35-hour week legislation resulted in sector- and company-level negotiations on new work structures to ensure compliance with the 35-hour working week. As a result, the social partners have had to discuss flexibility issues, new working time arrangements, shift work, company competitiveness, etc. Through such agreements, employees and their representatives have agreed to greater flexibility, generally in the area of working hours, e.g. the annualisation of working time or extension of company opening or service hours.

In September 2003 the social partners signed a national inter-sector agreement on employees' lifelong access to training. The agreement provides for the creation of an individual right to vocational training and an increase in the financial contribution by employers. The innovative aspect of the agreement is the establishment of a new scheme, the individual right to training (*droit individuel à la formation, DIF*), alongside the existing training plan (*plan de formation*) and individual training leave (*congé individuel de formation, CIF*). The latter type of training programme, the worker's own choice, can be followed during working time and is paid for by a mutual funding body (governed by the social partners).

Gender issues including gender pay gap [Year: 2002; Source: Eurostat Structure of Earnings Survey, Statistics in focus 2005/12]

For a long time, gender equality issues have tended to be dealt with by law rather than by collective bargaining. Only since 2000 is equality also treated in agreements. Since 2001, employers at company level have to negotiate on defined objectives in the field of gender equality at work.

In April 2004, the social partners signed a national agreement aimed at reducing gender disparities in terms of recruitment, pay, and career development. This initiative has been integrated into company-level agreements. A report by the Delegation for Women's Rights, published in December 2004, points out that there are very few cases brought under the law adopted in May 2001 that compels the social partners to negotiate on gender equality: 72% of companies report never having negotiated on this issue.

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