



Large Employers in France Already Enjoying Benefits of Labor Reforms

Insights

2.20.18

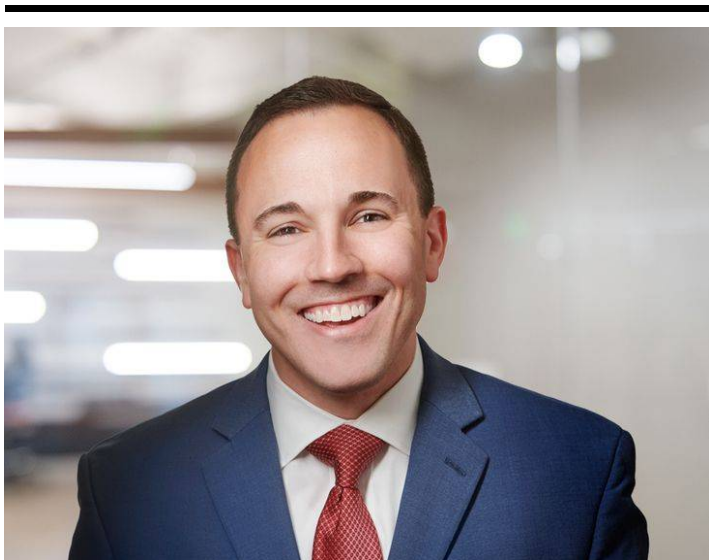
In late September, my colleague, [Brian Ellixson](#), published a [post](#) concerning the start of a power swing, from France's historically employee-friendly labor regime to a somewhat more employer-friendly system. Indeed, although French employment law still largely favors employees over employers, we are already seeing the beginnings of a potential sea change in the French labor market, both in the context of employer's reliance on the new labor reforms and the resulting prospects of large-scale growth in the labor market.

For example, several of France's larger employers have recently leveraged President Emmanuel Macron's reforms to announce layoffs that may have not been as simple, or even possible, under France's prior legal regime. Both IBM and Societe Generale, one of France's largest banks, appear ready to leverage the new rules to reduce headcount in France. Under French law, all layoff plans must first be approved by the Chamber of Commerce before they can take effect. However, under the prior employment law regime, if an employer wanted to layoff French employees, a Chamber of Commerce judge would consider that firm's global financial health to determine whether the layoffs were justified. Now, pursuant to President Macron's reforms, the judge's determination of financial health is limited to France's geographic borders. Thus, global employers such as IBM potentially benefit from a far more limited judicial review when looking to trim headcount within France.

Based on the foregoing, it appears that employers may enjoy the new, more flexible restrictions on labor actions. However, this may come at a price for individual employees, if the French labor market remains stagnant, with an unemployment rate hovering around 10%. That being said, preliminary signs that France will realize President Macron's goal to stimulate economic growth through a more flexible labor code appear positive. At the beginning of 2018, Toyota announced it would invest 300 million Euros to create hundreds of new jobs at its French production facility. Additionally, Fortune 50 tech giants, Google and Amazon have recently announced significant expansions in the French labor market.

All told, it appears that France is set to experience a shift in its labor market, including the governmental controls thereof unlike anything in its recent history. While only time will tell, the initial signs signal positive futures for both French employers and the French labor market.

Related People



Michael P. Avila

Partner and Co-Chair, Financial Services Group

610.230.2179

Email