

Labour Legislation

Labour Law and Social Security

Relations between employers and employees are governed by the Labor Code (Code du travail). Another key reference is the sector agreements: each sector has its own collective agreement negotiated at national or regional level between unions and employer associations. For the banking sector, this is AFB (Association Française des Banques) and the representative trade unions (CFDT, CGT, CFTC, FO and SNB-CGC). In individual companies, relations between employers and employees are governed by enterprise level agreements negotiated by the unions and employers.

Employment contracts

Employment in France is built around two basic types of contracts: the CDI (contract à durée indéterminée – indefinite duration) and CDD (contrat à durée déterminée – limited duration). There are number of other employment contracts in France: most of them apply to specific situations or industrial branches. If many forms of precarious contracts have become more important over the last years, the common form remains the CDI.

CDI - Contrat à durée indéterminée

With more than 85% of employment contracts under the status of CDI, this remains the most common form. In the banking sector, the written contract is the norm, but this is not compulsory in France for this form of contract, unless the employment is part time or the sector collective agreement stipulates that it must be in writing.

In the banking sector, the collective agreement installs a trial period of 3 months for workers (employees and techniciens) and of 6 months for P&M's (cadres) that may be extended or renewed once. For the cadres, it may not exceed 9 months. During the trial period, the employment contract may be ended without complying with the usual procedures for resignation or dismissal. A trial period has recently been included in the labor code: it is between 2 to 4 months, renewable once, depending on the professional category.

Remuneration must be at least compliant to the minimum required by the SMIC (minimum interprofessional salary) or, in the banking sector, the minima of the applicable collective agreement. During the term of employment, the employer can not alter substantive terms of the employment contract. If such changes are imposed and the employee refuses to comply, the contract shall be considered as dissolved and all the burdens of resolution shall be borne by the employer, just as if the employee had been dismissed.

CDD – Contrat à durée déterminée

The CDD is also a contract for all categories of employees. It must be in a written form and must mention the reason of recourse to a temporary contract – in case of omission of the justification, the contract is deemed of unlimited duration. The labour code allows the use of a CDD under three circumstances: replacement of a temporarily absent employee, temporary increase of activity of the enterprise, seasonal work. Maximum duration shall not exceed 18 months or, in exceptional cases, 24 months. A principle of equality of treatment between the temporary and the permanent employees exist for equal work, and in particular remuneration shall not be less than that of an employee whose contract is indefinite. At the end of the contract, the employee shall receive a premium of 10% of his pay and, in case he did not take the legal holidays, an additional 10%.

With the law on the modernisation of the labour market, a contract for specific projects has been introduced for P&M's only, with a minimum duration of 18 and a maximum of 36 months.

Interim contracts

This type of contract is concluded between a temporary work agency and an employee. The interim contract gives basically the same rights as a contract of limited duration (CDD).

Resignation and dismissals

Resignation

The employee may terminate the employment contract at any time without having to justify such a resolution. The only obligation is to comply with the notice provided by the contract of employment or the collective agreement. The decision to terminate the contract must have been resulting of the free will of the employee and not of any pressure by his employer. During the notice period, employer and employee must behave as before giving the notice of dismissal. If the employer exempts the employee of work during the notice period, he must however pay the corresponding salary until the end of the notice period. The employee is also entitled to holiday pay. An employee who resigns by his own will has generally no right to receive unemployment benefit.

At the end of the employment contract, the employee is free from any obligation towards its former employer.

The law of 25 June 2005 (modernisation of the labour market) has introduced a new way of terminating the employment contract, by mutual consent between employer and employee. In this case, they sign an agreement of termination and the employee perceives an indemnity which corresponds at least to the legal minimum of the redundancy benefit.

Dismissals

There are three valid grounds for dismissals: personal (sickness, professional insufficiency...), disciplinary and economic reasons. All these cases are covered by the labour code and in the banking sector; the collective agreement applies as well.

Any dismissal on personal grounds must have a "valid and serious" cause and a specific procedure must be followed. Dismissals on disciplinary grounds have as reason a misdeed of the employee. There are several degrees of misdeeds which, in the worst case, may invalidate any right for indemnity.

Economic reasons may concern one or several employees. In case of collective redundancies, a specific procedure must be applied. Since 2005, the law has enacted the obligation for a provisional management of employment and competences. The aim is to prevent collective dismissals for economic reasons. In the case of economic dismissal of more than 2 people in a period of 30 days, a consultation of works council is necessary in enterprises with more than 50 employees. In case that 10 people are concerned by collective redundancies, a social plan is required. These plans aim to reintegrate people made redundant in the labour market through measures of reclassification. The redundancy procedure takes between 30 and 60 days, depending on the number of employees affected. The employer must follow a specific procedure, inform staff representatives and receive approval of the director of the local delegation of the ministry of labour.

Employees are entitled to get redundancy benefit, which is according to the labour code at least 1/5 of a monthly salary multiplied by the numbers of years in service, increased by 2/15th of a monthly salary in case of more than 10 years of service. Collective agreements may provide extra allowances. In the case of collective dismissals, social plans which are negotiated with the trade unions on enterprise level generally get a better benefit than the legal minimum.

Remuneration

France has a legal minimum salary (SMIC – Salaire minimum interprofessionnel de croissance) which is at Eur 8.71/hour or Eur 1 321.02/month in 2008. In the banking sector, the sector minimum is slightly higher and depends on employee classification and length of employment in the sector.

Working conditions

Working conditions are governed by the Labour Code (Code du Travail) and sector collective agreements (conventions collectives and accords d'entreprises). More on:

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Working time

Since January 1st, 2001, the legal working time is 35 hours/week. The definition is based on an annual average basis and not on a weekly basis, thus taking into account seasonal changes in activity in the firms. The annual limit is set at 235 working days. The law on the 35 hours/week has been declined on sector and enterprise level and translated into additional days off. There are provisions on maximum working time per day, minimum rest and overtime pay: the maximum legal working hours are 48 per week, with a maximum of 44 hours per week on average over a period of 12 weeks.

National public holidays amount to 11 days. The right to paid leave is accrued by 2,5 days/month. For a full year of work this amounts to 30 working days, i.e. this corresponds to 5 weeks of paid leave.

Workplace representation

France has a complex system of workplace representation through both on the unions and structures directly elected by the workforce. Where trade unions are present, the key figure is the trade union delegate. The representation of the whole workforce is provided by two separate elected bodies: the staff representatives (délégués du personnel) and the works council (comité d'entreprise). A separate committee (CHSCT) deals with issues related to health and safety. All employee delegates have the right to paid time off to perform their duties in relation to their representative functions. In case of dismissal, a specific procedure has to be followed. The period of office for the elected representatives is up to 4 years.

Staff representatives – délégués du personnel

They can be elected in all companies with at least 11 employees and their main role is to take up concerns and complaints of the employees with the employer.

Works Council – Comité d'entreprise (CE)

Works councils should, by law, be set up in each company with at least 50 employees. It is a joint body, chaired by the employer or its representative, but the secretary is an employee member elected at the first session of the works council. The CE has an important role under

which is informed and/or consulted over a range of economic, social and financial issues. The process of consultation is precise and formal, and management has to listen to the views of employee representatives. This task is especially important in the case of restructuring and collective dismissals, where works councils have to give their advice and have the power to block employer's proposals. Works councils have the right to be assisted by a financial expert paid by the employer. For large scale redundancies (over 10 people), the expert may also be called in to assist the CE and examine the proposals of the social plan. In addition to the consultative role, works councils also run a company's social and cultural activities (canteens, holiday homes, social clubs...). The CE has a room provided and a budget for its operations of 0,2% of the wage bill of its total workforce. Employee delegates and members of the works councils are elected, and the procedure gives an important role to unions as they can put forward lists of candidates in the first round of elections.

Trade Union Representatives

Since the law of 21 August 2008, a trade union representative may be appointed if this trade union has received 10% of the votes in elections of employee representatives of the works council or, if no works council exists, the staff representative elections). A trade union section may be created in a company by each union which is either representative in the company, affiliated to a national representative union or a union existing for more than 2 years.

Social climate

Despite their weakness in terms of membership (8% of the total workforce), French unions have been able to mobilise their members for mass action, and, on occasion, change government policy. French trade unions have a strong support in elections for employee representatives and the number of French workers being in a company with a trade union is slightly higher than European average. Sector collective agreements cover over 97% of the workers.

The French Social Protection System

The French Social Security System is very complete and covers the entire population of France providing a variety of benefits. It is based on a general scheme, supplemented by a number of different statutory schemes which exist for historic reasons.

The general scheme covers the following:

- Health Care and Health Insurance systems: covering sickness, maternity, invalidity, death, occupational injury/illness benefits
- Retirement pensions: the general retirement scheme and supplementary pension schemes (ARRCO, AGIRC)
- Family support programmes: include family allowances, minimum revenues/housing allowance, single parent's benefits, etc.

The general scheme is financed by contributions and taxes deducted from earnings.

Contributions are calculated on the basis of percentage rates and borne partly by the employees and partly by the employers. Besides these, the system is financed by two specific withholding taxes: CSG (Contribution Sociale Généralisée) and CRDS (Contribution pour le Remboursement de la Dette Sociale).

Unemployment insurance was created by way of an inter-professional collective agreement and is separate from Social Security.

Employees in the banking sector benefit from specific, additional insurances and a better compensation in terms of pay when sick or on maternity leave based on the sector collective agreement.