**The use of flexible furloughs in France during the COVID-19 crisis: An empirical analysis between March and May 2020**

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**Abstract**

In France, paid flexible furlough has been one of the main actions taken to protect jobs during the COVID-19 crisis, making the country one of the principal adopters of the scheme in Europe. Flexible furlough, a system that is generally deployed counter-cyclically, enables enterprises to tailor their volume of working hours to changes in business, in an effort to avoid redundancies.

In this study, we analyse the use of this scheme by employers during the lockdown, basing ourselves on comprehensive administrative data as of 22 June 2020. A main focus of our work is the comparison between the current use of flexible furloughs and that before the health crisis, in particular during the recession of 2008-2009.

In order to resort to flexible furlough, an employer needs to apply for prior authorization from the administrative authorities. As this step requires employers to anticipate their flexible furlough requirements, enterprises often request a number of flexible furlough hours much in excess of what they will actually use. In this study, we consider employers’ applications for prior authorization in terms of the hours applied for and the number of employees affected, breaking them down by the characteristics of the enterprises and the nature of their applications, also conducting an analysis of the likely key factors for filing an initial application.

Employers can then submit a monthly reimbursement claim for the remuneration paid to the employees involved in flexible furloughs. We thus present the trends observed in the data in terms of reimbursement claims, still in connection with the hours and employees involved and the characteristics of the enterprises, and in terms of the transformation of prior applications requests into reimbursement claims; the data are analysed on a monthly basis between March and May, having been extracted from application percentages and the actual use of flexible furloughs.

As employers have one year to file reimbursement claims, in this study we also estimate - basing ourselves on the information provided by the data and on our assumptions - how much the scheme will ultimately cost, as well as the number of employees who may have actually been involved in flexible furloughs between March and May 2020.

**Keywords**: Flexible furlough, COVID-19.