The use of short-time work during the Covid-19 crisis: an empirical analysis between March and May 2020

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**Abstract**

In France, short-time work has been a key strategy for maintaining jobs in response to the Covid-19 crisis, making the country one of the most intensive users of this measure in Europe. As a temporary and generally countercyclical measure, short-time work allows companies to adjust the volume of hours worked based on changes in activity to avoid economic layoffs.

In this study we analyze employers’ use of short-time work during the lockdown period, based on extensive administrative data as of June 22, 2020. One of the main contributions of our study is the comparison between the use of short-time work now and before the health crisis, particularly during the Global Financial Crisis of 2008-2009.

To implement short-time work measures, an employer must apply for approval from labor authorities. This step indicates the employer’s anticipated need for short-time work, as businesses tend to apply for considerably more hours of short-time work than they will actually need. We describe the trends in employers’ applications in terms of the hours claimed and the number of employees affected, and correlate those trends to the characteristics of the business and the nature of the application. We also analyze the factors that determine the likelihood of an application being submitted.

The employer then claims monthly reimbursements of the salary paid to the employees undertaking short-time work, called a claim for compensation. We present the trends observed in the data relating to the claims for compensation, again based on hours and employees concerned and business characteristics, as well as the rate of applications for approval that turned into claims for compensation month by month between March and May, captured through filing and usage rates of short-time work.

As employers have one year to file their claims for compensation, in this study we also estimate, based on our hypotheses and information observed in the data, what the system will ultimately cost, as well as the number of employees who were actually affected by short-time work between March and May 2020.

**Keywords: short-time work, Covid-19**