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Topic 3

**Time spent at work and concepts of wages: impact on the bottom end
of the wage distribution**

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I. Introduction

1. Estimates of the proportion of jobs commanding low wages, paid at the minimum salary level or within the first few deciles of the wage distribution may differ substantially depending on the concepts of wages and working hours applied, the account taken of the total time spent per week at full-time jobs and the nature of the sources consulted (administrative statements and business surveys; household surveys).

2. The aim of this paper is to describe the inquiries that have been taking place in France over the past two years, in particular those concerned with estimating the proportion of jobs paid at or near the minimum wage (SMIC) level. The questions outlined above will be addressed in the light of jobs paid at the SMIC rate. Some of them are further elucidated in the second part of the paper (effect of the concepts of wages adopted on median wages and the proportion of low wage-packets).

II. Jobs paid at or near the minimum wage (SMIC) level

Differences due to different concepts of wages

3. The data in the two tables below summarize many of the questions that cropped up when the work was done in France. They are based on the 1994 Wage Survey of establishments with 10 or more paid employees and cover all wage-earners in both public and private enterprises, farming (personal services, apprentices and trainees excepted).

4. At first sight, the tables may seem hard to follow. The brief comments that follow show, however, how important the choice of concept is.

- The proportion of jobs paid at the minimum wage (SMIC) level varies considerably, depending on whether one looks at the legal concept, which relates principally to the basic wage, or remuneration including all allowances.

Applying the legal concept, 5.6% of wage-earners are paid the SMIC. When allowances are included, only 2.5% of wage-earners are paid at an hourly rate close to the SMIC.

- Allowing for the time spent at work by full-time workers has a notable influence on the findings. Not all full-time wage-earners work 39-hours per week, so those paid at an hourly rate close to the SMIC do not all receive a monthly wage close to the SMIC and vice versa.

For example, 61.9% of full-time wage-earners who receive a monthly wage close to the SMIC are paid at hourly rates higher than the SMIC. In all, 4.1% of full-time wage-earners receive a monthly wage close to the SMIC, while only 1.9% are paid an hourly wage close to the SMIC.

Table 1: Proportion of wage-earners paid the minimum wage (SMIC) depending on the concept applied

	Full-time (percentage)	Part-time (percentage)	Total (percentage)
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All wage-earners (apprentices, trainees and temporary workers excluded)

A: Hourly wage legally at SMIC rate	4.7	12.0	5.6
B: Hourly wage close to SMIC (1.02 SMIC)	1.9	6.8	2.5
C: Total monthly wage paid ¹ close to SMIC for full-time workers (wage extrapolated to 169 hours per month for part-time workers) ²	4.1	6.8	4.4

A. Wage-earners paid legally at the minimum wage (SMIC) rate

Hourly wage legally at SMIC rate	100.0	100.0	100.0
Concept B:			
Total hourly wage close to SMIC (1.02 SMIC)	35.4	40.8	36.9
Total hourly wage above SMIC (> 1.02 SMIC)	64.6	59.2	63.1
Concept C:			
Total monthly wage close to SMIC	40.0	40.8	40.2
Total hourly wage above SMIC (> 1.02 SMIC)	60.0	59.2	59.8

B. Workers earning total hourly wages close to the SMIC

Total hourly wage close to SMIC (≤ 1.02 SMIC)	100.0	100.0	100.0
Concept A:			
Hourly wage legally at SMIC rate (\leq SMIC)	89.2	72.5	83.4
Hourly wage legally above SMIC	10.8	27.5	16.6
Concept C:			
Total monthly wage close to SMIC	84.2	100.0	89.6
Total hourly wage above SMIC (> 1.02 SMIC)	15.8	0	10.4

C. Workers earning total monthly wages close to the SMIC

Total monthly wage	100.0	100.0	100.0
Concept A:			
Hourly wage legally at SMIC rate (\leq SMIC)	45.9	72.5	51.0
Hourly wage legally above SMIC	54.1	27.5	49.0
Concept B:			
Total hourly wage close to SMIC (≤ 1.02 SMIC)	38.1	100.0	49.9
Total hourly wage above SMIC (> 1.02 SMIC)	61.9	0.0	50.1

Table 2: Proportion of part-time jobs depending on the concept applied (establishment with 10 or more paid employees, according to the 1994 Wage Survey)

	Full-time (percentage)	Part-time (percentage)	Total (percentage)
All wage-earners (apprentices, trainees and temporary workers excluded)			
Concept A:			
Hourly wage legally at SMIC rate	73	27	100.0
Concept B:			
Total hourly wage close to SMIC (1.02 SMIC)	66	34	100.0
Concept C:			
Total monthly wage	81	19	100.0

Field: Public- and private-sector establishments with 10 or more paid employees in 1994; full- and part-time workers - apprentices, trainees and temporary workers excluded.

Note: The SMIC figure used is the maximum net hourly SMIC for 1994.

¹ This statistic is of limited relevance to part-time workers. Not knowing the contractual duration of the working week at the ventures employing them, we have extrapolated from their hourly wages to a monthly full-time equivalent for the legal 169-hour working month, which yields similar results whichever concept one applies (total monthly wage and total hourly wage).

² For full-time workers, the basic wage (in fact, the part of the total wages checked against the SMIC) paid monthly was also considered. In 9% of cases, the monthly basic wage paid is less than 1.02 times the monthly SMIC

Source: 1994 Wage Survey.

- The importance of part-time work also varies depending on the wage concept applied, for full- as well as part-time workers.

If one considers total hourly wages, the proportion of part-time workers in jobs paid at the SMIC rate ranges from 27%, applying the legal concept, to 34% if all allowances are included (in other words, at these wage levels the allowances paid for part-time employment are lower).

If, instead, one is interested in wage-earners' perceptions of the remuneration on offer, the concept applied will be that of the wage offered for a month of full-time work. In the case of full-time workers, the figure used will be the wages paid monthly. In the case of part-time workers, not knowing the standard working hours

at the ventures where they work, the equivalent full-time monthly wage is extrapolated from the wages they are paid to a working month of 169 hours (i.e. the hourly wage multiplied by 169). Applying this concept, 19% of jobs paid at or near the SMIC are part-time ones.

II.1 Estimate applying the legal criterion

5. The official source of information in France is the SMIC survey on the activity and working conditions of the workforce, which yields an estimate as on 1 July each year of the proportion of wage-earners who stand to benefit from a rise in the SMIC. From the 1994 Wage Costs and Structure survey, which offers a breakdown of total wages into basic wage and allowances by grounds for entitlement and gives information on the number of hours paid, it is possible to estimate the proportion of jobs legally paid at the SMIC at a given point during the year or on average over a year.

II.1.1 Workers affected by increases in the SMIC on 1 July

6. From the legal point of view, a worker is paid at the SMIC if his basic wage, plus benefits in kind, tips and part of his individual, foreseeable bonuses, when reckoned on an hourly basis, is equal to the gross hourly SMIC (see Labour Code, art. D. 141 -3).

7. The number of wage-earners legally affected by a rise in the SMIC in France is traditionally estimated on 1 July each year. That is the date on which the SMIC is indexed to economic growth. The estimate is a maximum “snapshot”, since the workers earning the SMIC as on 1 July are all those affected by a rise in the gross hourly SMIC, i.e. wage-earners who before the date were paid, as regards a portion of their wages excluding most allowances, at less than the new SMIC rate. The numbers concerned depend each year on the size of the increase granted, but also on rises in previous years and how they have spread through the wage structure, and on wage negotiations in the economic sector concerned.

II.1.2 Numbers of workers legally paid at the SMIC rate over the year

8. The number of workers legally paid at the SMIC rate over the year is, naturally, lower than the number of workers affected by increases in the SMIC on 1 July. Some wage-earners may be on the SMIC for only part of the year: for example, those who are picked up by the rise in the SMIC on 1 July but receive later increases as the effects of the higher SMIC spread through the wage structure. The number of workers legally paid at the SMIC rate over the year varies less from one year to another, being less directly related to the size of the July wage nudge. In establishments with 10 or more paid employees in 1994, the proportion of workers legally paid at the SMIC rate is estimated, from the Wage Survey, at an average of 5.6% over the year. As the rise in the SMIC on 1 July 1994 was strictly limited to what the law required (no “nudge”), this estimate is very close to that given in the SMIC survey on the activity and working conditions of the workforce (5.3%).

II.2 The basic wage and wages including all allowances

9. Part of the remuneration received by most wage-earners in the private sector comes in the form of allowances or wage supplements. This is also true of wage-earners legally paid at the SMIC rate, who may receive total hourly wages higher than the SMIC once all wage supplements have been taken into account. The supplements include regular allowances (the “13th month”, holiday bonuses and the back-to-school allowance), allowances linked to seniority or family situation, bonuses related to working conditions (for arduous or shift work or for working particular hours, such as night work) and, lastly, individual or collective performance bonuses. By comparison with other wage-earners, workers earning the SMIC receive a large part of their allowances in the form of end-of-contract or departure bonuses or allowances specifically connected with shift work.

10. In establishments with 10 or more paid employees in 1994, roughly 63% of private sector or public enterprise employees legally paid at the SMIC rate were actually receiving a total hourly wage higher than the SMIC. Their total hourly wage averaged 1.12 times the SMIC over 1994. The spread of wage rates was fairly broad, with 37% receiving the SMIC hourly rate and 20% receiving more than 1.2 times the SMIC rate.

11. By distinguishing among wage-earners according to whether their wage matches the legal concept of the SMIC or their hourly wage, including all allowances, is close to the SMIC (the sense of “wage” used in most sources on wages in France), we obtain two populations of wage-earners which, though relatively similar in structure (numerically, one is twice the size of the other), are nevertheless different. In establishments with 10 or more paid employees in 1994, wage-earners receiving a total hourly wage close to the SMIC tended to be women (67% as opposed to 60%), part-time workers (34% as against 27%) or on fixed term contracts (28% as against 22%), and slightly younger (33% under 26 as against 27% of the wage-earners legally paid at the SMIC rate).

II.3 Effect of time spent at work on perceptions of the number of full-time workers paid at or close to the SMIC

12. The working week for full-time jobs may be shorter than that laid down by law. According to the legal definition, employees working at least 80% of the legally or contractually defined working week are considered to be working full-time; on the other hand (and increasingly, as enterprises with over 20 paid employees move towards a 35-hour week on 1 January 2000), the contractual week at certain businesses, in certain sectors and in certain occupations may be shorter than the legally defined one. Hence there may be a disparity between the total hourly wage paid and the monthly wages received if one considers only the legally defined working week: a worker whose total remuneration is close to the hourly SMIC rate may receive less than the monthly SMIC figure, (based on the legal definition of the working month as 169 hours) if he works less than 39 hours a week. Similarly, a worker can receive total hourly remuneration that is above the hourly SMIC and a monthly wage that is equal to the SMIC.

II.3.1 Influence at establishments with 10 or more paid workers according to the 1994 Wage Survey

13. In establishments with 10 or more paid workers in 1994, 62% of full-time workers receiving a monthly wage close to the SMIC were paid at hourly rates higher than the SMIC. Conversely, 16% of full-time workers paid at hourly rates close to the SMIC received, because of working weeks longer than 39 hours, more than the SMIC each month.

14. So taking into account time spent at work substantially alters (by a factor of two) estimates of the proportion of full-time jobs paid at the SMIC rate: 4.1% of full-time workers received a monthly wage close to the SMIC while only 1.9% of them were paid at an hourly rate close to the SMIC.

15. According to the 1994 Wage Survey, over 31% of full-time workers in establishments with 10 or more paid employees worked fewer than 38 hours per week. Of those earning no more than the monthly SMIC, nearly 72% worked fewer than 38 hours. The discrepancies become progressively less as one rises up the wage scale.

II.3.2 Influence according to the 1996 Yearly Statements of Company Data

16. In a comparable field enlarged to include establishments with 10 or more paid employees, employers' Yearly Statements of Company Data (see annex for a description of the source and the corrections made) lead to similar findings. The proportion of jobs paid at the SMIC rate does not, however, decline as much when one takes account of the length of the working week for full-time jobs. The hours declared are hours spent in paid employment, not all of which are paid - unlike the hours declared in the Wage Survey.

17. In 1996, for example, 3.4% of full-time jobs were paid at total hourly rates close to the SMIC, but there were 5.2% of full-time jobs bringing in monthly remuneration less than or equal to 1.02 times the monthly SMIC on the basis of a 169-hour work month.

18. Specifically, 2.9% of full-time jobs offered both hourly remuneration less than or equal to 1.02 times the SMIC and monthly remuneration less than or equal to 1.02 times the SMIC. On the other hand, 0.6% offered hourly remuneration close to the SMIC but monthly wages higher than the SMIC (because of working weeks longer than 39 hours); rather more (2.4%) offered monthly wages less than or equal to 1.02 times the SMIC but hourly remuneration higher than the SMIC (because of working weeks shorter than 39 hours). The difference grows smaller at higher wage levels.

Table 3: Wages and length of working week for full-time jobs in 1996

	Jobs offering a total hourly wage less than or equal to 1.02 times the SMIC		Jobs offering a monthly wage less than or equal to 1.02 times the SMIC		All full-time jobs
	Proportion (%)	of which (%)	Proportion (%)	of which (%)	of which (%)
Less than 35 hours	3.3	9.7	20.7	40.1	10.3
35 to less than 38 hours	2.7	11.9	6.5	18.9	15.4
38 to less than 39 hours	3.0	11.7	3.4	8.7	13.6
39 hours¹	3.3	31.4	3.3	20.4	32.9
Over 39 hours to less than 40 hours	4.3	16.5	3.8	9.3	13.1
40 hours to less than 41 hours	3.1	3.8	1.4	1.1	4.3
41 hours to less than 42 hours	3.1	2.6	1.0	0.5	2.8
42 hours and over	5.6	12.5	0.6	0.9	7.6
Total	3.4	100 .0	5.2	100 .0	100 .0

Field: Full-time workers in the private sector and in public enterprises (apprentices, trainees and temporary staff excepted) aged between 18 and 65, who worked for at least a month during the year. Employees working at least 80% of the legally or contractually defined working week are categorized as full-time workers in accordance with the legal definition.

¹ The length of the working week is estimated as an average over the duration of the job in 1996. An average of exactly 39 hours can be obtained with some working weeks of 40 hours and others of 38. For a 39-hour working week, the proportions of jobs offering up to 1.02 times the hourly and monthly SMIC rates are necessarily the same, since the monthly SMIC corresponds to the legally defined 39-hour working week or 169 times the hourly SMIC rate.

Source: 1996 Yearly Statements of Company Data, INSEE.

II.4 Hours spent in paid employment and hours paid

19. A priori, the hours declared in the Wage Survey are hours actually paid. In fact, in the survey accompanying the 1994 Yearly Statements of Company Data employees and businesses were asked to correct the hours spent in paid employment as shown in the Yearly Statements. The hours paid generally tend to be lower than hours spent in paid employment, because absences for sickness, industrial accidents, absenteeism, maternity leave etc. are excluded. Besides this, specific corrections to the Wage Survey result in some full-time jobs being reclassified as part-time.

20. The hours spent in paid employment as declared in the 1994 Yearly Statements of Company Data were compared with the paid hours declared in the Wage Survey: the average number of hours spent in employment per week by full-time workers is consistently lower on average in each monthly wage bracket in the Wage Survey than the figure given in the Yearly Statements for the same year and the same wage-earners. A comparison of the distribution of full-time jobs by length of working week in establishments with 10 or more paid employees in 1994 as shown in the Wage Survey and in 1996 as shown by the Yearly Statements confirms this finding.

Table 4: Distribution of full-time jobs by length of working week

	1994 Wage Survey	1996 Yearly Statements of Company Data
Less than 32 hours	5.3	3.9
32 to less than 38 hours	26.0	21.7
38 to less than 39 hours	17.9	15.4
39 to less than 40 hours	38.2	44.2
40 to less than 42 hours	7.5	7.1
42 hours and over	5.1	6.6
Total	100 .0	100 .0

Field: Establishments with 10 or more paid employees in the private sector and public enterprises; full-time workers - apprentices, trainees and temporary staff excluded.

Sources: 1994 Wage Survey, 1996 Yearly Statements of Company Data.

21. In establishments with 10 or more paid employees alone, the effect of shifting to an hourly wage on estimates of full-time jobs paid at or near the SMIC rate is noticeably greater in the Wage Survey than in the Yearly Statements. According to the 1996 Yearly Statements, 5.5% of full-time jobs paid a monthly wage of less than 1.02 times the SMIC, and 4.2% were paid

hourly rates lower than 1.02 times the hourly SMIC (a ratio of 1.3 to 1). According to the 1994 Wage Survey, 4.1% of full-time jobs were paid at the SMIC if one considers the monthly rate, but only 1.9% if one considers the hourly rate (a ratio of 1 to 2.2).

II.5 Relative proportion of part-time jobs depending on whether account is taken of the time spent at work in full-time jobs

22. The findings for part-time posts are the same whether they are based on the hourly wage or the equivalent full-time monthly wage: not knowing the length of the contractual working week at the enterprise, hourly wages are converted to the equivalent full-time monthly wage by multiplying them by 169 (i.e. 39 hours per week over the month).

23. Depending on the choice made (hourly or monthly wage) for full-time workers, the proportion of part-time to all jobs paid at the SMIC rate varies (cf. introduction to paragraph 1).

24. According to the 1996 Yearly Statements of Company Data, if part-time jobs are included, the proportion of jobs paid at up to 1.02 times the SMIC rate in 1996 was 6%, applying a definition using equivalent full-time monthly wages, and 4.5% using a definition based on hourly wage (table B). The proportion of part-time jobs among those paid at the SMIC rate is 35% in the former case as opposed to 26% in the latter.

Table 5: Jobs paid at or near the SMIC rate according to the Yearly Statements of Company Data in 1996

	Full-time		Part-time	Combined	
	Monthly wage (concept A) (1)	Hourly wage (concept B) (2)	Hourly wage (concept B) (1) + (2)	Concept A for full-time jobs (1)	Concept B for full-time jobs (2)
1.02 SMIC	5.2	3.4	11.3	6.0	4.5

Field: Full-time workers in the private sector and in public enterprises (apprentices, trainees and temporary staff excepted) aged between 18 and 65, who worked for at least a month during the year. Employees working at least 80% of the legally or contractually defined working week are categorized as full-time workers in accordance with the legal definition.

(1): Concept applied to long-term full-time jobs (1976-1996), as the Yearly Statements did not show the number of hours spent in paid employment before 1994. The figures in the INSEE publication on jobs paid at or near the SMIC rate in 1996 according to the Yearly Statements ("Faibles rémunérations et durée du travail en 1996", INSEE-Première No. 640, April 1999) also apply this concept. The findings for part-time posts are the same whether they are based on the hourly wage or the equivalent full-time monthly wage.

(2): Concept set forth in issue 26 of the "Synthèses" collection, "L'évolution des salaires jusqu'en 1997", chapter 4.

Source: 1996 Yearly Statements of Company Data, INSEE.

II.6 Underestimates of hourly wages in household surveys, especially for part-time workers

25. The estimates derived from the 1996 Yearly Statements of Company Data were compared with estimates based on a comparable field from the March 1997 Employment Survey (using the March 1996 Employment Survey makes no difference to the findings presented below).

26. At first sight, there are numerous sources of divergence with the Employment Survey as the concepts differ so widely.

- The Employment Survey data relate to individuals, those in the Yearly Statements to jobs: an employee holding down two part-time jobs will appear twice in the Yearly Statements but only once (main occupation in March) in the Employment Survey.
- The declaration of employment status (full- or part-time) is unconstrained in the Employment Survey, but subject to legislative rules inherent in the way the Yearly Statements are handled. Full-time employees working 80% of the time do not necessarily declare themselves as full-time workers.
- The Yearly Statements data cover an entire year, while the Employment Survey data relate to one month in the year.
- Only the wages paid for and time spent at main occupations are covered by the Employment Survey.
- In the Yearly Statements, the wages paid and hours spent in paid employment relate to the same period of employment, which makes for greater data consistency. The monthly wage shown in the Employment Survey is the last regular monthly wage received - normally that for February. The number of hours is reckoned approximately, as the normal number of hours per week declared. While this seems reasonably consistent with the wage earned during the month for full-time workers, even though some of the hours declared are not paid, the same is not true of part-time workers.

27. Over a comparable field, estimated total numbers of wage-earners are similar. Part-time work accounts for 12% of jobs in the Employment Survey and 14% in the Yearly Statements.

28. The proportions of full-time jobs paid at up to 1.02 or 1.33 times the SMIC rate are very similar provided one applies a definition based on the monthly wages shown in the Yearly Statements and the Employment Survey and the characteristics of the employees concerned (the percentage of men shown in the Yearly Statements is slightly higher).

29. On the other hand, the findings differ widely if one applies a definition based on the hourly wage. The proportion of both part-time and full-time jobs offering an hourly wage close to the SMIC is roughly twice as high in the Employment Survey (doubtless because of the unpaid hours at work that wage-earners declare). In the case of part-time jobs, the estimated proportions of hourly wages below 1.33 times the SMIC rate are very similar in the two sources.

30. If, in the Employment Survey, one considers only part-time employees working between 13 and 35 hours per week (the limits set in the Yearly Statements), it will be seen that 16% of them are paid at below the strict SMIC hourly rate, as against 5% reported in the Yearly Statements. The match between monthly wage paid and weekly hours is noticeably less good in the Employment Survey, and for part-time workers, the high proportion receiving hourly remuneration below the SMIC level may be partly explained by the existence of additional hours declared by employees that are not always reflected in pay-packets. According to the inquiry accompanying the March 1995 Employment Survey, 14% of part-time employees worked additional hours: half of them received no extra pay, a quarter were given compensatory time off, and the remaining quarter were paid extra wages.

Table 6: Jobs paid at up to 1.02 and 1.33 times the SMIC rate: proportions as estimated in the March 1997 Employment Survey¹ (percentages)

	Full-time employees: monthly wage	Full-time employees: hourly wage	Part-time employees: hourly wage	All employees: monthly wage for full-time workers	All employees: hourly wage
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March 1997 Employment Survey estimates:

1.02 SMIC	5.5	7.3	21.7	7.7	9.2
1.33 SMIC	28.1	31.1	54.5	31.7	34.2

For reference: 1996 Yearly Statements of Company Data estimates:

1.02 SMIC	5.2	3.4	11.3	6.0	4.5
1.33 SMIC	27.2	26.0	52.6	30.6	29.7

Field: Full-time workers in the private sector and in public enterprises (apprentices, trainees and temporary staff excepted) aged between 18 and 65 (in the Yearly Statements: who worked for at least a month during the year). In the Yearly Statements, employees working at least 80% of the legally or contractually defined working week are categorized as full-time workers in accordance with the legal definition.

¹ The time spent at work shown in the Employment Survey has not been adjusted to engineer "definitions" of full- and part-time work similar to those used in the Yearly Statements.

III. Findings extended to certain elements of the wage structure

31. The data in this section are derived exclusively from the 1996 Yearly Statements and relate to wages including all allowances and bonuses.

32. The differences stem from the wage figure used for full-time employees: hourly wage x 169, or monthly wage paid.

33. The differences are significant at the bottom of the wage structure (especially in estimates of the first decile or the proportion of employees paid at or near the SMIC rate), but less so higher up.

III.1 Effect of time spent at work on median and average wages

	Median wage ¹ (francs)			Average wage (francs)			Wage 1.33SMIC	
	Hourly wage x 169	Equivalent net wage for 169-hour month	Net monthly wage paid	Hourly wage x 169	Equivalent net wage for 169-hour month	Net monthly wage paid	Hourly wage x 169	Equivalent net wage for 169-hour month
Full-time	8 720	8 650 (8 620) ²	8 650 (8 620)	10 450	10 670 (10 500)	10 670 (10 500)	26.0	27.2
Part-time	6 750	6 750	4 220	8 530	8 530	5 120	52.6	52.6
Com-bined	8 450	8 380 (8 350)	8 380 (8 100)	10 370	10 380 (10 220)	9 910 (9 750)	29.7	30.6

Field: Full-time workers in the private sector and in public enterprises (apprentices, trainees and temporary staff excepted) aged between 18 and 65, who worked for at least a month during the year. Employees working at least 80% of the legally or contractually defined working week are categorized as full-time workers in accordance with the legal definition.

¹ The *median wage* is the wage below which the less-well-paid half of all wage-earners are paid. Wages are net of deductions but include the *contribution sociale généralisée* (general welfare contribution, CSG) and the *remboursement de la dette sociale* ([contribution towards] public debt repayment, RDS).

² The Yearly Statements were used in two ways for full-time workers. First, corrections were applied to net wage-packets, consistent with the way the long series are processed. Second (shown in brackets), they were applied to hourly wages, as for part-time workers.

The average net monthly SMIC in 1996 was 5,147.81 F for a 169-hour working month. The *net monthly wage paid* corresponds to the net wage paid over the year, prorated for the duration of payment. The *equivalent net wage for a 169-hour week* or full-time work equals the hourly wage multiplied by 169: this is what wage-earners would receive every month if they worked the whole month, 39 hours per week.

Reading: 11.3% and 52.6% respectively of part-time jobs were paid at hourly rates lower than or equal to 1.02 or 1.33 times the SMIC rate. In half of all cases, the wages for part-time jobs when extrapolated to a 39-hour working week were below 6,750 F (1.31 times the SMIC), while the

wages paid per month were below 4,220 F (0.8 times the SMIC) in one case out of two (note: the average duration of a part-time job in 1996 was 9 months, with a working week of 23.4 hours).

Source: 1996 Yearly Statements, INSEE.

III.2 Different estimates of the proportion of low wages

34. Low wages are often measured against a wage threshold. Here we have chosen two thirds of the median hourly wage for all full- and part-time jobs.

35. As the threshold depends on general movements in wages, which combine broad trends with transient economic fluctuations, plus the effects of gains in productivity and changes in employment structure, the change over time in the proportion of low wages and the characteristics of the workers earning them is substantially more interesting than if an absolute wage level is used.

36. The proportion of low wages also depends on the population used to define the median wage: the value is different depending on whether one looks only at full-time workers or includes part-time workers as well. The choice between an hourly base and the monthly wages actually paid markedly affects the results, since in the latter case the shorter hours worked by part-time employees have an influence.

Changes in the proportion of low wages in 1996 depending on the median net wage used as reference (francs)

	Hourly wage		Monthly wage paid	
	Full-time	Combined	Full-time	Combined
Median	51.6	50.0	8 620	8 100
- i.e. for a month of full-time work (169 hours)	8 720	8 450		

Low wages understood as wages less than or equal to two thirds of the median wage

Proportion of jobs paying up to two thirds of the median wage (per cent)

All jobs	-	9.1	-	15.3
Full-time jobs	9.7	7.1	10.4	6.3
Part-time jobs	-	21.8	-	71.3

Low wages understood as wages less than or equal to three quarters of the median wage

Proportion of jobs paying up to three quarters of the median wage (per cent)

All jobs	-	20.8	-	23.7
Full-time jobs	20.5	17.4	20.7	15.0
Part-time jobs	-	41.9	-	78.2

Field: Full-time workers in the private sector and in public enterprises (apprentices, trainees and temporary staff excepted) aged between 18 and 65, who worked for at least a month during the year. Employees working at least 80% of the legally or contractually defined working week are categorized as full-time workers in accordance with the legal definition.

For the long series covering full-time workers between 1976 and 1996, the field used is slightly different because of the way false low wages are handled (frames 3 and 6). As a result of the way the data were processed, the median monthly wage for full-time jobs was 8,653 F in 1996, and 10.6% (20.9%, 0.5%) of full-time jobs were paid at up to two thirds (three quarters, half) the median wage.

Source: 1996 Yearly Statements, INSEE.

Annex: the 1996 Yearly Statements of Company Data

1. The Yearly Statements of Company Data have been in use since 1950 (1981,1983 and 1990 excepted). Since 1993 they have been used exhaustively; the number of hours in paid employment has appeared in businesses' Yearly Statements only since 1994.
2. According to the legal definition applied in the Statements, a wage-earner working at least 80% of the legally or contractually defined working week is considered to be working full-time. In the terms used in the Statements, wage-earners working less than 13 hours per week on average over the year are regarded as intermittent, not part-time, workers.
3. The field under study is restricted to full- and part-time wage-earners in the private sector and public enterprises aged between 18 and 65 who work at least one month during the year. Apprentices and trainees, agricultural workers, domestic staff, farming, temporary work and work outside the country are excluded.
4. Yearly wages include all the amounts paid as annual remuneration (seniority bonuses, overtime, night-work supplements etc.), and benefits in kind, and are net of welfare contributions. They are aligned with the number of hours in paid employment reported in the Yearly Statements since 1994. Worker numbers are then calculated in proportion to the time they spend in work over the year. Hence a (part-time) worker who has worked for six months and 598 hours (i.e. 22 hours per week), earning 20,000 F, is counted as 0.5 work-years paid at 33.4 F per hour (20,000 divided by 598). His equivalent full-time monthly wage is 5,652 F (i.e. $169 \times 20,000/598$). The average wage the enterprise pays him every month is 3,333 F (20,000 divided by 6).
5. Given the errors in declarations of employment status, job status and periods in paid employment, consideration has been restricted to hourly wages greater than or equal to 80% of the SMIC. Hourly remuneration of less than 40% of the SMIC was discounted out of hand. Wage-earners whose hourly remuneration was between 0.4 and 0.8 SMIC were also ruled out, but the volume of work they did was reallocated among all wage-earners of the same employment status (full- or part-time), socio-professional category, sex and age: the young, women and those employed in providing services to individuals were overrepresented in this group, and the likelihood that they would receive low pay was markedly higher than the average. Lastly, the remaining suspect pay-packets were eliminated following an analysis of variance in net wages: wages exceeding the mean by more than three standard deviations were excluded.

Wage-earners paid at or near the SMIC rate in the Yearly Statements

6. Wage-earners paid at the SMIC rate as legally defined cannot be identified from the Yearly Statement data: for that, it would be necessary to begin with the gross base hourly wage, including benefits in kind and some performance bonuses, but the wages shown in the Yearly Statements include all bonuses and allowances and offer no means of distinguishing among them.

7. Wages paid are monitored annually, and may correspond to periods before, after or straddling the dates on which the SMIC is calculated. It is not always possible to pinpoint when in the year each wage-earner was employed. We therefore took a maximum value for the SMIC, equal to the highest hourly SMIC for the year (i.e. the one applicable in December 1996). To allow for overtime-related bonuses, we regarded wages less than or equal to 102% of the SMIC as being “at or near” the SMIC, given the customary percentage of paid overtime worked by labourers and employees: all the wage-earners concerned were also paid at the SMIC as legally defined according to the survey accompanying the 1994 Yearly Statements. Besides, the distributions of wages in 1996 display peaks at that value.
