

Barriers to hiring reported in the business tendency surveys: inclusion of series on the INSEE website

Since January 2017, companies in industry, services and the building sector have been surveyed in the first month of each quarter in the business tendency surveys about the barriers to hiring that they perceive. The proportions of companies reporting barriers to hiring are now accessible online among the indices and time series on the INSEE website. They are calculated by sector and type of barrier and are now updated on a quarterly basis following the same calendar and the same methodology as the other quarterly series based on the business tendency surveys.

Questions on the barriers to hiring have been asked since 2017

Since January 2017, some 10,000 companies in industry, services and the building sector have been surveyed in the first month of each quarter in the business tendency surveys on the possible barriers preventing them from hiring more employees on open-ended contracts or on long fixed-term contracts (Figure). The scope of these surveys covers about 70% of salaried employment in the non-agricultural market sector in Metropolitan France. These questions enable estimates of the proportions of companies reporting barriers to hiring, and the results are now available online on the INSEE website (see *Instructions for accessing the series*).

The calculation method is based on that of the quarterly business tendency surveys

The series published in the BDM are calculated using the same methodology as the other quarterly series based on the business tendency surveys¹.

They are produced in two stages. A first “provisional” estimate is produced about two-thirds of the way through the survey month. The provisional estimate of the short-term indicators for April 2019, for example, was produced from the responses available on 18 April. A second “final” estimate is produced during the next quarter. The final estimate of the short-term indicators for April 2019 will be produced with the responses available on 19 July. With each survey the provisional results of the ongoing survey are therefore published along with the final results of the previous survey. The series provided on the INSEE website consist of the provisional estimate for the April 2019 survey and the final estimates of the previous surveys.

Companies’ responses are partially imputed. In a company fails to respond to the entire block of questions on barriers to hiring at the time of the provisional estimate, its answers from the previous survey are used again. When making the final estimate for quarter Q, this imputation is done if the company has answered the block of questions on barriers to hiring in both the previous survey (in Q-1)

1. The calculation methodology is described in more detail in the survey documentation. In particular the reader may refer to INSEE Méthodes no. 117: “The business tendency survey on the situation and perspectives in industry: methodology” for more information on the imputation of non-responses and the constant sample method.

Figure - Barriers to hiring module in the business tendency surveys

Are there any barriers that are currently preventing you from hiring more workers on open-ended or long-term fixed contracts?

YES

NO

Not applicable

If **YES**, what are the main barriers?

- uncertainty about the economic situation.....
- unavailability of skilled labour
- recruitments costs.....
- social contributions too high
- wage level too high
- direct financial costs of dismissals
- legal risks associated with dismissal procedure.....
- uncertainties as to whether labour legislation will remain in place.....
- others.....

and the following survey (in Q+1)². From April 2017 to January 2019, the response rate to the module on barriers to hiring for the final estimates was 62% on average before the imputation of non-responses and 65% after imputation of non-responses.

Provisional estimates are produced with “constant” samples. After imputation of non-responses, only the companies that answered the module on barriers to hiring in the previous survey are retained for the provisional estimate of the proportions for the current survey. This limitation enables the proportions of the barriers to hiring to be calculated for the current survey (provisional estimate) and the previous survey (final estimate) based on the same sample

of companies, thereby guaranteeing that there is no sample structure effect for the latest evolutions.

Finally, a company’s answers are weighted according to its salaried workforce and according to the weight of the stratum³ it belongs to.

In April 2019, according to the provisional estimate, 53% of companies in industry, 67% of companies in the building sector and 43% of service companies reported the existence of barriers to hiring. Compared to April 2017, this proportion has increased in the service sector (+5 points) and in industry (+9 points), while it has remained virtually stable in the building sector (+1 point).

2. The barriers to hiring module was added to the business tendency survey questionnaire in January 2017. However, the series for January 2017 were not published, as the method of imputation for the final estimate cannot be fully applied for the first survey.

3. In the business tendency surveys, the strata correspond to combinations of sectors of activity and bands of company sizes. Their weights are calculated based on workforce in industry and the service sector, and on turnover for the building sector.

Proportion of enterprises mentioning each barrier to hiring in Q2 2019

as a %, weighted by workforce, provisional estimate

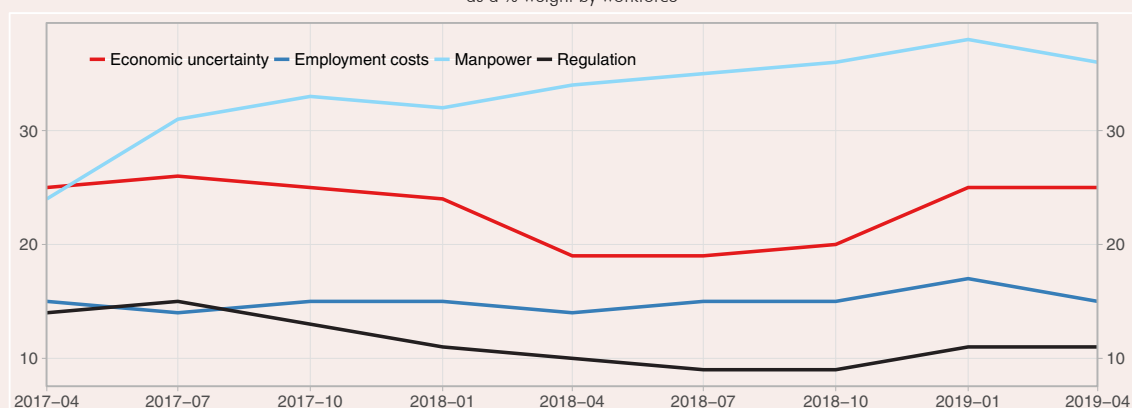
	Industry	Building	Services
Existence of barriers	53	67	43
Uncertainty about the economic situation	25	27	22
Skilled labour unavailable	36	55	29
Employment-related costs	15	32	15
Recruitments costs	5	11	4
Social contributions too high	11	23	11
Wage level too high	6	12	5
Regulations	11	19	8
Dismissal costs	5	11	4
Legal risks linked to dismissals	7	13	5
Possible changes to labour legislation	6	10	4
Others	4	2	3

Note: the same company may report several types of barriers to hiring

Source: INSEE

1 - Trend in the main barriers to hiring in industry since Q2 2017

as a % weight by workforce



Source: INSEE

French developments

In the first half of 2019, the unavailability of labour remains the main barrier to hiring, but economic uncertainty is increasing in industry and the service sector

Since April 2017, the proportion of companies reporting barriers to hiring due to a lack of available skilled labour has increased not only in industry, but also in the building and service sectors (Graphs 1, 2 and 3). Since the end of 2018, this barrier has stabilised in industry and the building sector. In all three sectors, it remains the barrier most often mentioned by companies.

Conversely, the scale of uncertainty in the economic situation fell from April 2017 to July 2018, then stabilised in the building sector while it rose in industry and the service sector. In April 2019, even more business leaders in the service sectors covered by the survey reported economic uncertainty as a barrier to hiring than in April 2017.

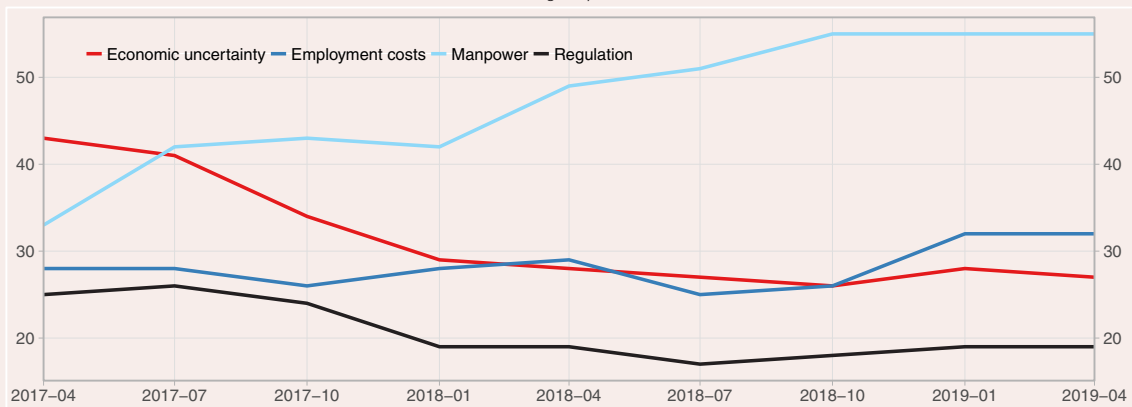
The application of the methodology specific to the business tendency surveys leads to revisions

The proportions of barriers to hiring previously published in the June 2017 and December 2018 issues of *Conjoncture in France* and in *INSEE Focus* no. 106 of December 2017 did not apply all the methodological specificities used for the publication of the series on the INSEE website, as they were not intended for regular publication. In particular, the last survey was not processed using the constant sample methodology, the estimates were not done on the same day as the other series based on the business tendency survey (they could be done later in order to take more responses into account) and they used a different method for the imputation of non-responses. The barriers to hiring series have therefore been revised: the proportions of barriers have been reduced slightly⁴, mainly due to the method of imputing non-responses, but the hierarchies between the sectors of activity and the different barriers have been retained. ■

4. The revisions range from 0 to 8 points according to the barrier in question between the October 2018 estimate published in the December 2018 issue of *Conjoncture in France* and the final estimate published on the INSEE website.

2 - Trend in the main barriers to hiring in the building industry since Q2 2017

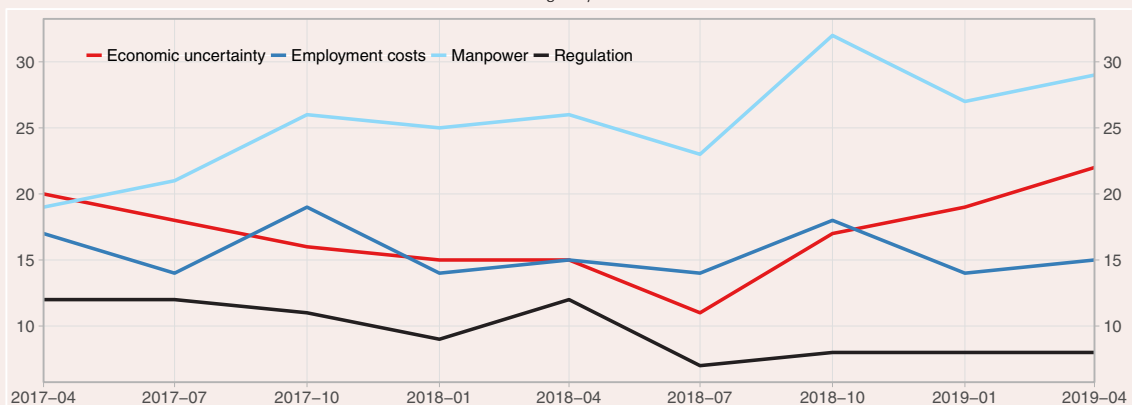
as a % weight by workforce



Source: INSEE

3 - Trend in the main barriers to hiring in the service sector since Q2 2017

as a % weight by workforce



Source: INSEE

Instructions for accessing the series

The barriers to hiring series can be accessed in the INSEE website, in the sets of series for each of the three surveys concerned: Outlook survey in good-producing industry⁵, Outlook survey in the building construction industry^{6*} and Outlook survey in services^{7*}. They are now updated at the same time as the other indicators in the quarterly business tendency surveys.

The series provided correspond to the proportion of companies reporting the barrier to hiring in question, the same company being able to declare several barriers. The barrier entitled “employment-related costs” covers the reporting of at least one of

the following barriers: “cost of recruitment” “social contributions too high” or “wage level too high”. The barrier entitled “regulations” for its part includes at least one of the following barriers: “direct financial costs of dismissals”, “legal risks associated with dismissal procedure” or “uncertainties as to whether labour legislation will remain in place”.

The proportions of barriers to hiring are available for the scope of each survey as well as for a set of subsectors defined according to the activity classification specific to each of the surveys. Six subsectors have been selected for dissemination in manufacturing industry, two in the building industry and seven in the service sector. In all, 216 new series have been posted online. ■

5. <https://www.insee.fr/fr/statistiques/series/102393833>

6. <https://www.insee.fr/fr/statistiques/series/102411948>

7. <https://www.insee.fr/fr/statistiques/series/102391902>