

## In April 2021, almost half of businesses declared detrimental effects on their productivity as a result of measures imposed by the health crisis

Since October 2020, the quarterly business tendency surveys in industry, services and building construction have included new questions relating to the repercussions of the health crisis on business productivity. In April 2021, companies were responding at a time when a national lockdown had been in place since the start of the month.

The adverse effects of restrictive health measures on businesses' productivity seem to be more pronounced in April than in January, after easing at the start of the year, and they concern almost half of companies. Teleworking in particular, which can certainly sometimes generate additional productivity, is viewed increasingly negatively by some companies. The proportion of business leaders who say that their workforce is relatively high given their current level of activity continues to decline in industry and building construction, but is increasing in services.

### The share of businesses that consider that their productivity is adversely affected by measures linked to the health crisis rose again in April

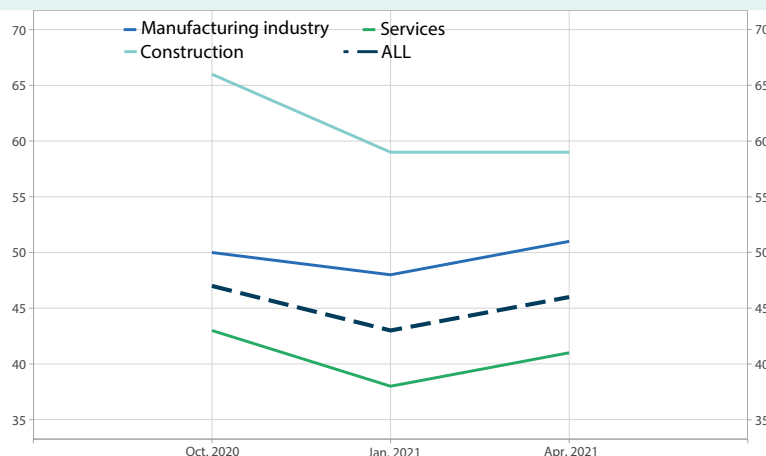
In April 2021, the share of companies reporting that measures linked to the health crisis have a detrimental effect on their productivity, irrespective of the cause (health protection measures, reorganisation or teleworking) rose to 46% (after 43% in January), almost back to its October 2020 level (47%), when this subject was first discussed (► **Figure 1 and Box**). This share remains stable in building construction, but is increasing in all industrial sectors. In services, it is generally on the increase, driven by services to businesses; it remains stable although high in accommodation-catering and is decreasing in computer services.

More specifically, this deterioration in companies' productivity caused by measures linked to the health context concerns two types of action mentioned in the questionnaire, reorganisation and the use of teleworking.

From January to April, the declared effect of health protection measures (masks, physical distancing, etc.) on productivity was virtually stable in industry overall (► **Figure 2**), as an improvement in agrifood and capital goods (fewer companies report negative effects on productivity) offset the deterioration seen in transport equipment and other industries. In services, the situation is varied: the share of companies declaring that health measures have a negative effect on their productivity rebounded in services to businesses but declined in computer services. In accommodation-catering, the share of companies saying that they are "not concerned" continued to increase and reached one quarter of companies.

### ► 1. Proportion of businesses declaring at least one adverse effect of measures linked to the health situation on productivity

in %



Note: results are weighted according to the workforce of the units surveyed. Here we consider companies that declared one adverse effect on productivity for at least one of the three actions proposed in the questionnaire: health protection measures (masks, physical distancing, etc.), reorganisation, use of teleworking.

Source: INSEE, INSEE, business surveys in industry, services and construction

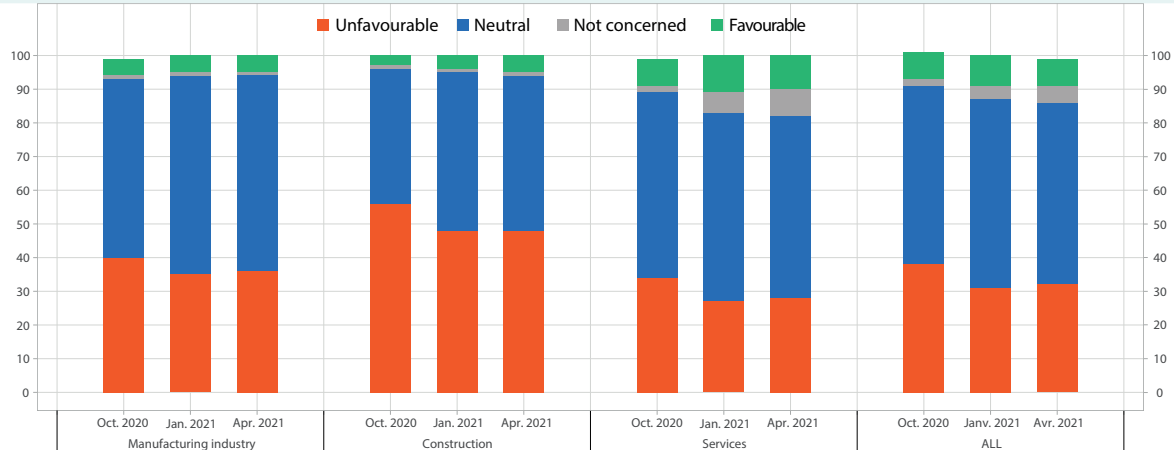
# French economic outlook

After decreasing in January, the share of businesses saying that reorganisation (logistics, sourcing, job sequencing, etc.) had a detrimental effect on their activity exceeded its October 2020 level in services and industry (► **Figure 3**). This decline concerns all industrial sub-

sectors, especially the manufacture of capital goods and transport equipment. In services, this proportion has increased, especially in accommodation-catering and administrative services.

## ► 2. Businesses' opinion on the effect of health protection measures (masks, physical distancing, etc.) on productivity, by sector

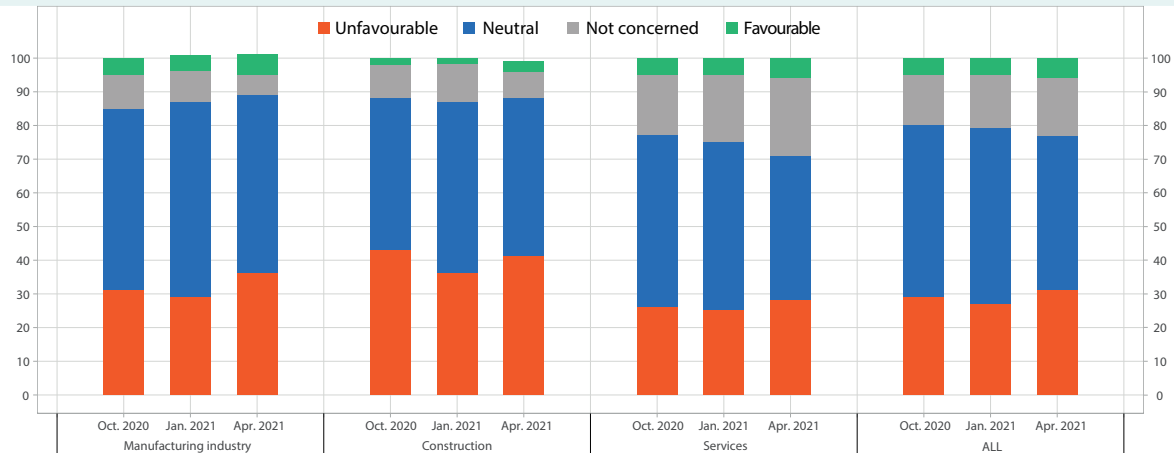
in %



Note: results are weighted according to the workforce of the units surveyed.  
Source: INSEE, INSEE, business surveys in industry, services and construction

## ► 3. Businesses' opinion on the effect of reorganisation on productivity, by sector

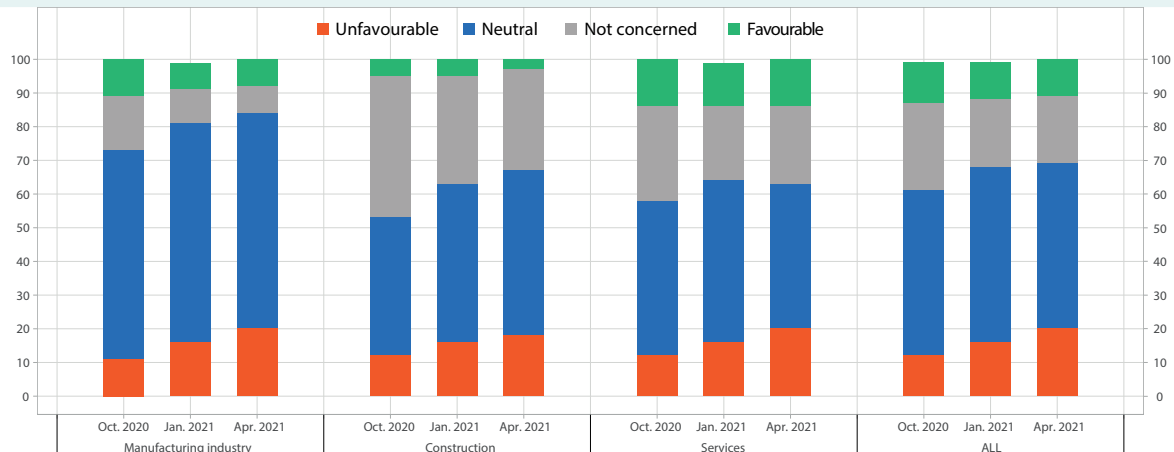
in %



Note: results are weighted according to the workforce of the units surveyed.  
Source: INSEE, INSEE, business surveys in industry, services and construction

## ► 4. Businesses' opinion on the effect of teleworking on productivity, by sector

in %



Note: results are weighted according to the workforce of the units surveyed.  
Source: INSEE, INSEE, business surveys in industry, services and construction

Teleworking can have an effect in either direction on businesses' productivity (Pora, 2020). In October 2020, companies' opinions revealed that they had mixed feelings about its effects (INSEE, 2020). Since then, the effects of teleworking on productivity have been perceived increasingly often as negative in all sectors and sub-sectors, especially in computer services and specialised services to businesses: in these sectors, almost 30% of companies considered that the use of teleworking associated with the health situation has had a detrimental effect on their productivity (► **Figure 4**).

## Less and less workforce retention in industry, in contrast to services

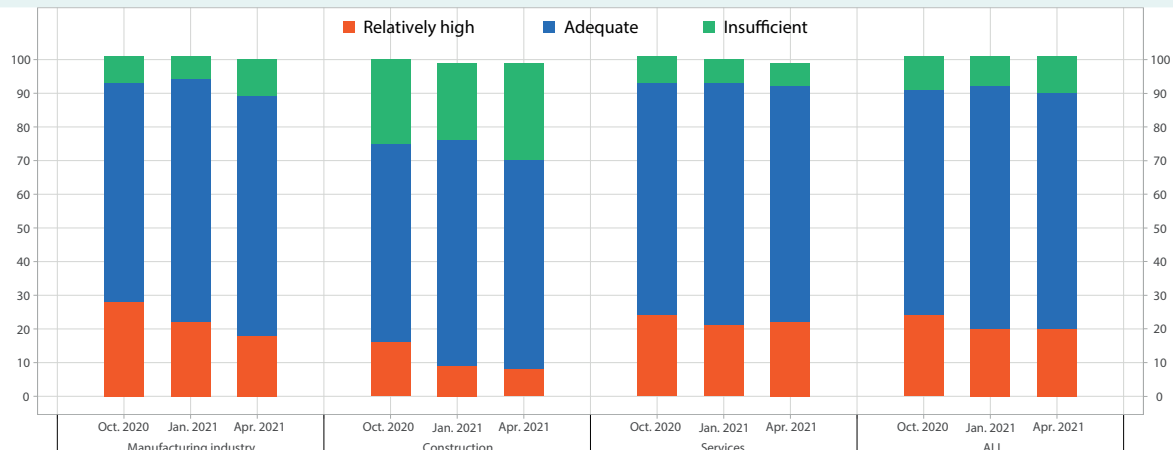
Overall, the share of businesses surveyed that consider their level of employment to be too high given their current activity remained stable between January and

April and accounts for around 20% of workers (figure 5). However, there are contrasting dynamics in the different sectors linked directly to short-term situations, which can differ greatly. This share of businesses has declined once again significantly in building construction and all industrial sectors, apart from the manufacture of transport equipment. However, it has increased slightly in services covered by the survey (Box), after falling between October and January. In services, workforce retention as declared by businesses has increased a little in accommodation-catering and more substantially in administrative and support services to businesses, but has declined in information-communication and specialised services to businesses. ●

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### ► 5. on the level of their workforce given their current level of activity

in %



Note: results are weighted according to the workforce of the units surveyed.  
Source: INSEE, INSEE, business surveys in industry, services and construction

#### Lear more

**Pora P.**, (2020) "Comment le télétravail affecte-t-il la productivité des entreprises ? Les enseignements très partiels de la littérature", in blog.insee.fr, October 2020.

**Insee** (2020), "On October 2020, health protection measures reduced productivity for almost half of businesses", Economic outlook of 17/11/2020.

**Insee** (2021), "At 31%, the proportion of businesses that consider that health protection measures affect their productivity is declining, but remains high", Economic outlook of 11/03/2021 ●

### Method – Repercussions of the health crisis on productivity: new questions in the business tendency surveys

Since October 2020, the quarterly questionnaires in the business tendency surveys in industry, services and building construction have included new questions asking businesses to describe the repercussions of the health crisis on their productivity. The exact wording of these questions is given below.

The notion of workforce is not defined in the same way in all sectors. In services, respondents are specifically asked to include temporary workers. In industry and building construction, the questionnaires mention “total workforce” but with no specific definition given. Short-time working is not mentioned; employees on short-time working are in any case counted as part of the company workforce.

#### The impact of the health crisis on productivity

##### →4. At present, given your level of activity, do you consider your workforce to be:

- relatively high
- adapted
- insufficient

##### →5. Do the following measure currently have an effect on the productivity of your company?

Health protection measures (masks, physical distancing, etc.)	<input type="checkbox"/> favourable	<input type="checkbox"/> neutral	<input type="checkbox"/> unfavourable	<input type="checkbox"/> not concerned
Use of telework	<input type="checkbox"/> favourable	<input type="checkbox"/> neutral	<input type="checkbox"/> unfavourable	<input type="checkbox"/> not concerned
Reorganisation of the activity (logistics, supplies, work scheduling, etc.)	<input type="checkbox"/> favourable	<input type="checkbox"/> neutral	<input type="checkbox"/> unfavourable	<input type="checkbox"/> not concerned

##### →6. Specify in a few words the impact of the measures implemented in your company on productivity

For the April 2021 data collection, companies returned their responses between 26 March and 26 April. The response rate over this period, weighted according to turnover, was around 60%. The results presented here are weighted according to company workforce.

The scope considered here is the usual one for business tendency surveys in industry, services and building construction. The new questions were not added to the survey of retail trade businesses. Industrial companies with more than 20 employees were surveyed, also companies in building construction with more than 10 employees. The services sector survey covers market services, excluding air, rail and water transport services, financial and insurance services, scientific research and development services and the arts, entertainment and recreational activities sub-sector. Estimates for the total scope were obtained by weighting the results according to workforce size, excluding temporary workers, in industry, construction and all market services. ●