

From October 2021, business tendency surveys and the dissemination of these results are changing. Most of these changes are driven by the European Commission, as part of the joint harmonised EU programme of business and consumer surveys.

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The business outlook survey on investment is evolving, within the framework of European harmonisation

The quarterly business tendency survey on investment in industry asked both quantitative and qualitative questions on the annual amount of investment made and planned, on half-yearly changes, on the economic destination of these investments and on the factors that motivated or discouraged investment decisions. It also looked at changes in production capacities, decommissioning of equipment, investment in means of production abroad, etc.

It was carried out for the last time in July 2021 and has now been discontinued.

In parallel with this discontinuation, new questions on investment have been added to the business outlook surveys in industry and in services from October 2021. These are qualitative questions only, with three response modalities – increase, stable, decrease – or boxes to tick from a list of items.

The scope of investment has been extended to cover intangible assets, thus both tangible and intangible assets are now covered. Questions are asked quarterly, half-yearly or annually. The details are as follows:

- one quarterly question on expected change in investment over the next three months;
- two half-yearly questions on annual change in investment (questions asked in April and October);
- annual questions on:
 - the structure of investment by main type of assets (only in April);
 - the economic destination of investments, the factors driving investment decisions, and the effect of debt capacity on these decisions (only in October).

These questions are designed to limit the overall response burden on the companies surveyed, they are more straightforward and on the whole they are asked less frequently than in the former quarterly survey on investment in industry.

Responses to questions with three modalities (increase, stable, decrease) are summarised in a balance of opinion, i.e. the difference between the percentage of “upward” responses and “downward” responses. Responses in the form of ticked boxes are summarised by a proportion.

As for most of the other questions posed in the business tendency surveys, the results are weighted according to a double set of weights:

- in each elementary stratum, individual responses to the new questions on investment are weighted according to a criterion representing the size of the units, in this case turnover: this is the primary weighting;
- next, the elementary strata are aggregated at the different levels of the classification of activities, as far as the overall level, taking into account the economic importance of the various strata within the scope of the survey, according to a variable that is representative of investment. These adjustment coefficients, or secondary weightings, are calculated from gross fixed capital formation by branch taken from the national annual accounts.

Some series have been backcast by using individual responses to the former quarterly business tendency survey on investment in industry and the question in the Services survey that had been monthly until now on expected change in investment during the next three months. This weighting system was applied over the entire period that it was possible to backcast.

In particular:

- Quantitative data on change in annual investment collected in the former survey on investment in industry were converted into qualitative data with three modalities – increase, stable, decrease. This results in reconstituted balances of opinion on annual change in investment in industry.
- Items relating to economic destination were backcast for industry, when the old and new questions were similar.
- Concerning factors that stimulate investment, the wording of the question has changed. In the previous survey of investment in industry, respondents were asked if different factors were *very stimulating*, *stimulating*, *without influence*, *limiting* or *very limiting* for investment. In the new European question, they are simply asked to tick a box if a factor is considered stimulating for investment. In order to backcast these series, we said that a factor was considered to be stimulating if either *very stimulating* or *stimulating* were ticked. The proportion of companies that consider that a given factor stimulates investment is calculated from all companies that rated at least one of the proposed factors as very stimulating, stimulating, without influence, limiting or very limiting for investment.

All data relating to the new questions on investment are available in the Indices and time series section of the INSEE website from October 2021, whether this is the first entry point for entirely new questions or backcast series over a longer period for older questions.

Initial results released on the economic uncertainty felt by businesses

In April 2021, a new monthly European question on the economic uncertainty felt by businesses was added to the questionnaires of four economic outlook surveys conducted directly by INSEE (industry, services, building industry, retail trade and the trade and repair of motor vehicles) and to the quarterly survey on public works with data collected by the National Federation of Public Works (FNTP) as an approved professional body.

This question is as follows:

Overall, the future development of your business situation is currently:

- ++ easy to predict
- + moderately easy to predict
- moderately difficult to predict
- difficult to predict

The resulting balance of opinion is calculated using the following formula:

$$\text{Balance} = (\text{NN} + 0.5 \cdot \text{N}) - (0.5 \cdot \text{P} + \text{PP})$$

where NN = percentage of respondents who chose the “very negative” option; N = percentage of respondents who chose the “negative” option; P = percentage of respondents who chose the “positive” option and PP = percentage of respondents who chose the “very positive” option.

Individual responses are weighted according to turnover within each stratum, then according to an external source variable representative of the economic importance of the different strata in order to aggregate them, using the weighting scheme normally used in each survey for this type of question at what is called the “company” level: this is production by branch for the survey in industry and turnover for the other surveys.

A balance at a high positive level can be interpreted as a strong perceived economic uncertainty; an increase in the balance as an increase in uncertainty, and conversely, a decline in the balance as a decrease in uncertainty.

The results relating to this question were disseminated for the first time in October 2021 on the INSEE website, in the section Indices and time series, for the five surveys concerned.

Questionnaires have been streamlined

Some questions introduced at national level have been removed as from October 2021, while others have been simplified, in order to reduce the response burden for the companies surveyed. The following questions are affected:

Business tendency survey in industry

- removal of the quarterly question on past change in inventory
- simplification of the quarterly questions on cash flow: one single question, the same as that used in the services and retail trade surveys
- removal of quarterly questions on operating results

Business tendency survey in services

- the monthly question on expected investment over the next three months is now quarterly;
- removal of the monthly question on past change in investment over the past three months
- removal of quarterly questions on operating results
- removal of half-yearly questions on payment periods

Business tendency survey in the building industry

- removal of quarterly quantitative questions on investment
- removal of a structural question on using sub-contracting

- removal of half-yearly questions on payment periods

A business climate indicator in building is remodelled

Having been suspended since April 2020, the dissemination of a monthly business climate indicator in the building industry resumes in October 2021. This indicator has been reshaped, in order to give a better picture than previously of changes in the short-term economic situation in the building industry.

Like the other sectoral business climate indicators disseminated by INSEE, the new business climate indicator in the building industry is constructed using a single-factor static factor analysis.

It traces the common trend of a selection of four monthly balances of opinion: balances on change in activity over the last three months, probable change in activity over the next three months, probable change in workforce over the next three months, expected change in prices. The new composite indicator places more importance on balances of opinion about the near future than the previous one.

In fact, the old business climate was based on the following variables: balances of opinion on past activity, expected activity, assessment of the level of orders on the books, past workforce and the production capacity utilisation rate.

A retuned business climate indicator for France

The business climate indicator in France was updated in October 2021: its composition is once again aligned with the balances of opinion that make up the sectoral business climates, including the new business climate indicator in building. The series has been backcast to the beginning, i.e. from January 1977.

Originally, France's business climate was constructed from balances used in the business climates in services, industry, building, retail trade and wholesale trade. However, sectoral climates have evolved over time and are no longer based on the same balances. In particular, the composition of the business climate indicators in services and in retail trade was modified in June 2016,¹ with no repercussions on the composition of the overall composite indicator.

Thus the business climate in France is now constructed from the following balances of opinion:

- Monthly balances of opinion

- *Services*: general prospects for activity, past activity, expected activity, expected demand, past workforce, expected workforce, past prices, expected prices;
- *Industry*: general prospects for production, past activity, expected activity, inventory level, total order books, foreign order books
- *Building*: past activity, expected activity, expected workforce, expected prices
- *Retail trade, trade and repair of motor vehicles*: general prospects for volume of business, ordering intentions, past sales, expected workforce, past workforce, expected prices, inventory level

¹ See Special analysis "New sub-sector business climate indicators to improve economic outlook analysis", *Conjoncture in France*, June 2016.

- Bi-monthly balances of opinion

- *Wholesaling*: general prospects for volume of business, past sales, past sales abroad, ordering intentions, deliveries received from abroad

To find out more

- Detailed description of business outlook surveys in the List of Statistical Sources section on the INSEE website → see the section **Economic outlook surveys**. The descriptive sheets for each survey give questionnaire documentation by year: <https://www.insee.fr/en/metadonnees/sources>

- *A user guide to the joint harmonised EU programme of business and consumer surveys*: notably, this guide contains questions harmonised at European level: https://ec.europa.eu/info/files/user-guide-joint-harmonised-eu-programme-business-and-consumer-surveys_en