Discussion:
Hiring Difficulties and Firms' Growth

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- **Measurement:** Link data on job postings and recruitment outcomes from the French Public Employment Service with administrative data on firms' balance sheets and employees
- **Main Findings:**
  1. (-) for vacancies posted, employment, investment, profits, and sales
  2. **Mechanism:** Partial adjustment by increasing wages, retaining and promoting incumbent employees

Overview

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   The paper goes after an important and topical question
   - U.S. is experiencing "the Great Reshuffle." Labor market shortages and elevated input costs have been singled out as an important challenge to firms' growth.
   - **Important for Policy:** Significant implications for inflation, monetary policy, earnings and stock prices. Informative for the design of targeted location-based policies aiming at reducing human capital misallocation.

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   Unique data linking vacancies to firms and employees
   - Document the extent and direction of selection and discuss potential confounding factors.
   - Does the measure capture ONLY hiring difficulties?

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3. **Does the Paper Expand our Knowledge?** YES
   Existing evidence based on survey data or labor supply measures

   - Elaborate on underlying mechanisms and aggregate implications. Why retaining incumbent employees is costlier?

Selection in the Data?

Are the Vacancy Data from the French Public Employment Service Representative of Labor Market Search?

→ For example, the French Public Employment Service states that no vacancy posting existed for around 41% of the 7M hirings in 2020

1. Selection in the Type of Vacancies
   - → Lower-skilled, non-managerial occupations that require less specialized skills are typically disproportionately represented in employment websites
   - → Potential measurement error in the presence of large within-industry variation in the occupational composition

Selection in the Data?

2. Selection in the Type of Firms
   - → Are there any differences in the characteristics of firms posting vacancies in the French Public Employment Service relative to the population?
   - → How does the direction of any differences affect the interpretation of your findings?
3. Selection in the Type of Applicants
   - → You observe directly both the occupation reported in the vacancy and the occupation of newly hired individuals
   - → Is it possible to identify selected applicants and compare their characteristics and wages with those of newly hired individuals for firms that do not use the French Employment Service?

- **Suggestion:** Document the extent and direction of selection in the data

Estimation Strategy

$$Y_{i,cz,j,t} = \alpha_i + \beta \widehat{RecTime}_{i,cz,j,t} + \mu_{cz,j,t} + \epsilon_{i,cz,j,t}$$

- i: firm, cz: commuting zone, j: industry, t: year
- The paper relies on firms' occupational composition at 2009 to generate firm-specific shift-share predictions of recruiting time ($\widehat{RecTime}_{i,cz,j,t}$)

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- Potential Concerns:
  - Includes ONLY firms present in 2009. Survivorship bias?
  - Is occupational composition at 2009 a predictor of a firm's subsequent demand for specific tasks?
    - $\rightarrow$ For example, occupational composition depends on a firm's lifecycle
  - Are recruitment intensity, screening capabilities, compensation policies, or labor market power time-invariant across firms?
  - Are firms with different recruiting times fundamentally different in observable characteristics?

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  - Complexity in screening or scheduling process, particularly, for applicants in high-skilled/specialized occupations
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- Relatedly, survey evidence in the U.S. (Terry and de Zeeuw, 2020) highlights that hiring difficulties are concentrated on occupations that require non-bachelor positions in lower-skilled industries (e.g., leisure, hospitality, and construction)

Mechanisms

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- Why retaining incumbent employees and decreasing turnover is costlier for firms?
  - Firms in industries that tend to have higher turnover are more likely to cite hiring difficulties (Terry and de Zeeuw, 2020)
  - Trade-off between firm-specific human capital and lack of occupation-specific skills?
  - Smaller scale but higher productivity?
  - Evidence in the paper is indirect for the average incumbent employee. However, you observe within-firm occupational changes. Is there anyone transferred to the unfilled vacancy? What are the characteristics? Better or worse than external hires? Is it possible to observe any skill gap?
  - What about outsourcing or offshoring or acqui-hiring?

Aggregate Implications for Labor Matching?

- **Can you identify the specific reasons that prevent firms from accessing labor inputs?**
  - Labor Shortages
  - Labor Market Competition
  - Lack of Job-Specific Skills and Experience
- **Are there aggregate effects for the efficiency of labor matching?**
- Informative for designing the respective policies that foster better labor matching
- **Under what conditions are hiring difficulties binding and costly?**
  - Firms that are financially constrained and unable to automate or offer competitive wages?

Summary

- Great paper with credible identification and important policy implications
- Unique data linking firm-specific vacancies and recruitment outcomes to balance-sheet information and employee-level characteristics
- Insightful results helping us understand how hiring difficulties affect firms' growth trajectory
- **Suggestions:**
  - Identifying the extent and direction of selection will inform the generalizability of the paper's findings
  - Refining the empirical methodology will further strengthen the paper's impact
  - Exploring the economic mechanisms that govern the observed performance outcomes across firms will help us design policies aiming at reducing human capital misallocation