

Break-correction of the Danish LFS statistics due to the implementation of IESS

1 Background

The IESS regulation states that a break-corrected series or methodological correction input for a limited set of indicators should be made for 2009Q1-2020Q4.

The mandatory set of indicators to be covered includes employment broken down by sex and age groups 15-24, 25-64, 20-64, 65+, and unemployment broken down by sex and age groups 15-24, 25-64, 65+.

1.1 Complications due to Covid-19

It should be noted that break-correction is further complicated due to the Covid-19 pandemic.

In 2020Q4 a question regarding paid absence due to Covid-19 was introduced in the Danish LFS.

2 Changes in the Danish LFS

After revision of the Danish LFS in line with the IESS requirements there were three groups which had to be analyzed for potential breaks in the time series.

2.1 Seasonal workers

PRE-IESS: Classified as employed if they have been temporarily absent for three months or less and will come back to work with the same employer.

IESS: Classified as employed if they continue to regularly perform tasks and duties during the off-season period for the job or business.

2.2 Parental leave

PRE-IESS: Classified as employed.

IESS: Classified as employed either if their parental leave is expected to last three months or less, or if they are on paid leave.

2.3 Temporary absence due to other reasons

PRE-IESS: Classified as employed.

IESS: Classified as employed if their leave is expected to last three months or less.

3 Method

For each of the three groups described above, an exploratory analysis to determine the effect of the change in methodology was carried out.

The analysis showed that the three groups did not change the employment, unemployment and inactive totals significantly.

3.1 Seasonal workers

It is not expected that seasonal workers previously classified as unemployed will change classification due to IESS. There might be seasonal workers who were previously classified as employed who will now be considered unemployed. Given the data at hand, it is however not possible to isolate and estimate the size of this group. Nevertheless, the number of employed seasonal workers is low compared to total employment, and hence it is not expected that changes in this group can change the totals significantly.

3.2 Parental leave

For the data collected before IESS it is not possible to determine if the respondents who were on parental leave were getting paid. For the data collected after the implementation of IESS it is not possible to determine the number of respondents who were on parental leave for more than three months without getting paid.

By assuming the number of respondents on parental leave is approximately constant from 2020 to 2021 it is possible to estimate the number of respondents classified as unemployed and temporarily absent due to parental leave in 2021.

Even when considering the uncertainty of this estimate, the number of respondents on parental leave who move from employment to unemployment due to the changes in IESS is not significant when compared to the employment total. Therefore no further actions will be taken.

3.3 Temporary absence due to other reasons

For the data collected before IESS it is not possible to determine if the respondents were getting paid. For the data collected after IESS it is not possible to determine the number of respondents who were temporarily absent for more than three months without getting paid.

Because of Covid-19 a follow up question regarding paid absence due to Covid-19 was introduced in 2020Q4 for respondents saying they were temporarily absent from work due to other reasons.

In order to try to account for this non-Covid-19 absence the comparison of the group is done on the basis of 2019 and 2021 data, where respondents in 2021 with paid absence due to Covid-19 are removed from the group of respondents absent due to “other reasons”.

By assuming that the number of respondents temporarily absent for “other reasons” excluding Covid-19, is approximately constant from 2019 to 2021 it is possible to estimate the number of respondents classified as unemployed and temporarily absent in 2021.

Even when considering the uncertainty of this estimate, the number of respondents with temporary absence for “other reasons” who move from employment to unemployment due to the changes in IESS is not significant when compared to the employment total. Therefore no further actions will be taken.

4 Conclusion

The new definitions for temporary absence in IESS all tend to move respondents from employment to unemployment. However, when adding together the estimated effects in the cases relevant to the Danish LFS, which were discussed above, the estimated effect on the employment, unemployment and inactive totals is well below 1 %.

Furthermore, since the estimates regarding the effect of changes due to IESS on employment contain considerable uncertainty it is not possible nor desirable to perform break-correction on the basis of the findings.

As a result, the Danish LFS will not implement any break-correction.