

Methodological summary on back calculation of LFS series Romania

The entry into force of the new framework regulation IESS and the set of delegated or implementing regulations issued in its application bring several important methodological changes aimed at improving the comparability of results between EU Member States (a new operational definition of employment, change in the method of data collection, a standardized questionnaire used to collect data, etc.).

For the Romanian Labor Force Survey, the most relevant change concerns the exclusion from employment of persons producing agricultural goods intended exclusively or mainly for self-consumption, this generating a noticeable impact on the survey estimates, especially in the sense of:

- a) reduction of the number of employed and active population (as well as employment and activity rates)
- b) increase in the unemployment rate (especially due to the decrease in the active population which is the denominator of the indicator)

and making unfeasible the direct comparison of data published from the first quarter of 2021 onwards with those relating to previous periods.

Preparation for the back calculation exercise started in 2018. To estimate the impact of the transition to the new definition, the survey questionnaires used in 2018 - 2020 were adapted to allow estimating the number of employed, unemployed and inactive population - according to the two definitions in parallel (old definition and the new definition). Similar information was also collected in Q1 and Q2 2021 by implementing voluntary module „Producing agricultural goods”.

This information was used as inputs in the computation of the correction coefficients and the back calculation of the employment, unemployment, and inactive population series for years 2009 - 2020.

The correction coefficients for all periods for which necessary data were available (2018 - 2020) were computed as the ratio of the agricultural workers (self employed or unpaid family member) who are still employed / unemployed / inactive (according to the new definition) in the total number of agricultural workers – employed according to the old definition and then averaged to get one correction factor per quarter. Information from Q1 and Q2 2021 was also considered.

Average correction coefficients were applied to the number of agricultural workers – employed according to the old definition – as recorded in 2009 – 2020 - to estimate a) how many of them would be still considered employed – according to the new definition and how many would be b) unemployed or c) inactive persons. The three categories were then recomposed by subtracting from the old employment b) and c) groups (to get the new employment figure) and adding them to old unemployment or old inactive figures.

For detailed desegregation of new unemployment and inactive population figures – where information was not available in the original dataset – percent distribution as recorded on Q1 and Q2 2021 data was used.

It can be concluded that the effect of the new definition of employment, has a significant impact on both, employment, and unemployment figures.

