

## STATISTICAL AND ANALYTICAL REVIEW OF THE LABOUR MARKET IN 2011

### Basic Trends Intrinsic to the Labour Market as compared to 2010:

- as to economic activity of working age population:
  - increased level of economic activity – from 72.0% to 72.7%;
  - increased occupational level – from 65.6% to 66.5%;
  - cut unemployment rate (according to ILO methodology) – from 8.8% to 8.6%;
- reduced share of unemployed dismissed due to economic reasons (according to ILO methodology) – from 39.0% to 34.5%;
- reduced number of economically inactive persons who lost hope to find a job – by 27.3%;
- reduced number of vacancies – by 7.1%;
- reduced workload of unoccupied population by 10 workplaces, vacant positions – from 88 to 84 persons;
- increased employment rate of unoccupied population with the help of the State Employment Service – from 40.3% to 41.1%.

### Basic labour market indicators in dynamics

	Unit of measurement	2010	2011	2011 to 2010, in %
Economically active population aged 15-70 years old of working age	thousand persons	22051,6	22056,9	100,0
		20220,7	20247,9	100,1
<i>Economic activity of population aged 15-70 years old of working age</i>	in % to population of specified age group	63,7	64,3	x
		72,0	72,7	x
Occupied population aged 15-70 years old of working age	thousand persons	20266,0	20324,2	100,3
		18436,5	18516,2	100,4
<i>Occupation level of population aged 15-70 years old of working age</i>	in % to population of specified age group	58,5	59,2	x
		65,6	66,5	x
	thousand persons	4649,2	4704,9	101,2
Population aged 15-70 years old occupied in the informal economy sector	in % to the total employed population of specified age group	22,9	23,1	x
Unemployed population (according to the ILO methodology) aged 15-70 years old of working age	thousand persons	1785,6	1732,7	97,0
		1784,2	1731,7	97,1
Unemployed of working age registered with the State Employment Service	thousand persons	452,1	505,3	111,8

*Continued*

	Unit of measurement	2010	2011	2011 to 2010, in %
<i>Unemployment rate population (according to the ILO methodology) aged 15-70 years old of working age</i>	In % to economically active population of specified age group	8,1	7,9	x
		8,8	8,6	x
<i>Registered unemployment level of working age population</i>	In % to economically active population of working age	2,2	2,5	x
	in % to population of working age	1,6	1,8	x
<i>Level of economical inactivity of population aged 15-70 years old of working age</i>	in % to population of specified age group	36,3	35,7	x
		28,0	27,3	x
Unemployed citizens registered with the State Employment Service during the reporting period including those employed	thousand persons	1847,4	1855,0	100,4
		744,5	762,7	102,4
<i>Employment rate</i>	in % to those registered with the State Employment Service	40,3	41,1	x
Participation in community works	thousand persons	318,2	363,0	114,1
Getting vocational training	thousand persons	203,3	215,6	106,1
Labour requirement	as of the end of the period, thousand persons	63,9	59,3	92,9
Workload of unoccupied population per 10 workplaces, vacancies	as of the end of the period, persons	88	84	95,5
	in December, UAH	780,05	878,52	112,6
Average unemployment benefits	in % to legitimate minimum wage	84,6	87,5	x
	as of the end of the period, thousand persons	411,3	365,3	88,8
Number of unemployed paid unemployment benefits	in % to those registered with the State Employment Service as of the end of the period	75,5	75,7	x

## 1. Indicators of Economic Activity

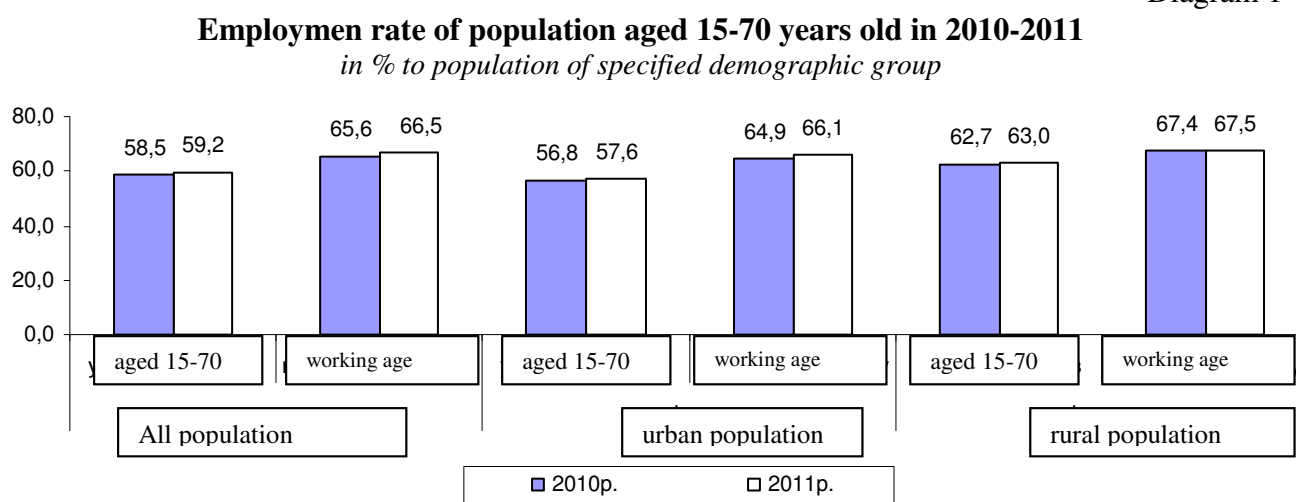
According to data of the sample survey of population (households) on economic activity, average monthly amount of **economically active population** aged 15–70 years old saw no changes in 2011 against 2010 keeping up to 22.1 million persons, of which 20.3 million persons or 92.1% were engaged in economic activity while the remaining 1.7 million persons were classified as unemployed by the methodology of the International Labour Organisation (ILO).

**Economic activity of population** aged 15–70 years old increased from 63.7% in 2010 up to 64.3% in 2011, and from 72.0% up to 72.7% for population of working age. This indicator was growing up both in urban and rural areas.

## 2. Employment Indicators

**Amount of employed population** aged 15–70 years old increased by 58.2 thousand persons in 2011 against 2010, coming up 20.3 million persons, of **which persons of working age formed 18.5 million, or 91.1%**. **Employment rate of population** aged 15–70 years old increased respectively from 58.5% to 59.2 over the specified period, while that of working age population grew from 65.6% up to 66.5% (diagram 1).

Diagram 1



The highest occupational level was observed with persons aged 30–49 whereas the lowest one – with young people aged 15–24 and persons aged 60–70 years old.

Among the country's regions, in 2011, the highest occupational level was in the cities of Kyiv (64.4%) and Sevastopol (61.9%), while the lowest one was in Ivano-Frankivsk region (52.2%).

Among occupied population aged 15-70 years old, every fourth person worked in trade, car repairs, maintenance of household appliances and personal use objects; every sixth person was employed in agriculture or industry.

Number of employed persons increased in 2011 as compared with 2010 in agriculture, hunting husbandry, forestry, trade, car repairs, maintenance of household appliances and personal use objects, hotel and restaurant businesses, real estate operations, leasing, engineering and providing services to individual businesses, financial and other activities. Significant reduction of employment was currently recorded in public administration, industry, health care and social assistance.

Among occupied population, there was a tendency toward reduction of the share of hired workers and increase of that of self-employed persons.

In 2011, number of persons occupied in the informal economy sector grew by 55.7 thousand against the previous year, and constituted 4.7 million persons, or 23.1% of the total occupied population aged 15–70 years old.

The specified sector of economy is a prevailing sector of labour application for every second person among employed rural residents. In towns this employment was less spreading due to a more favourable labour market conditions.

Agricultural production is the main activity of the informal sector of economy (65.4% was occupied in this sector, or 74.7% of the total employed population in the specified activity). Other popular economic activities in this sector were trade, car repairs, maintenance of household appliances and personal use objects, hotel and restaurant businesses and construction (Table 1).

**Table 1. Employment in the informal economy sector by economic activities**

	2010	2011
<b>Total, thousand of persons</b>	<b>4649,2</b>	<b>4704,9</b>
in % to the total occupied population	22,9	23,1
including by economic activities:		
Agriculture, hunting husbandry, forestry, fishing and fishery	65,2	65,4
Construction	12,3	12,3
Trade; car repairs, maintenance of household appliances and personal use objects, hotel and restaurant businesses	13,4	13,1
Transport and communication	1,8	1,6
Other economic activities	7,3	7,6

The informal sector of economy basically employs persons of working age with the share forming 80.7% of the total occupied population in 2011. The highest Participation rate of population occupied in the informal economy sector was observed among persons aged 15–24 and those aged 60–70 years old.

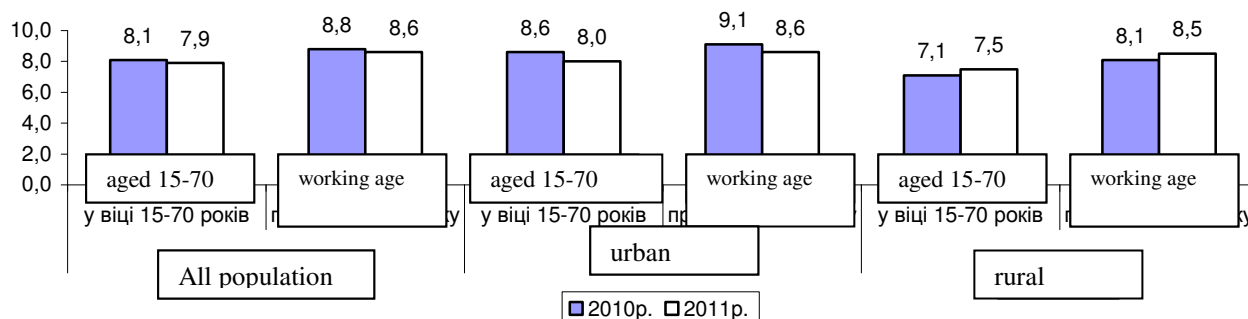
### 3. Unemployment Indicators

Amount of unemployed persons (according to the ILO methodology) aged 15–70 years old dropped in 2011 against 2010 by 52.9 thousand persons, or by 3.0% to 1.7 million persons. Among the unemployed almost three fourth were people living in towns (1.2 million persons), the rest were rural residents. Reduction of figures of unemployed population aged 15-70 years old basically happened due to working age persons (by 52.5 thousand persons, or by 3.0%).

**Unemployment rate of population aged 15–70 years old (according to the ILO methodology)** dropped by 0.2 p.p. on Ukraine on the whole accounting for 7.9% of economically active population of the specified age (8.6% among working aged population). The specified indicator dropped by 0.6. p.p. in towns, whereas rural areas saw its growing by 0.4 p.p. (diagram 2)

## Unemployment rate of population (according to the ILO methodology) in 2010 – 2011

*in % to economically active population of specified age group*



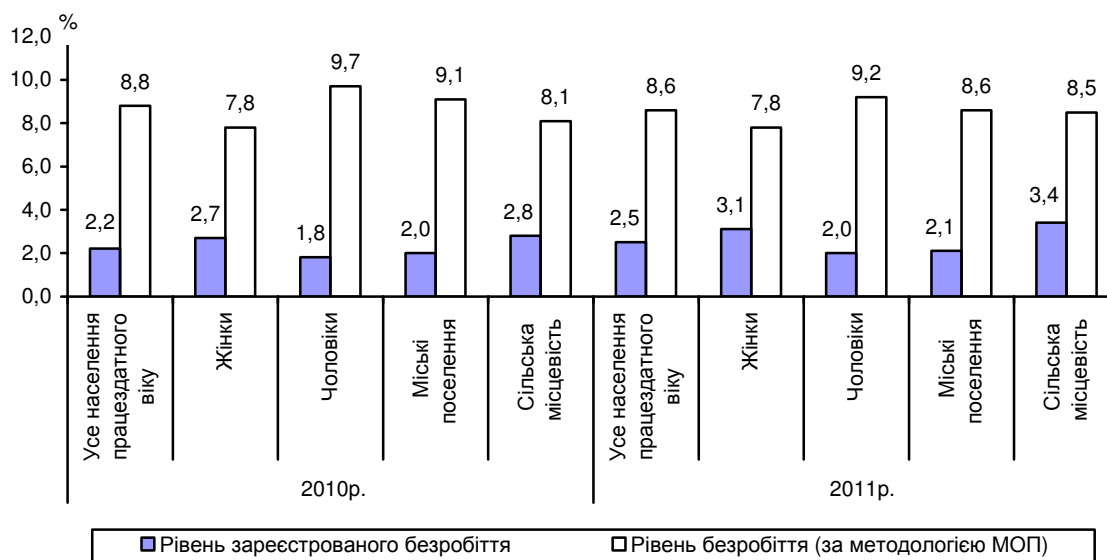
**Unemployment rate of population aged 15–70 years old (according to the ILO methodology)** was lower on the whole on Ukraine than the relevant indicator for EU member states (9.7%).

The highest unemployment rate (according to the ILO methodology) was observed among young people aged 15–24, whereas the lowest unemployment – among persons aged 50–70 years old.

Unemployment rate of working age population (according to the ILO methodology) 3.4 times exceeded the registered unemployment rate calculated with regard to economically active population of working age (2.5 times for women, 4.6 times for men, 4.1 times for towns, 2.5 times for villages) (diagram 3).

## Unemployment among economically active population of working age by sex and place of residence in 2010–2011

*(in % to economically active population of working age)*



All employed population	Women	Men	Towns	Villages	All population of working age	Women	Men	Towns	Villages
<span style="color: blue;">■</span> Registered unemployment rate					<span style="border: 1px solid black; display: inline-block; width: 10px; height: 10px;"></span> Unemployment rate (according to the ILO methodology)				

It should be noted that by regions, the highest unemployment rate of population aged 15-70 years old (according to the ILO methodology) was observed in Rivne, Ternopil and Chernigiv regions (10.4%), while the lowest unemployment was marked in the city of Kyiv (5.6%).

In 2011 as compared to 2010, share of individuals dismissed due to economic reasons fell by 4.5 p.p. accounting for 34.5% of the total number of unemployed. At the same time, share of those who quitted increased (by 2.9 p.p.), share of employed graduates rose (by 2.5 p.p.).

Indicator of average unemployment duration of population aged 15-70 years old (according to the ILO methodology) decreased from 7 months in 2010 to 6 months in 2011. Share of persons who had been looking for jobs for up to 3 months and from 3 to 6 months grew by 6.3 and 1.4 p.p. in 2011 against 2010. At the same time, share of unemployed looking for jobs for 6 and more months has shrunk (by 7.7 p.p.).

Amount of **economically inactive population** aged 15-70 years old formed 12.3 million in 2011, or more than a third of the total population of this age. Of the amount specified, every second person was retired, every fourth person was a school or university student and every fifth person fulfilled household (family) duties.

The above-mentioned category also included unemployed persons of active age who stopped looking for a job because of losing hope to find it (discouraged). Against the 2010 indicator, this category decreased by 27.3% to 127.3 thousand persons. Number of economically inactive persons of working age who did not know where and how to look for a job and how to organise their own business, and who were confident about the lack of an appropriate vacancy has also dropped. Amount of such citizens formed 107.2 thousand persons in 2011, which accounted for 1.4% of economically inactive persons of working age (108.2 thousand persons, or 1.4% respectively in 2010). The latter category of citizens as well as persons who lost hope to find a job, could have offered their labour force on the labour market should favourable conditions be in place. This category, though, has additional capacity to join the unemployed. With these citizens, unemployed persons of working age (according to the ILO methodology) would account for 9.6% against 8.6% (10.1% and 8.8% respectively in 2010).

**According to the State Employment Service administrative data**, during 2010 its records covered 1.9 million unemployed citizens, which was by 0.4% more than in 2010. Among such persons, every second individual (49.6%) used to occupy a worker's position, nearly every third one (31.0%) used to be an office employee, and the remainder was represented by unqualified workers and persons with no profession. Average monthly amount of registered unemployed increased by 11.8% in 2011 as compared with 2010 up to 505.3 thousand persons, which comprises almost a third (29.2%) of the unemployed of working age as defined by the ILO methodology.

Average registered unemployment rate formed 2.5% of the economically active population of working age in 2011. The specified indicator appeared to be higher for women (3.1%) as compared to men (2.0%) and for rural population (3.4%) as compared to town residents (2.1%).

The highest level of registered unemployment rate calculated in per cent to economically active population of working age was observed in 2011 in Zhytomyr region and the lowest – in the cities of Kyiv and Sevastopopl.

It should be noted that as of the end of 2011, registered unemployment rate formed 2.4% of economically active population of working age. Ukraine ranked fifth on this indicator among CIS countries.

A number of vacant jobs and positions at enterprises, establishments and organisations (hereinafter – the “Enterprises”) formed 59.3 thousand as of the end of 2011, which was by 7.1% less than in the relevant period of 2010. Significant decrease in need for employees for vacant positions was observed at financial enterprises (by 41.7%). Currently labour demand force at hotels, restaurants and education has grown nearly by a third.

In the total number of jobs (vacancies) declared by enterprises as of the end of 2011, almost every fifth one was announced by manufacturing companies, eighth – by public administration or companies of trade and repair of cars, household items and personal use objects.

As compared with 2010, among regions, significant decrease of the need for employees happened in the city of Kyiv (by 45.5%), Zaporizhia (by 47.2%) and Cherkasy (by 38.5%) regions,

while the fastest growth of this need was observed in Volyn (2.2 times), Ivano-Frankivsk (in 1.9 times) and Kherson (1.7 times) regions.

The highest is enterprises' demand for qualified workers with their own tools (21.9% of the total number of vacancies as of the end of 2011), professionals (15.4%), simplest professions workers in trade, services, industry, construction, transport, etc. (14.3%), workers in maintenance, operation and monitoring of technological equipment, assemblage of equipment and machines (13.3%).

Significantly fell demand for sellers and demonstrators (by 42.5%), client-serving white-collar employees (by 38.2%), qualified workers engaged in agriculture and forestry, fishing and fishery (by 17.1%), for simplest profession workers in trade and services (by 16.4%). At the same time, there was an increasing need for white-collar employees for the information industry (by 18.2%).

Available structural disproportion between labour demand and supply differentiating by professions is a factor restricting both employment opportunities of the unemployed and meeting employers' need for employees.

Workload of unemployed population per 10 workplaces (vacancies) shrank from 88 persons as of the end of December, 2010 to 84 persons as of the end of December, 2011. In the regional respect, this indicator considerably dropped in Ivano-Frankivsk (from 743 to 385 persons), in Volyn (from 170 to 62 persons, and in Poltava (from 196 to 101 persons) regions.

Significant excess of labour force supply over demand was seen among simplest professions workers in agriculture and similar sectors, qualified workers in agriculture and forestry, fishing and fishery, white-collar employees engaged in IT sector.

In 2011, the State Employment Service helped to employ 762.7 thousand persons, or 41.1% of unemployed population registered with this office (744.5 thousand and 40.3% respectively in 2010).

Among earlier unemployed citizens recruited in the specified period with the help of the State Employment Service, nearly a half (46.3%) were women or young people aged up to 35 years old (48.1%).

Amount of employed citizens grew by 18.2 thousand persons, or by 2.4% in 2011 against 2010, particularly by 17.7 thousand persons in agriculture, hunting husbandry and forestry. At the same time, this indicator shrank by 15.4 thousand at trading, car repair, household items and personal use object maintenance enterprises. Of the total employed persons, nearly two third were recruited by manufacturing, agricultural hunting husbandry and forestry enterprises, as well as car repair, household items and personal use object maintenance companies.

Among employed persons more than a half occupied worker vacancies, 23.0% – office employee positions and 17.2% were individuals with no special professional training.

Population employment growth was observed in 2011 against 2010 in 21 country's regions.

One of the ways of social security of unemployed population is organisation of paid civil works providing temporary employment. In 2011 such works engaged 363.0 thousand, which is by 14.1% more than in 2010. It was mainly persons with the unemployment status (99.8%). Average duration of civil works per one registered unemployed involved in them constituted 14.7 days in 2011 against 14.1 days in 2010. In total, in the specified period, organisation and conduct of such works saw spendings of UAH 349.7 million, which is 1.4 times more than in 2010.

Aiming at increase of competitive power of unemployed, the State Employment Service conducts their professional training (training, re-training, skill upgrading). In 2011, educational institutions of all types gave professional training to 215.6 thousand of registered unemployed, which was by 6.1% more than in 2010. Of the total number of persons who completed training in the specified period (184.2 thousand persons), 81.3% were upgrading their skills, 13.2% were re-trained for another profession and the rest (5.5%) received professional education for the first time.

Unemployment benefits paid from the Fund of general mandatory state social insurance of Ukraine in case of unemployment comprised UAH 3.9 bn in 2011. Average benefits constituted UAH 879 in December, which equals 87.5% of the legally assigned minimum wages (UAH 1004). Then for more than a third (37.9%) of registered unemployed who were receiving the specified

benefits it amounted up to UAH 544, less than a half (40.8%) were receiving from UAH 544 to 1004, almost every fifth person (21,3%) was getting over UAH 1004.