

## TWINNING CONTRACT

# Development of new statistical methodologies and indicators in selected areas of statistics in line with EU statistical standards

## Ukraine



## MISSION REPORT

on

### Methodology for Measuring Salaries and Wages

#### 2.3 Study visit on short-term surveys on labour remuneration

Mission carried out by:

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**Table of contents**

1. General comments.....	5
2. Assessment and results.....	5
3. Conclusions and recommendations .....	5
Annex 1. Terms of Reference .....	8
Annex 2. Persons met.....	12

**List of Abbreviations**

SBS	Structural Business Statistics
SRS	Stratified Random Sample
SSSU	State Statistics Service of Ukraine
ToR	Terms of Reference

## Executive Summary

*If report-core text- exceeds 4 pages*

*Include information to Project Leaders and the RTA.  
Main conclusions and highlights from findings.*

## 1. General comments

Statistics Denmark in partnership with Statistics Finland, Statistics Lithuania, Central Statistical Bureau of Latvia, Statistical Office of Slovak Republic, INE Spain - National Statistical Institute of Spain and Statistics Sweden, implements in Ukraine "Development of New Statistical Methodologies and Indicators in Selected Areas of Statistics in Line with EU Statistical Standards" Twinning Project. The State Statistics Service of Ukraine (State Statistics of Ukraine) is the Beneficiary of this Project.

The study visit of Statistics Ukraine to Statistics Finland (Activity 2.3) was implemented within Component 2 "Methodology for Measuring Salaries and Wages".

The purpose of the study visit was to outline necessary activities for improvement of the methodology for measuring salaries and wages and labour costs in Ukraine with regard to the knowledge received on the survey practice in Statistics Finland and Eurostat standards.

## 2. Assessment and results

During the first meeting under the study visit, the hosting party made an overview of the general principles and the legal framework of Statistics Finland, the office structure and the main objectives of the Department for Prices and Salaries (who organized the visit). It was stated specifically that nearly 95% of labour remuneration statistics comes from administrative sources, which is typical of Scandinavian countries, and differs from Ukrainian realities.

Statistics Finland experts also described main processes implemented by the Unit for Labour remuneration Statistics and the general diagram of labour remuneration statistics generation. Special emphasis was placed on differences of obtaining statistics for private and public economy sectors.

Ukrainian specialists presented the general labour statistics system and main characteristics of the current survey on labour statistics.

The session that followed was dedicated to issues of the structure of earnings survey (SES), which is planned to be held for the first time in Ukraine. During this meeting Statistics Finland experts provided full information on organization, collection and processing the survey data, survey indicators and methodologies for their estimation (Eurostat requirements). A special attention was dedicated to "problematic" variables, specifically profession coding and estimation of time worked.

SES is held annually, whereupon private sector data are mainly delivered by employers' organizations. A sample is stipulated for a small part of unorganized private sector employers.

Close cooperation with employers' organizations permits reduction of reporting burden on respondents.

On the other hand, the data generalization process is rather complicated since estimation of weight coefficients is made upon receiving results from respondents. In addition, compliance procedures are applied to information coming from various sources.

The second day of the visit was mainly dedicated to the issues of quarterly survey for calculation of the labour force cost index (LCI).

The hosting party presented the history of developing the index within the European dimension, main stages of development and key trends of the future improvement of surveys in Finland.

The survey process involves several stages:

- preparation of a request (for a sample);
- selection of enterprises;
- data collection;
- entering, adjustment, imputation of data;
- calculation of the index;
- data issue, publication.

For the purpose of LCI survey, a random sample stratified by activity types is generated on the basis of the Business Register. Large employers (with a number of employees more than 250-500 (depending on an activity) are covered by the sample with the probability equal to 1. Units employing less than 20 persons are not included into the sample. A level of non-responses (based on the previous

survey rounds) is taken into consideration when determining the sample size. The sample cannot be updated during a year. Apart from private sector units, local government units (public sector) have been also included into the survey since 2011.

The survey questionnaire contains information on 5 directions:

- reporting period;
- number of employees;
- number of hours worked;
- total labour costs;
- social contribution share.

Respondents fill out the questionnaire within the e-reporting system. The e-for does not contain complicated control tools.

It was noted that respondents might have difficulties filling out information on the worked hours, therefore an indicator of the time worked or paid can be selected.

It should be noted that LCI is a harmonized indicator of labour force and worked time costs. Therefore whenever a respondent has no data on hours worked, imputation or data estimation may be applied.

Verified and adjusted survey data serve a basis for LCI calculation.

An index estimation formula was presented and commented upon, and, what was especially useful, an example of estimation with conditional data was given.

A LCI quality report example for 2011 was provided.

The last working day of the visit was dedicated to issues of data confidentiality, data use for research and preparation of the SES quality report.

Information generalized upon the survey results is delivered to users both in publications and as database access. Limitations imposed on generalized data were described and demonstrated on a SES example. Dissemination rules are as follows:

Information will not be disclosed (“disguised”) on employees:

- on salaries and wages if the group has less than 10 employees;
- on wages and salaries distribution (deciles) if the group has less than 30 employees;

information will not be disclosed on employers:

- on wages and salaries if the group contains less than 3 companies;
- on wages and salaries if the group’s share of persons employed at one company does not exceed 90%.

Information on a number of engaged persons is not usually “disguised”.

Special procedures for access to microdata are envisaged for researchers.

A separate meeting was dedicated to labour force survey (LFS) in Finland. LFS has been carried out in Finland since 1959, taking a form of telephone survey since 1983. The sample size is 12 thousand persons every month. The sample covers individuals aged 17-74. One individual participates in the survey 5 times during 15 months. Data are collected every week.

Unlike in the Ukrainian survey, A Finnish sample unit is an individual (a household is Ukraine). The sample is built on the population register. That means that the fifth interview covers all members of a household.

Significant volume of information on respondents comes from the population register, which considerably reduces the interview time. Annually conducted LFS also contains modules envisaged by Eurostat program (modules Ad hoc).

Finnish administrative sources enable detection of the professional structure of the population. Information of such kind is rather complicated in Ukraine since LFS provides information only for profession groups.

### 3. Conclusions and recommendations

The visit has enabled familiarization with the labor remuneration statistics in Statistics Finland and provided substantial knowledge on SES and LCI surveys. Unlike it is practiced in Ukraine, the surveys generally make use of administrative sources which ensures a minimum burden on respondents.

The Ukrainian delegation has worked on materials received during the visit (presentations, calculation examples) and, with regard to their adaptation to the national statistics conditions, comes up with the following:

- focus on preparation of the first national structure of earnings survey (SES), particularly on the professional coding manual, develop rules on preserving confidentiality for information received from this survey;
- prior to the next mission of Statistics Denmark experts, prepare a test case based on the LCI calculation available database.

## Annex 1. Terms of Reference



This project is funded by  
the European Union



### **Twinning Project**

*“Development of new statistical methodologies and indicators in selected areas of statistics in line with EU statistical standards”*

### **Terms of reference**

for the Study Visit to Statistics Finland

### **2.3 Study visit on short-term surveys on labour remuneration**

#### **Background information**

Statistics Denmark in partnership with Statistics Finland, Statistics Lithuania, Central Statistical Bureau of Latvia, Statistical Office of Slovak Republic, INE Spain - National Statistical Institute of Spain and Statistics Sweden, implements in Ukraine "Development of New Statistical Methodologies and Indicators in Selected Areas of Statistics in Line with EU Statistical Standards" Twinning Project. The State Statistics Service of Ukraine (State Statistics of Ukraine) is the Beneficiary of this Project).

This action is being implemented under Component 2 “Methodology of Salary (Wage) Measuring”. The purpose of this Component is to harmonise the national salary (wage) measuring methodology with the EU standards.

This action will contribute to achieving the abovementioned objective and reference indicators specified in the contract, namely:

- knowledge and practical skills of SSSU specialists on organization and conduct of short-term surveys of labour payment and salary structure surveys are improved;
- draft methodology related to salary measuring is assessed in terms of its compliance with the EU standards

#### **Purpose of the Mission**

This action will contribute to achievement of the abovementioned objectives and reference indicators specified in the contract, namely:

- knowledge and practical skills of SSSU specialists on organization and conduct of short-term surveys of labour payment and salary structure surveys are improved;
- draft methodology related to salary measuring is assessed in terms of its compliance with the EU standards



**Expected results**

Introduction to the experience of building and development of statistics of wages and labor costs of the partner country.

**Tentative schedule of the mission is:**

May 29, 2012

- 1) Presentation of the Finnish statistics aggregated wages and labor costs following areas: public sector, private sector, labor costs.
- 2) Presentation of the Ukrainian system of statistics aggregated wages and labor costs.
- 3) Examination of the structure of wages (SES) in Finland: the organization, collecting and processing data, estimates based on a sample, the classification used for processing, publishing a report on quality.

May 30, 2012

- 4) The index value of labor costs (LCI) - the main characteristics of survey based on a received index: organization, questionnaire used, collecting and processing data, sample and review its plan, the procedure used to estimate, the index; publish a report on quality.

May 31, 2012

- 5) General characteristics of Labour Force Survey (LFS) and the study of wages within it.
- 6) Reporting on quality surveys of wages and labor costs for example, wage structure survey (SES).
- 7) Ensure the confidentiality of data during data dissemination test.
- 8) discuss ways of improvement of methodology for measurement of wages in national statistical practices.

**Consultants and partners**

SSSU Staff

Senyk Inesa, Director of the Department for Labour Statistics

Sokurenko Nadia, Chief Expert-Economist of the Division for Labour Remuneration Statistics

Usysk Natalia, Chief Expert-Economist of the Division for Labour Remuneration Statistics

**Timing**

The mission will be conducted within the period of 23 – 26 April 2012 in Ukraine.

**Report**

The summary report on the results of the mission should be submitted not later than two weeks after the mission is completed.

## **Agenda**

*29 May, Tuesday*

### **Statistics Finland - Meeting room Hypoteesi**

9:45 Arrival in Statistics Finland

*10.00 – 12.30 Presentations*

Welcome to Statistics Finland: *Mr. Kari Molnar*, Director, Prices and Wages Statistics

Wage and labour cost statistics *Mr. Jukka Pitkälä*, Head of Unit

Ukrainian wage and labour cost statistics: *Ms. Inesa Senyk*, Director of Labour Statistics Department

Public sector team *Ms. Leena Raittinen*

Private sector team *Ms. Kati Heikkinen*

Structure of Earnings and Labour Costs team *Mr. Mika Idman*

**12.30 – 13.30** Lunch break

*13.30 – 16.15 Structure of Earnings Statistics*

Survey design *Mr. Mika Idman*

Capturing the base data *Ms. Kati Heikkinen*

Data processing *Ms. Kati Heikkinen*

Estimation *Mr. Markku Jutila*

Working up the SES variables *Mr. Mika Idman*

Publishing *Mr. Mika Idman, Mr. Harri Nummila* Seppo Kouvonen

*30 May, Wednesday*

### **Statistics Finland - Meeting room Hypoteesi**

*10.00 – 16.15 The labour cost index*

*10.00 – 12.30 Morning session*

Goals and survey design & questionnaire: *Mr Seppo Kouvonen / Mr Pekka Haapala*

Sampling *Outi Ahti-Miettinen*

**12.30 – 13.30** Lunch break

*13.30 – 17.00 Afternoon session*

Base data – capturing, processing, imputing: *Mr Pekka Haapala*

Calculating the index: *Mr Seppo Kouvonen*

Publishing *Mr Pekka Haapala*

Quality report *Mr Pekka Haapala*

*31 May, Thursday*

### **Statistics Finland - Meeting room Aggregaatti**

**10.00 – 11.00**

Labour Force Statistics *Ms. Olga Kambur* (presentation in Russian)

11.00 – 12.30

Structure of Earnings Statistics: quality report *Mr. Seppo Kouvonen*

12.30 – 13.30 Lunch break

13.30 – 15.00

Statistical and research use of the base data; taking care of data confidentiality

*Mr. Antti Katainen, Mr. Mika Idman*

**15.00 – 16.15 Unspecified topic / concluding discussion**

## **Annex 2. Persons met**

### ***Statistics Finland***

Mr Kari Molnar, Director, Prices and Wages Statistics  
Mr Jukka Pitkajarvi, Head of Unit  
Ms Leena Raittinen, Senior Statistician  
Ms Kati Heikkinen, Senior Statistician  
Mr Mika Idman, Senior Statistician  
Mr Markku Jutila, Senior Statistician  
Mr Harri Nummila, Senior Statistician  
Mr Pekka Haapala, Senior Statistician  
Ms Outi Ahti-Miettinen, Researcher  
Ms Olga Kambur, Senior Statistician  
Mr Antti Katainen, Senior Statistician  
Mr Seppo Kouvonen, Senior Adviser

### ***Interpreter:***

Mr Oleh Slyusarenko