

TWINNING CONTRACT

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

Ukraine



MISSION REPORT

on


**Evaluation of Methodology for Salary Measuring concerning
Compliance with EU and ILO Standards**

Component no II – Activity 2.2

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Kiev, April 22th – 26th 2012

Version: Final

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List of Abbreviations

ToR	Terms of Reference
SSSU	State Statistics Service of Ukraine
DST	Statistics Denmark
SES	Structure of earnings survey
SF	Statistics Finland
ILO	International Labour Organisation

1. General comments

This mission report was prepared within the Twinning Project „Development of new statistical methodologies and indicators in selected areas of statistics in line with EU statistical standards”. It was the second mission to be devoted to Component II of the project. The mission was aimed at harmonizing the national salary measuring methodology with the EU standards.

The concrete objectives of the mission were:

- Detailed review of the process on organization and conduct salary structure survey
- Analysis of tools (questionnaire and instruction)
- Drafting the recommendations concerning source indicators from the point of view of compliance with standards of EU and ILO.

The consultants would like to take this opportunity to thank all officials and individuals met for the kind support and valuable information which they received during the stay in Ukraine, and which highly facilitated the work of the consultants.

The views and observations stated in this report are those of the consultant and do not necessarily correspond to the views of EU, SSSU, DST or SF.

2. Assessment and results

Earnings are, also in Ukraine, something which for a long time has been of huge interest for both politicians and economists. This interest is reflected in a very comprehensive statistical system of earnings.

The consultants have been given an in-depth insight into SSSU's planned salary report survey that will collect information on individual employees. The consultants have been introduced for the current plan to conduct this survey for the first time and both questionnaire and instruction was explained in detail. In addition a description on the sampling and data capturing procedure was supplied.

SSSU explained that they hope to get the questionnaire and instruction approved, so that they could collect the information for the year 2012. They believe that it is too late to do the survey for the year 2011 and the consultants agree on this.

The Salary report questionnaire will be sent to a sample of 21,000 enterprises and will cover 305,000 employees which the consultants believe is in line the EU recommendations. The sample will be a 2-stage sampling process where in the first stage the enterprises will be chosen and in the next stage the enterprises will chose the employees for the sample. The method on how to choose the employees is described in the instruction that the enterprises will get together with the questionnaire. The questionnaire and instruction is of high quality and is easy to understand.

The questionnaire was explained in detail and some variables were further discussed. When the questionnaire is compared with the current legislation on SES in EU the consultants can conclude that SSSU can fulfil all crucial requirements.

In general the measures for implementing the Structure of Earnings Statistics in Ukraine were assessed to meet well with EU standards. The survey would cover all enterprises with at least 10 employees, as enacted in the Regulation. The Ukrainian survey would even cover activity A (Agriculture, Forestry, Fishing) which according to the Union enactment is not obligatory.

The consultants presented the current legislation on SES and explained in detail about each variable. The Structure of Earnings Survey of the European Union is based on Council Regulation (530/1999), Commission Regulations (1916/2000 and 1738/2005) and Eurostat's arrangements for implementing these regulations. The survey covers all employers with at least ten employees in all activities, except activity A (Agriculture, Forestry, Fishing), T (Households) and U (International organisations). The survey is not obligatory in Activity O (Public administration). The survey shall in the Union be implemented at four years interval (i.e. in 2006, 2010, 2014 etc.). In addition to this the member states have supplied statistics on annual earnings by activity (1 digit and by occupation (1 digit) and on gender pay gap of hourly earnings by activities (1 digit), age group and by sector.

Some information that is needed for the SES is not currently collected by SSSU. The consultants advise SSSU to decide if the variables are important to Ukraine and then either calculate the variable from current information in the questionnaire or add the variable to a future questionnaire. The variable from the SES regulation that is not currently in the questionnaire or not exactly the same are:

- 1.5 Collective pay agreement, SSSU collect only information about the lowest form of collect agreement between enterprises and employees and do not collect information on e.g. industry collective agreement. The consultants suggest making the question concerning collective agreement more detailed in the future survey.
- 2.2 Age, SSSU collects the actual age in October of the reference year where as EU request the birth year and then Eurostat calculates the age. If the employee is born in November or December the age will not match the calculation method of Eurostat. The consultants believe this to be a minor difference that is acceptable.
- 2.7.1 Share of a full-timer's normal hours. This variable is not collected by SSSU today, but SSSU might be able to calculate the variable from the current questionnaire and knowledge about the Ukrainian labour market. It is suggested that SSSU examine this possibility.
- 2.8 Type of employment contract. Today the apprentices are not identified and the consultants suggest that the question concerning type of employment contracted is expanded to also include apprentices for future surveys.
- 3.1 Number of week to which the gross annual earnings relate. This variable is not collected in the current questionnaire. SSSU should explore the possibility to calculate the variable from other information in the questionnaire or maybe add it to a future questionnaire.
- 4.1.1 Annual bonuses and allowances not paid in each period. For this variable there is only a minor difference that is acceptable.
- 4.2 Gross earnings for the reference month. For this variable there is only a minor difference that the consultants believe is acceptable. Currently some bonuses might be in the gross earnings, but SSSU expect it to be of a very low value as October is not a normal month to receive bonuses.

In the SES some variables are optional and are not included in the plans of SSSU with respect to implementing the SES. The consultants suggest incorporating some of them in a future questionnaire if SSSU believes that the information will be valuable in Ukraine.

The consultants also presented a thorough review of how Statistics Denmark and Statistics Finland collect information on earnings for the SES.

The results achieved would also serve the information needs of the ILO as to statistics on monthly earnings by occupations and statistics on occupational statistics on earnings and on working time. The ILO collects annually statistics on monthly earnings by economic activity (2 digit) and occupation (2 digit) and on October occupational earnings and working hours.

For the up-coming missions a few details were discussed. For the next mission in Statistics Finland a suggestion for the agenda was presented. For mission 2.4 with focus on LCI it was decided that the mission should take place on October 2nd to October 5th. For mission 2.5 there will be a seminar for the users where SSSU will make presentations. It was decided to be a good idea for the consultants to have a presentation explaining the cooperation between Statistics Denmark, employer organisations and trade unions. The seminar will take place on the 2nd day of the mission from 2pm to 5pm. The first day will be used to prepare for the seminar and discuss presentations. The last day will be used to finalise all discussions still not dealt with in the project. Mission 2.5 will take place in March 2013.

3. Conclusions and recommendations

As SSSU does not currently collect information on earnings on individual level, implementing the planned salary report on individual earnings is necessary for meeting the EU requirements for the SES. It is important that the questionnaire and the instruction are approved, so SSSU will be able to collect information on individual level.

Based on the information gained during the mission, the consultants believe that SSSU can fulfil current legislation for EU and ILO concerning structure of earnings information with only minor adjustment to the current set-up. The Survey contains some variables (f. ex. education, type of contract, annual earnings) where the preconditions of respondents for supplying the data may vary and which may increase the response burden for the employer. Informing the sampled employers about the survey in good time will improve their preconditions for supplying the data. (According to EU practises all variables should be covered - either empirically or by imputation).

For the mandatory variables in the SES that are not yet in the questionnaire from SSSU the consultants suggest calculating the information from current sources or adding them to a future questionnaire. As to the optional variables the consultants would like to suggest that the inclusion of variable '2.4. Managerial or supervisory position' in the questionnaire would be considered. This valuable information may be of use for explaining earnings differences.

The choice of using earnings per paid hour as one of the indication is a good choice as this corresponds to EU's definitions.

When the results of the survey are ready, it is advisable to get users interested in this new survey to make a need for the survey in the future.

According to current plans the reference year of the survey would differ from the corresponding EU survey. It is suggested to slowly change the interval between the salary report surveys in SSSU to end up with the same reference year. By doing this it will be possible to compare figures with EU.

The SES requires some information on local units that is currently not available in SSSU. The on-going work with local units in the business register in SSSU is very important for harmonising the national practises to EU statistical standards.

Annex 1. Terms of Reference

Terms of Reference

for Short-term Mission to the State Statistics Service of Ukraine

Action 2.2 “Structure of Wages”

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

The prior purpose of the mission is the following:

Detailed review of the process on organisation and conduct salary structure survey, analysis of tools (questionnaire and instruction), drafting the recommendations concerning source indicators from the point of view of compliance with standards of EU and International Labour Organisation (ILO).

Expected Results

Determine the necessary actions to improve methodology of salary (wage) structure survey.

Actions

The tentative schedule of the mission is the following:

23-24 April 2012

1) Experts will be presented the process of organization and conduct of salary (wage) structure survey: principles of generation of total and sampling populations, methodological provisions of survey, drafting the indicators.

2) Discussing the tools of survey – questionnaire and instruction how to complete (translation is attached), in particular, concerning compliance of source indicators with international standards.

3) Experts will be explained the main difficulties related to organization and conduct of survey.

25 April 2012

4) Experts are proposed to make description and comments to the effective Eurostat regulations concerning standards of salary (wage) structure survey and national practice.

26 April 2012

5) Discussing the current status of survey and possible ways to improve it.

6) Clarifying (specifying) the plans concerning the further actions.

Tasks to be fulfilled by SSSU to facilitate the mission

The Beneficiary will ensure attendance of employees of labour statistics department; will provide necessary information to the mission together with documents (instruction, questionnaire, methodological provisions etc.)

Consultant and Partner

The mission will be conducted jointly with:

Maria Boye - head of section, Statistics Denmark

Seppo Kouvonon – senior adviser, Statistics Finland

The partner from the country-beneficiary will be:

Employees of Labour Statistics Department of SSSU

Inessa Senyk – Director of Department

Tetyana Bochkaryova – Deputy Director of Department – Head of Unit for Labour Payment Statistics

Nadia Sokurenko – Chief Economist of Unit for Labour Payment Statistics

Natalia Usik - Chief Economist of Unit for Labour Payment 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.

Annex 2. Persons met

SSSU:

Inesa Senyk, Director of Labour Statistics Department

Nadia Sokurenko, Chief Economist of Labour Payment Statistics Unit

Natalia Usik, Chief Economist of Labour Payment Statistics Unit

RTA Team:

Irina Bernstein, RTA

Volodymyr Kuzka, RTA Assistant

Oleg Slusarenko, Interpreter