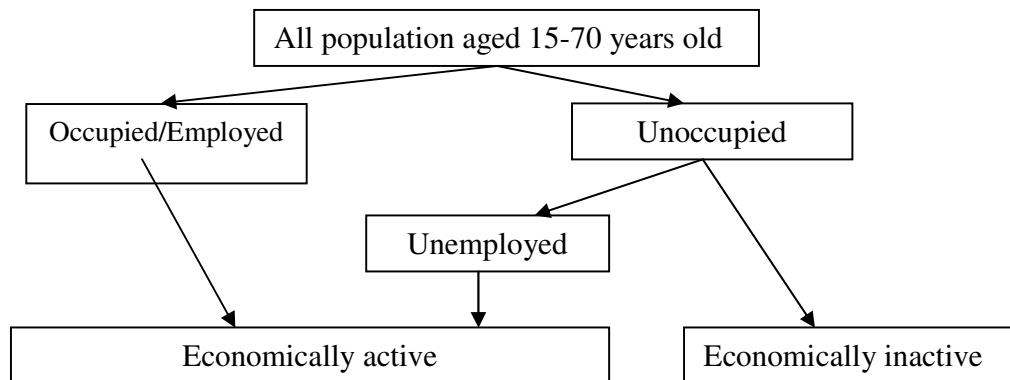


## Basic Methodological Definitions and Concepts Used in the Statistical Book

Basic definitions and concepts concerning economic activity of population as developed according to recommendations of the ILO and the 13<sup>th</sup> International Conference of Labor Statisticians (October, 1982) with regard to national specifics of the legal and regulatory framework. This approach provides an opportunity for international comparisons to assess Labor capacity development and analysis of implementation of ILO and UNO International conventions in social and labor relations ratified by Ukraine.

**Economically active population** consists of individuals of the both sexes aged 15 through 70 who have been contributing to labor supply in the labor market for a certain time period.

According to the findings of sample surveys of population (households) on issues of economic activity, all country's population aged 15-70 is divided into three mutually exclusive and exhaustive categories: employed, unemployed, economically inactive (standing apart from labor force):



Economically active population (labor force) covers only those individuals who were involved into economic activity or looked for a job and were ready to start it, i.e. they are classified either as “occupied” or “unemployed” (according to the ILO definition). The priority rules prioritize to employment over unemployment.

**Level of economic activity (PEa)** represents a relative indicator with regard to the share of labor force. It is calculated as relation (in per cent) of the amount of economically active population aged 15-70 to the total population of the specified age or population of a relevant social and demographic group.

$$PEa = Ea/H * 100\%, \quad (1)$$

here  $Ea$  is amount of economically active population;  
 $H$  is total population.

**Occupied in economic activity (hereinafter – occupied)** are persons aged 15–70 who:

- a) worked during the surveyed week at least 1 hour;
  - Hired to work for remuneration in cash or in kind, individually (independently), for individual citizens or at their own (family) enterprise;
  - worked free of charge at an enterprise, for their own business belonging to any member of the family, or at their own agricultural households aiming at sale of products manufactured as a consequence of this activity;
  - worked free of charge at an enterprise, their own business belonging to any member of the family, or at their own agricultural households aiming at sale of products manufactured as a consequence of this activity;
- б) were temporarily absent from work, i.e. had formal workplace, their own enterprise (business) but did not work during the period under survey on account of different reasons.

Occupation (employment) means not only work for remuneration (hired labor) but also for the sake of gaining profit or family income at one's own enterprise, including production at one's own agricultural household, aiming at market sale of manufactured products.

Occupied population does not cover persons involved in unpaid community or voluntary work or persons fulfilling only their household duties. Community voluntary activity is not economic activity; it has three distinctive features: a) should not be paid; b) performed at one's free will, with no enforcement, unlike, e.g. compulsory military service; c) performed for an organization, community or individual with no family relations and outside one's own household.

Within the framework of the labor force concept, employment prevails over other type of economic activity/inactivity.

**Determining amount of employment in informal economy** has been in place since 1999 making use of the methodology approved by Order of the SSSU of Ukraine No. 73. of February 29, 2000. The specified methodology was developed based on the Resolution concerning Statistics of Employment in the Informal Sector adopted at the 15<sup>th</sup> International Conference of Labor Statisticians in 1993. Referring enterprises to the informal sector should simultaneously meet the following criteria:

- market orientation of economic activity;
- limited number of employees (up to 5 persons);
- no state registration of enterprising activity.

The national methodology refers to the informal sector all persons engaged with unregistered enterprises whose size (number of employees) refers them to household enterprises.

Given national specifics of spreading informal labor relations, criteria of identifying individuals engaged in this sector have been expanded due to including persons who worked in the official sector based on verbal agreement with the employer, i.e. with no official labor agreement (contract), which is an evidence of missing minimal social guarantees.

**Employment rate ( $P_3$ )** is a basic relative indicator used in the analysis of employed population aged 15-70 years old to the total population of the specified age or population of a relevant social and demographic group..

Employment rate is calculated using the formula:

$$P_3 = 3/H * 100\%, \quad (2)$$

where 3 is amount of employed population;

$H$  is the total amount of population.

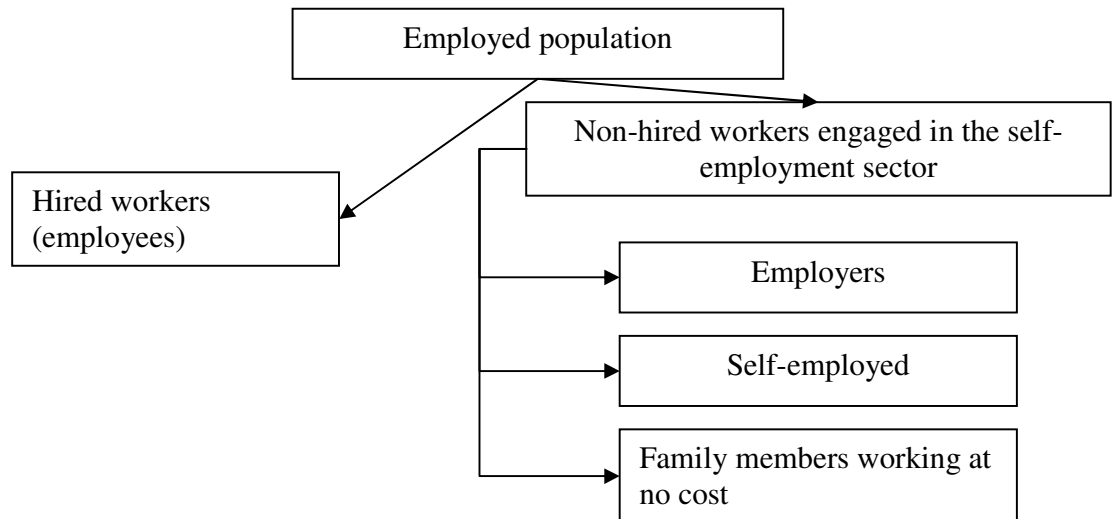
**Participation rate of population occupied in the informal sector** can be calculated as a relation (in per cent) of the number employed with the informal sector aged 15-70 years old to the total population of the specified age or population of a relevant social and demographic group..

**Distribution of employed population by economic activities** takes place based on the classification of Economic Activities (NACE) approved by Order of the SSSU No. 375 of February 26, 2005.

The speechified distribution happens based on comprehensive estimation by means of integrating data of sample survey of population, public statistical enterprises, offices, organizations, establishments and administrative reporting.

**Main work (occupancy)** means work fulfilled by the respondent during the week under survey and that considered by him/her as the main job because of gaining larger portion of income or remuneration (regardless of its nature: permanent, temporary, casual job) or due to a more extended working time.

**Status in employment** is determined based on classification developed in conformity with recommendations of the International Conference of Labor Statisticians of January 28, 1993.



**Hired workers (employees)** means persons who entered into a written (or verbal) agreement (contract) with the administration of an enterprise, establishment, organization, or an individual on conditions and remuneration of labor activity.

**Non-hired workers engaged in the self-employment sector** means persons who, unlike hired workers, independently perform their labor activity based on organization and maintenance of economic activity of an individual or a legal entity, are responsible for efficiency and effectiveness of this activity, as well as for meeting obligations to other persons, specifically, as to labor agreements with their employees, etc. Such persons may be:

- employers;
- self-employed;
- family members working at no cost

**Employers** are persons who work at their own enterprise and engage employees on a permanent basis.

**Self-employed** are persons who are occupied with their individual/independent activity being performed on their own, i.e. with no permanent employees.

**Family members working at no cost** are persons who work with no payment at their family enterprise headed by their relative (in the event this work should be referred to economic activity).

**Temporarily absent from work** are persons who keep a job or an occupation (excluding those engaged in their own agricultural farms) but did not work during the surveyed week due to the following reasons:

- annual holiday;
- pregnancy and delivery leave and child-care leave until the legally established child's age;
- without pay (for the period of work suspension);
- temporary loss of working capacity (disease, trauma), patient care;
- seasonal work;
- days off according to the work schedule;
- other reasons.

**Average duration of the actually worked weekly hours ( $q_{cp.}$ )** should be measured in actually weekly worked hours per one employed person. The indicator is calculated for all employed persons except from those temporarily absent from work or those involved in work at their private agricultural household.

$$q_{cp.} = \frac{q_{\theta}}{\quad}, \quad (3)$$

where  $U_e$  is the total amount of man-hours actual time worked during a week;

$3$  is a number of persons employed.

**Unemployed (according to the ILO methodology)** are persons aged 15–70 years old (both registered and unregistered with the State Employment Service) who meet three basic conditions at the same time, such as:

- a) had no work (money-making occupation);
- b) have actively been looking for a job or trying to organize their own business in the course of 4 weeks prior to the survey, i.e., have been taking concrete actions aiming at finding a paid hired labor or organize their own enterprise;
- c) were ready to start working during two forthcoming weeks, i.e. to be hired or start their own enterprise aiming at gaining wage or income.

Unemployed category also includes persons who start work during two forthcoming weeks, who found a job, are waiting for a decision, etc.

**Unemployment rate (according to the ILO methodology) ( $P_6$ )** is an indicator that is calculated as a ratio (in per cent) of a number of unemployed of a certain age group to economically active population (labor force) of a specified age or a relevant social and demographic group.

$$P_6 = B/Ea * 100\% = (B/(3+B)) * 100\% , \quad (4)$$

where  $B$  is a number of unemployed;

$Ea$  is a number of economically active population.

The indicator describes the general state and tendencies of the labor market development in terms of labor demand; it is used to project and the develop policy in social and labor relations.

**Economically inactive population (staying apart from labor force)** includes persons who cannot be classified as “employed” or “unemployed”.

This category covers unoccupied persons belonging to the following social groups:

- retired individuals;
- full-time university students (school pupils);
- persons occupied with household (family) duties;
- persons of working age who lost hope to find a job (see “discouraged persons”);
- persons who believe in absence of a suitable job for them and who do not know how and where to find it;
- other persons who had no need in being employed and those whose occupation cannot be referred to economic activity (unpaid or voluntary work, etc.).

**Discouraged persons** are those who had no job, were ready to start it but have stopped active search for work during the latest month because they have exhausted all opportunities to find it.

**Average unemployment duration** should be provided in dimension of an average number of unemployment months per one unemployed.

**Average length of job hunt** should be provided in dimension of an average number of job hunting months per one unemployed.

The above-mentioned indicators are calculated based on the formula for arithmetic average weighted value.

**Dismissal of workers due to economic reasons** means a number of persons dismissed from enterprises, establishments and organizations due to re-organization, liquidation of production, cutting of the number of the staff.

**Labor demand** means a number of vacant workplaces and vacant positions that became known to the State Employment Service from enterprises, establishments and organizations.

**Workload of non-occupied citizens per one vacant workplace, vacant position** should be calculated as the ratio of the number of unoccupied citizens registered with the State Employment

Service to the number of vacant workplace and vacant position claimed by enterprises, establishments and organizations.

**Registered unemployed** according to the effective legislation are citizens of working age who, on account of absence of work, have no earnings or other incomes stipulated by the legislation, who are registered with the State Employment Service as job seekers who are ready and capable to start suitable work.

Disabled who did not achieve the retirement age, do not work and are registered as job seekers are also considered unemployed.

**Registered unemployment level** should be measured as a ratio (in per cent) of the number of unemployed registered with the State Employment Service to the average yearly population of working age.

For the sake of comparison with data of the sample survey of population on economic activity issues, average yearly number of unemployed should be calculated. A relevant registered unemployment level indicator is calculated in relation to economically active population over a corresponding period.

**Analysis of its correlation with the unemployment rate indicator (according to the ILO methodology)** enables evaluation of efficiency of the public policy in mass unemployment avoidance and to some extent, citizens trust in the government in issues of employment and mandatory state social insurance in case of unemployment, especially in regions.

**Average duration of registered unemployment** is provided in average number of months of registration of unemployed with the State Unemployment Service.

**Average monthly number of registered unemployed** is calculated using the time average formula\*.

**Long-term unemployment rate (according to the ILO methodology)** is calculated as a ratio (in per cent) of the number of unemployed aged 15–70 years old who were looking for jobs for 12 and more months, to economically active population of the specified age.

**Number of unoccupied citizens employed by the Employment Service** is a number of unoccupied citizens placed by the State Unemployment Service in freed and created vacancies. The indicator is calculated with no regard of the number of unemployed who were given temporary paid community works.

**Employment rate** is calculated as a ratio (in per cent) of the number of employed persons to the number of unoccupied ones who were registered with the State Unemployment Service during some period.

**Professional identity** is availability of a profession corresponding to the work fulfilled. It is calculated based of the Classifier of Occupations (hereinafter – the CO) approved and put into effect by the State Committee for Technical Regulation and Consumer Policy No.327 of July 28, 2010.

The specified Classifier is compiled in conformity with the International Standard Classification of Occupations of 1988 (ISCO-88) in terms of conceptual provisions, structure and basic characteristics of occupational groups.

**Distribution of population by level of education** is to be made based on the List of Harmonized Indicators and Unified Features for Mandatory Inclusion into Sample Survey and Population Census Programs as approved by Order of the SSCU No. 246 of August 1, 2003. The list of educational levels and criteria for determining every education criterion are set forth herewith.

Level of education	Types of educational institutions
Complete higher	Graduation from an academy, a university, an institute, a conservatory, an ecclesiastical academy or other similar higher educational institutions rewarding an

\* P. 38 of the Training Manual “Labor Market Statistics: International Standards and National Experience”. Training Manual / Edited by N.S. Vlasenko, N.V. Grygorovych, N.V. Rubliova. – K: August Trade LTD, 2006 – 320 pages In Ukrainian.: p. 315-320. ISBN 966-8459-16-4.

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education	educational and qualification degree of Specialist of Master.
Basic higher education	Graduation from a college or continued study at an academy, a university, an institute, a conservatory or other similar higher educational institutions and obtaining an educational and qualification degree of Bachelor.
Incomplete higher education	Graduation from a college, technical school, vocational training institution (medical, teachers' training, art, housing communal economy, choreographic, circus and entertainment, music, culture, water transport, Interior Ministry and Ministry of Defense schools), other similar institutions of the first accreditation level or continued study at higher educational institutions, and obtaining an educational and qualification level of Junior Specialist; study at higher educational institutions a half or more of the general period before 1996 but abandoning the study.
Complete comprehensive secondary education	Finishing an eleven- (twelve-) or ten-year comprehensive secondary school (including an evening school), grammar school, lyceum; vocational training school based on complete secondary education; pre-revolutionary grammar school, non-classical secondary school or other comprehensive secondary school.
Basic comprehensive secondary education	Finishing basic school: seven-year school or 7 forms in 1961 and earlier; eight-year school or 8, 9 secondary school forms in 1962-1989; 9, 10 forms in 1990 and later; studying on 10-11(12) forms; finishing vocational training school based on the basic school.
Elementary comprehensive education	Finishing elementary school: 3-6 forms 1961 and earlier; 3-7 forms in 1962-1989; 3-8 forms in 1990 and later; studying on 5-9 forms.
No elementary education	Having no elementary general education (no studying at all or not finishing 1-3(4) forms or studying on 1-3(4) forms) but possessing an ability to read.

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