

**Socio-economic security and decent work in Ukraine:
A comparative view and statistical findings**

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**Policy Integration Department
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to stimulate discussion and obtain comments

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Preface

With the global economy undergoing important changes in the last two decades, with such changes impacting the traditional role of the ILO, the Director-General introduced the concept of Decent Work in his 1999 report to the International Labour Conference. This paper seeks to analyze the concept of decent work, along with other related concepts, socio-economic security, and quality in work, to ascertain two primary objectives. First, to indicate how the similarities between the concepts can be used to help policy makers better measure various dimensions of decent work and levels of socio-economic security. And secondly, on the basis of empirical studies and extensive field experience, to make an assessment of decent work and socio-economic security in an advanced transition economy such as Ukraine.

The assessment is based on analysis of three surveys conducted in Ukraine: the Labour Force Survey-based Modular Decent Work Survey, the Enterprise Labour Flexibility and Security Survey and the People's Security Survey, as well as selected macro-economic indicators available from other sources.

The paper has been prepared as part of ILO's work on the development of decent work indicators as recommended by the Seventeenth International Conference of Labour Statisticians (Geneva, 2003).

Prepared by Igor Chernyshev, Senior Statistician in the ILO Policy Integration Department, this paper draws on results from his work on developing and testing decent work statistical indicators and methods of data collection, as well as experience gained during the preparation and implementation of the above-mentioned surveys in Ukraine.

The working paper should hopefully stimulate further discussions about the measurement of decent work, and about the need to collect new statistics.

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October 2005

Introduction

Decent work, quality in work, socio-economic security – are they synonyms? If not, how do they differ? Do they have anything in common? If yes, how can their similarity be used to the advantage of policy makers to better measure various dimensions of decent work and levels of socio-economic security? These are the questions that this report attempts to answer on the basis of empirical study in an advanced transition economy such as Ukraine.

The report begins with a brief overview of the conceptual frameworks, their differences and the cross-cutting dimensions of socio-economic security and decent work. Chapter 2 describes the general situation within the Ukraine and highlights some of its challenges. Chapter 3 draws on Ukraine's desire to join the European Union (EU) and argues that this cannot be achieved without tying the country's socio-economic policy to the EU's Social Policy Agenda. Chapter 4 details an inventory of the statistical tools available in Ukraine to measure various elements of *socio-economic security* and *decent work*, as well as *labour flexibility*. The core of the report is to be found in Chapter 5. Here, and, in comparison with the 15 countries of the European Union, Canada and the United States, an attempt is made to analyse certain dimensions of decent work and levels of socio-economic security through the use of the three statistical surveys described in Chapter 4. The report concludes with a summary of its findings in relation to the prevailing decent work environment in today's Ukraine.

The author worked for many years in the ILO Bureau of Statistics and is currently with the Statistical Development and Analysis Group of the Policy Integration Department where he is a member of the group responsible for developing and testing the ILO decent work statistical indicators and methods of data collection. Also, he has had the opportunity of collaborating with the ILO InFocus Programme on Socio-Economic Security in their work on measuring people's security and labour flexibility. As part of the above, the author was responsible for the preparation and implementation of the Labour Force Survey-based Modular Decent Work Survey and contributed to the development of the People's Security Survey and the Enterprise Labour Flexibility and Security Survey conducted in Ukraine. This work was carried out in close collaboration with the senior specialists of the State Statistical Committee of Ukraine (SSC). In this regard, thanks are given to Ms. Nadiya Hryhorovych, Ms. Natalya Rublyova, Ms. Alla Solop, Department of Labour Statistics, and Ms. Iryna Kalachova, Ms. Olga Karmazina, Department of Services Statistics, as well as to Ms. Svetlana Grygorovych, researcher of the SSC Statistical Research Institute, whose energy and enthusiasm in facilitating communication and preparing various supplementary survey-related documents are highly appreciated.

The author is grateful to Mr. Guy Standing, Director, and Mr. Azfar Khan, Senior Economist, of the ILO InFocus Programme on Socio-Economic Security, for sharing their ideas with him and providing background information.

Special thanks are given to Mr. Peter Peek (Manager, Statistical Development and Analysis Group, ILO Policy Integration Department) and Mr. Farhad Mehran (Senior Labour Statistician, Statistical Development and Analysis Group, ILO Policy Integration Department) for a peer review of this report and very useful comments.¹ Thanks are also due to Karen Mughan for helpful editorial assistance.

¹ The views and opinions expressed are those of the author and do not necessarily reflect those of the International Labour Office or the Policy Integration Department.

1. Socio-economic security and decent work: Conceptual ideas, dimensions, diversity and cohesion

1.1. Conceptual Ideas

The ILO's mission is to improve the situation of human beings in the world of work. In his first report to the International Labour Conference in 1999, the ILO Director-General Juan Somavia introduced a comprehensive concept of work and the workplace, which he called *decent work*. He described *decent work* as “opportunities for women and men to obtain decent and productive work in conditions of freedom, equity, security and human dignity”,² thus bringing together all four of the ILO's strategic objectives: employment, the promotion of rights at work, social protection and social dialogue.

Given the above definition, it can be assumed that *decent work* also means, inter alia, creating an environment in which an increasing number of people in all societies can pursue their own “sense” of occupation, in working conditions that are safe and within a climate of improving social and economic security. Further, and in the context of this paper, *security* can be defined as “a sense of well-being, of sustainable self respect and of having control over one's own development and activities”.³

The concept of socio-economic security embraces the notion that in recent years economic, social, political and technological developments have accentuated the insecurities experienced by people across the world and that the unequal distribution of insecurities can be properly regarded as part of socio-economic inequality. It recognizes that in spite of rising average incomes and improved capacity for innovation and wealth creation, opinion regarding the pattern and direction of globalization is growing more polarized. This is so because globalization's gains are accompanied by persistent inequality, growing exclusion, insecurities caused by economic fluctuations, and a feeling that the ground rules are unfair. In the same vein the concept of decent work embraces this belief not least because the different elements of decent work all play a part in achieving broad goals such as social inclusion, poverty eradication and personal fulfilment.

There are obvious commonalities between the two concepts and both are multidimensional. Work contributes to social inclusion, but only if it is performed under the right conditions – without discrimination or coercion and in an environment in which people's voices are heard. Work in unacceptable conditions may, on the contrary, be a source of exclusion. Similarly, the immediate goals of an anti-poverty programme may be secure income and employment, but rights and representation are needed to achieve them.⁴ Both concepts, in other words, embrace the cognitive notion that globalization, loose labour market flexibility, advancing informalization and eroding social protection mechanisms, have exposed workers to various and increasing labour-related insecurities and growing deficits of decent work.

² *Decent work: Report of the Director-General*. ILC, 87th Session. ILO, Geneva, 1999.

³ For an elaboration on socio-economic security see: *Economic security for a better world*. ILO, Geneva, 2004.

⁴ See: *Reducing the decent work deficits – A global challenge: Report of the Director-General*. International Labour Conference, 89th Session. ILO, Geneva, 2001.

The following section takes a brief comparative look at both concepts to expose their commonalities and differences.

1.2. Dimensions

Table 1 describes the various dimensions of both socio-economic security and decent work.

Table 1. Dimensions of socio-economic security and decent work

Decent work	Socio-economic security
1. Opportunities for work (the need for all persons (men and women) who want work to be able to find work)	1. Labour market security (adequate employment opportunities)
2. Productive work (essential for workers to have acceptable livelihoods for themselves and their families, as well as to ensure sustainable development and competitiveness of enterprises and countries)	2. Basic needs security (capacity for fulfilling purposive agency by safeguarding one's subsistence or basic well-being). 3. Job security (a niche designated as an occupation or "career"). 4. Skill reproduction security (opportunities to gain and retain skills). 5. Income security (protection of income through minimum wage machinery, wage indexation, comprehensive social security, taxation to reduce inequality)
3. Security at work (the need to help safeguard health, pensions and livelihoods, and to provide adequate financial and other protection in the event of health and other contingencies. It also recognises workers' need to limit insecurity associated with the possible loss of work and livelihood).	6. Employment security (protection against arbitrary dismissal, etc.). 7. Work security (protection against accidents and illness at work, through safety and health regulations, and limits in working time, unsociable hours, night work for women, etc.)
4. Dignity at work (workers be treated with respect at work, and be able to voice concerns and participate in decision-making about working conditions)	8. Representation security (protection of collective voice, independent trade unions and employers' associations)
5. Work in conditions of freedom (work should be freely chosen and not forced on individuals and that certain forms of work are not acceptable in the twenty first century. It means that bonded labour and slave labour as well as unacceptable forms of child labour should be eliminated as agreed by governments in international declarations and labour standards. It also means that workers are free to join workers' organizations)	(idem)
6. Equity in work (workers need to have fair and equitable treatment and opportunity in work. It encompasses absence of discrimination at work and in access to work and ability to balance work with family life)	By definition, this dimension of decent work is implicitly included in socio-economic security paradigm

As can be seen in table 1, the definition of decent work includes six broad dimensions, while socio-economic security encompasses eight forms of securities that largely overlap and are interrelated.

The first two dimensions of decent work relate to the availability of work and the acceptable scope of work. The remaining four dimensions refer to the extent to which the work performed is decent.

1.3. Diversity

The diversity between socio-economic security and decent work is best reflected in their conceptual frameworks, statistical indicators and topics covered, as well as methods of data collection.

1.3.1. *Conceptual framework*

Decent work: The concept of decent work offers a framework for combining employment, rights, social protection and social dialogue in development strategies. Thus, it is possible to say that a country has sustainable decent work achievements if the ILO fundamental Conventions are fully respected and implemented there.⁵

As was noted above, globalization has highlighted the fact that while a population may enjoy better job opportunities, the availability of a job is not necessarily equivalent to a basic income. This is especially so when workers have limited or no access to social protection and are denied opportunities to voice their aspirations and values and to defend their rights at work. In other words, there is a growing awareness among both data producers and data users that developments in the labour market should be gauged against and analysed on the basis of a comprehensive set of indicators reflecting qualitative and quantitative aspects of the world of work.

With the above in mind, from the data collection perspective, decent work acts as a framework for statistical development because it introduces new concepts requiring development of new statistical indicators to measure progress made in reducing decent work deficits across the world.

Socio-economic security: The conceptual framework of people's socio-economic security hinges on the assumption that the perceived level of insecurity, as gauged against the eight forms of security described in table 1, is measured as a function of:⁶

- the threat/probability of a particular insecurity occurring; and
- its severity if a particular insecurity is experienced.

Also, socio-economic security acts as a framework to measure how people's efforts to cope with insecurity are affected by:

- resources they have available, measured at different levels (individual, household, community, national); and
- people's general outlook on life in terms of their perception of their own ability to control events.

According to the socio-economic security conceptual framework, prime importance must be given to the improvement of basic *income security* and *representation security*. This is so because it is believed that without a floor of sufficient income on which to survive, nobody can be expected to be able to make rational choices about how to conduct him or

⁵ For example, the ILO *Declaration on Fundamental Principles and Rights at Work and its Follow-up* adopted by the International Labour Conference at its Eighty-sixth Session, Geneva, 18 June 1998. ILO, Geneva, 1998.

⁶ For a more detailed explanation see: *People's security surveys (PSS): A manual for training and implementation*. ILO, Geneva, May 2004.

herself or develop their skills and work capacities. Without access to organizations that can represent their interests, they will always remain vulnerable to social, economic and other discriminatory pressures that characterize market societies.⁷

1.3.2. Statistical indicators and topics covered

Decent work: Based on the conceptual framework described above and the six dimensions of decent work presented in table 1, a core set of ILO statistical indicators has been identified (see Annex 1). These indicators are organized under the following ten elements of decent work and are complemented by an 11th group of indicators that summarize key aspects of the economic and social context of decent work: 1. Employment opportunities. 2. Unacceptable work. 3. Adequate earnings. 4. Decent hours. 5. Stability and security of work. 6. Combining work and family life. 7. Fair treatment in employment. 8. Safe work environment. 9. Social protection. 10. Social dialogue and workplace relations. 11. Socio-economic context.

Socio-economic security: Proceeding from its conceptual framework that measures levels of security through the individual perception of threat/probability or severity of insecurity, the dimensions of socio-economic security are gauged against the following seven elements underpinning each of the eight forms of security (see table 1):

1. Sources of socio-economic insecurity for different social and demographic groups.
2. Actual level of security/insecurity.
3. Perceived level of security/insecurity.
4. Actual knowledge with regard to policies.
5. Perception with regard to policies relating to socio-economic security.
6. How people cope with insecurities.
7. People's normative values regarding social rules and justice.

As this framework unfolds, it will be seen that the topics covered by the eight forms of socio-economic security are numerous and diverse, and encompass over 80 different aspects (see Annex 2).

Taking into consideration the elements integrated within the socio-economic security concept, its paradigm goes beyond that of decent work.

1.3.3. Sources and methods of data collection

Decent work: Given the complexity of decent work dimensions, it has been argued⁸ that it is not possible to measure the core ILO decent work indicators through one or two statistical sources. However, it is believed that potentially the Labour Force Survey (LFS)

⁷ Standing, Guy and Zsoldos, László. *Coping with insecurity: The Ukrainian people's security survey*. SES Papers. ILO, Aug. 2001, p. 2.

⁸ For example, see Anker, R. et. al.: *Measuring decent work with statistical indicators*. Policy Integration Department, Statistical Development and Analysis, Working Paper No. 2. International Labour Office, Geneva, Oct. 2002.

is the best vehicle to collect the most comprehensive set of decent work (DW) indicators from a given source of statistical information.

Socio-economic security: The major source of data on individual perceptions of socio-economic security is provided by the People's Security Survey (PSS) that was developed and put into practice by the ILO InFocus Programme on Socio-Economic Security.

The PSS is a household-based type of survey the sampling procedure of which varies from one country to another depending on the country's technical capacity and available resources. Ideally the survey should target the total population strata in order to measure the levels of perceived individual insecurity of people representing all societal groups.

In addition to the above, a number of macroeconomic indicators are used in order to measure social and economic dimensions of decent work, as well as certain aspects of *income security* and *labour market security*.

1.4. Cohesion

Stemming from the fact that *socio-economic security* and *decent work* originate from a single socio-genealogical tree, their dimensions, elements and measures obviously largely overlap and sometimes converge.

Also, the measures of both *socio-economic security* and *decent work* highlight the qualitative side of labour, putting the accent on the existence of precarious jobs, unsafe workplaces, possibilities/limitations of skills and career development, perceived rights at work, etc. Importantly, both concepts are geared towards streamlining gender issues and advocating fair treatment in employment.

While the survey methods of data collection have different frameworks, population coverage and sampling techniques, certain questions included in the respective surveys yield data on the dimensions and elements that either overlap or have a similar identity.

Based on the above comparative analysis, as well as discussions and examples presented in other chapters of this paper, it seems reasonable to conclude that measures of *socio-economic security* and *decent work* may be viewed as complementary sources of information to better gauge and interpret various dimensions and deficits of decent work, as well as levels of socio-economic insecurity.

1.5. A practical link: Ukraine

Beginning in 2003, the Statistical Development and Analysis Group of the ILO Policy Integration Department, in line with its mandate, has been engaged in a series of country studies and has conducted several pilot LFS-based surveys in different parts of the world. These surveys and studies examine the feasibility of measuring certain decent work indicators as part of national labour force survey programmes.

Furthermore, at the Seventeenth International Conference of Labour Statisticians (Geneva, 2003) a number of participants voiced their support for the development of indicators of decent work. In particular, it was mentioned that the decent work framework (see above) could be a convenient tool for integrating labour, social and some economic indicators into a set of measures that could monitor the social progress of working people around the world. The Conference emphasized the need for the ILO to carry out more work on this

topic and to take into account experience gained by other countries and regions in related areas. Also, participants stressed the necessity of using different sources of data, instead of relying solely on labour force surveys.⁹

As part of the above recommendation, a country programme focusing on measuring decent work with statistical indicators was launched in Ukraine. The programme resulted in the implementation of the Ukraine LFS-based Modular Decent Work Survey (UMDWS) and preparation of a comprehensive report “Decent work in Ukraine: Concepts, indicators, aspects”.¹⁰

The ILO InFocus Programme on Socio-Economic Security conducted four rounds of the countrywide Ukraine People’s Security Survey (2000, 2002-04).

Given that both surveys were conducted at the national level during the same period of time (October/November), the author of this report made an attempt to link and/or complement relevant data from the above two sources. This exercise should be regarded as an effort to apply the results of the decent work empirical study to a real country environment with its own particular national circumstances.

A special mention should be made of the fact that Ukraine is one of the few countries in which the Enterprise Labour Flexibility and Security Surveys (UELFS) were also conducted at a national level under the technical guidance of the ILO InFocus Programme on Socio-Economic Security – ten rounds in total.

Although the UELFS was not specifically analysed in this paper the author used some of its relevant findings to supplement UPSS and UMDWS data, hence providing yet another source of information with which to measure levels of socio-economic security and decent work deficits.

⁹ International Labour Office. *Report of the Conference*. Seventeenth International Conference of Labour Statisticians (Geneva, 24 Nov.-3 Dec. 2003), pp. 5 and 7.

¹⁰ *Hidna pratsia v Ukrain: kontseptsii, indykatory, aspekty* (“Decent work in Ukraine: Concepts, indicators, aspects”). State Statistical Committee of Ukraine. Kyiv, 2005.

2. Socio-economic challenge facing the new Government of Ukraine

After declining markedly during the 1990s, Ukraine's real GDP growth averaged 6.5 per cent in 2001-2002 and showed the highest performance in Europe at 15.8 per cent and 12.5 per cent in 2003 and 2004 respectively.¹

Initially driven by strong export performance, the competitive level of the hryvnya² and exceptionally good harvests, this recovery has also been supported by the expansion of domestic demand since 2001.

Inflation reached four-digit levels in the years following independence. It remained relatively high until 2000, but declined markedly in 2001-02, reflecting prudent monetary and fiscal policies, the stability of the currency and several years of good harvests. However, rapid wage growth, an increase in domestic demand and a less favourable harvest rekindled inflationary pressures in 2003, when it doubled its 2002 level and reached 8.2 per cent. In 2004 and inversely to the dynamic industrial performance, inflation hit another escalating record at 12.3 per cent.

However, during the 1990s, recession, contraction in real wages, increase in wage differentiation, and the demise of part of the social safety net, resulted in an increase in unemployment, poverty and social inequality. Official employment declined by approximately one-third between 1990 and 1999, with reductions of over 40 per cent in agriculture and industry.³

The unemployment rate, using the ILO's definition, grew to 11.9 per cent of the labour force in 1999 but has been steadily declining ever since, falling to 8.7 per cent in 2004. However, the number of long-term unemployed grew almost tenfold. Using the local definition of poverty, about a quarter of the population was below the poverty line in 2004. There is also evidence that personal income inequality has increased since independence, although it remains low by international standards.

The emergence of a large informal economy has acted as a social buffer. Since growth resumed in 2001, the decline in unemployment and the increase in real wages and pensions (a result of the Government's decision to eliminate wage and pension arrears) have brought about an improvement in living standards in large urban areas. Rural areas, by contrast, continue to show a relatively high (and slightly increasing) incidence of poverty.

Ukraine's female labour force participation rate is high (57.9 per cent compared with 67.4 per cent for men). Despite similar education levels, women tend to have lower-paid jobs and there are slightly more poor female-headed households than poor male-headed households.

Ukraine's population shrank from 51.6 million in 1991 to 47.6 million in 2004, reflecting a dramatic increase in mortality rates, in particular among males, a sharp decline in the birth rate and a significant net migration outflow. The increase in tobacco and alcohol-related

¹ Here and below, source: State Statistical Committee of Ukraine.

² US\$1 = UAH5.0215 (exchange rate as of 27 Apr. 2005).

³ See: Commission staff working paper: *European neighbourhood policy country report: Ukraine*. Commission of the European Communities. Brussels, 12 Mar. 2004. SEC (2004) 566.

diseases has been an important factor in the increase of male mortality, together with the resurgence of communicable diseases such as tuberculosis, diphtheria and cholera. The levels of HIV/AIDS have soared, reaching 1 per cent of the adult population, the highest in Europe. Sex trafficking, particularly to Western Europe, continues to involve a significant number of women with no economic alternative.

Maternal mortality, while falling since 1992, remains about five times the European Union average. Ukraine continues to confront the social legacy of the Chernobyl accident of 1986: 90,000 people have been permanently disabled by the accident and there is evidence of a rising incidence of childhood thyroid cancer and other illnesses in the most affected regions.

In recent years, Ukraine has made significant efforts to develop reform strategies and to undertake reform policies in the human development sector. The country continues to face challenges, however, and in the education sector these translate into unequal access, eroding quality and low efficiency in the use of resources.

3. European integration through the prism of statistics

On 21 January 2005, the President of Ukraine, Viktor Yushchenko, told the parliamentary assembly of the Council of Europe: “Our strategic aim, our vision is membership in the European Union”.¹ To accelerate this process to the maximum degree possible Ukraine needs a clear-cut strategy and should focus on solving its socio-economic problems. The progress made should be measured with relevant socio-economic indicators facilitating the monitoring and evaluation of the national social policy implementation. To the extent possible, the targets of the European Union Social Agenda could serve as benchmarks in this process.

3.1. Lisbon Strategy: European Union Social Agenda

In 2000, Heads of State and Governments of the European Union (EU) met in Lisbon and launched a series of ambitious reforms at national and European level, known since then as the Lisbon Strategy or the EU Social Policy Agenda. Specifically, the Agenda sought to ensure the positive and dynamic interaction of economic, employment and social policy, and to forge a political agreement that mobilizes all key actors to work jointly towards the new strategic goal. At the heart of the Agenda were the modernization of the European social model and the conversion of the political commitments made at Lisbon into concrete action.²

Five years later, in March 2005 at the meeting of the European Council in Brussels, Heads of State and Governments of the enlarged European Union of 25 reviewed the progress made since 2000 in the implementation of the Lisbon Strategy and adopted a revamped Social Agenda for 2005-10.³

The Agenda is geared towards providing what citizens most want: decent jobs and social justice. It is about equipping everyone to manage the changes facing modern society and about looking after the most in need. It is designed to preserve and modernize the EU valued social model as the essential tool underpinning Europe’s drive to boost growth and jobs. It maps the route for reforming labour markets in order to make work a real option for everyone. At the same time, it provides pathways for modernizing welfare systems and combating poverty.

The EU Social Agenda calls for partnerships between public authorities at local, regional and national level, employer and worker representatives and NGOs.

Globally, the Agenda should promote attainment of the Lisbon Strategy objectives by reinforcing the European social model that is based on the quest for full employment and greater social cohesion.

¹ *DW Staff/AFP* (nda), 21 Jan. 2005.

² Communication from the Commission to the Council, the European Parliament, the Economic and Social Committee and the Committee of the Regions: *Social Policy Agenda*. Commission of the European Communities. Brussels, 28 June 2000.

³ Press release: *The new Social Agenda: An essential pillar of the new growth and jobs strategy*. IP/05/152, Brussels, 9 Feb. 2005.

3.2. Social policy: Measuring tools

Establishing efficient social policy necessitates adequate knowledge of current labour market realities and of socio-economic conditions. A clear picture is required of the current employment situation, the scope of poverty among different groups across a given country and of the weaknesses of the social protection system. With detailed information of this kind, job-creation programmes can be designed more effectively and social assistance measures can be better targeted to meet the real needs of the most vulnerable groups in society.

Of particular interest are the combinations and the patterns that emerge among demographic and socio-economic groups. Some of these relationships are generally accepted. Poor health and unsafe working conditions increase absenteeism and reduce labour productivity. Employment insecurity and short tenure are related to accident rates, and poor working conditions are related to high job turnover.⁴ Higher rates of trade union membership are associated with higher labour productivity,⁵ and greater participation in decision-making at the workplace is associated with greater job satisfaction.⁶ Systematic gender differences have been observed on many dimensions.

In other words, better and more comprehensive measurement of the qualitative content of work, or simply *quality in work*, will allow for a more detailed assessment of the mechanisms by which economic growth translates into higher standards of human welfare, and how these in turn lay the groundwork for faster economic and social development. Hence, work can be characterized in terms of multiple dimensions of *quality in work* and the latter can easily converge with the ILO dimensions of *decent work*.

It is with the above in mind that in 2001, the Commission of the European Communities developed a set of *quality in work indicators* to help refine its social policy in ways that would further benefit Europe's workforce as well as its economy. The Commission, recognizing that quality is a multifaceted concept, identified the following two broad dimensions of *quality in work*:

Job characteristics: Objective and intrinsic characteristics, including: job satisfaction, remuneration, non-pay rewards, working time, skills and training and prospects for career advancement, job content and match between jobs characteristics and workers characteristics.

The work and wider labour market context: Gender equality, health and safety, flexibility and security, access to jobs, work-life balance, social dialogue and worker environment, diversity and non-discrimination. The Commission proposed a set of indicators covering ten main elements of quality within the above two broad dimensions. In its report released in November 2003, the Commission of the European Communities focused on the

⁴ See: Bohle, P.; Quinlan, M. and Mayhew, C. "The health and safety effects of job insecurity: An evaluation of the evidence", in *The Economic and Labour Relations Review*, Vol. 12, No. 1, June 2001.

⁵ See: Freeman, R. and Medoff, J.L. *What do unions do?* Basic Books, New York, 1984.

⁶ See: Hamermesh, D. *The changing distribution of job satisfaction*, NBER Working Paper No. 7332, Sep. 1999.

assessment of quality in work in the European Union and its recent evolution on the basis of available data and in particular the agreed quality indicators.⁷

These facts together with the importance to which Ukraine attaches to European integration, make it imperative that it adjusts its system of labour statistics, as well as its social and labour indicators in line with those used and generated for monitoring and evaluating EU Social Agenda programmes. Doing so will enable the major data producers to provide national stakeholders, policymakers and analysts with highly sophisticated statistical tools to better monitor and evaluate labour market performance, patterns of deprivation and patterns of socio-economic security (“human security”) among enterprises, workers, their families and their communities.

As if reconfirming the above assumption, the new strategy on the implementation of the EU Stability and Growth Pact, adopted in 2005 by the European Council together with new Social Agenda, underpins the need to enhance EU *statistical governance*. The importance of statistics in the European process is engraved in this document by the following statement: “The core issue remains to ensure adequate practices, resources and capabilities to produce high quality statistics at the national and European level ... Member States and EU institutions should affirm their commitment to produce high quality and reliable ... statistics and to ensure mutual cooperation to achieve this goal. Imposing sanctions on a Member State should be considered when there is infringement of the obligations to duly report government data”.⁸

4. Ukrainian social policy: Measuring tools and quest for data users

It should be noted that among the CIS⁹ and transition economies, Ukraine is one of the few that can boast of the existence of an exceptionally rich gamut of statistical tools. These tools are not only capable of measuring the various dimensions of the socio-economic processes that underpin its population in general, but can also monitor and evaluate national social policy programmes, in particular. In precise terms, in addition to conventional data collection instruments (e.g. a population census, a labour force survey, a labour cost survey, administrative records, etc.) the State Statistical Committee of Ukraine also has in its arsenal the following special tools that allow the generation of a wide range of data on flexicurity¹⁰ and decent work:

⁷ *Employment and social policies: A framework for investing in quality*, communication from the Commission to the Council, the European Parliament, the Economic and Social Committee and the Committee of the Regions, Commission of the European Communities, COM(2003)728 final, Brussels, 26 Nov. 2003.

⁸ *European Council, Brussels, 22 and 23 Mar. 2005: Presidency Conclusions. Annex II. Improving the Implementation of the Stability and Growth Pact: 1.7 Statistics governance*. Council of the European Union, Brussels, 23 Mar. 2005 (OR fr.) 7619/05, p. 23.

⁹ Commonwealth of Independent States.

¹⁰ Flexicurity in general terms means a balanced combination of labour flexibility and socio-economic security.

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1. Enterprise Labour Flexibility and Security Survey.
 2. People's Security Survey.
 3. LFS-based Modular Decent Work Survey.

A succinct description of each of the above surveys is presented below.

4.1. Ukraine Enterprise Labour Flexibility and Security Survey (UELFS)

Ukraine is one of the first countries in Central and Eastern Europe in which the Enterprise Labour Flexibility and Security Surveys were launched, and to date ten such surveys have been conducted since 1994. The UELFS 2004 covered 2,100 industrial enterprises and was fully representative at the national level.

Essentially, the ELFS survey examines the process of employment creation, labour utilization, job structure, working conditions, gender segregation and labour relations at the enterprise or establishment level.¹¹ More specifically, the survey investigates:

- the problems of *labour utilization* and the efficient utilization of workers;
- the main mechanisms of, and obstacles to, skill formation and the effective utilization of skills;
- the *labour recruitment practices* employed by the enterprises, and the considerations, which motivate these practices;
- the “*labour segmentation*” within and across enterprises. In other words, examining the opportunities and restrictions on labour mobility within firms;
- the *patterns of labour turnover* and their implications for productivity, as well as the factors that determine the rate of labour turnover;
- *labour flexibility in its various dimensions* and the extent of these practices in different types of firms and sectors;
- the *role of labour legislations* in determining recruitment practices, skill development, and the level and structure of employment;
- *gender preferences* in recruitment, work conditions and opportunities for advancement;
- labour relations mechanisms (trade unions, collective bargaining, etc.) in operation, and their impact on the dynamism of establishments.

4.2 Ukraine People's Security Survey (UPSS)

Ukraine is one of the first countries in which the People's Security Survey was launched within the ambitious and comprehensive ILO Programme on Socio-Economic Security in

¹¹ For more information see: *Enterprise labour flexibility and security surveys (ELFS): A technical guide*. ILO, Geneva, 2004.

the World of Work. Since 2000, four UPSS rounds have been conducted so far. The UPSS-2004 covered 9,518 persons and its sampled population was fully representative at the national level. This survey is a unique statistical tool honed to measure the following labour-related forms of security:¹²

- basic needs security;
- income security;
- labour market security;
- employment security;
- job security;
- work security;
- skills reproduction security;
- representation security.

Of these, the last two stand out as being at the crux of a security that should encourage legitimate risk-taking and innovations while promoting society and social solidarity.¹³

4.3. Ukraine LFS-based Modular Decent Work Survey (UMDWS)

Again, like in the earlier cases, Ukraine was a pioneering country to test and apply the ILO methodology and conducted the LFS-based Modular Decent Work Survey (UMDWS) in September-October 2003. The survey covered 26,500 persons of working age and its results were blown up to the national total. The findings of the UMDWS covered the following eleven aspects of decent work:

- employment opportunities;
- unacceptable work;
- adequate earnings;
- decent hours;
- stability and security of work;
- combining work and family life;
- fair treatment in employment;
- safe work environment;

¹² For more information see: *People's security surveys (PSS): A Manual for training and implementation*. ILO, Geneva, 2004.

¹³ *Economic security for a better world*. Geneva, ILO, 2004.

-
- social protection;
 - social dialogue and workplace relations;
 - socio-economic context.

It can be seen from the above descriptions of the dimensions measured through the three surveys, that a number of them are cross-cutting and certain of them overlap or converge.

Importantly, many of the ILO *decent work* dimensions converge with the EU dimensions of *quality in work* that are listed in section 3.2. It should also be pointed out that most of the core ILO decent work statistical indicators (see Annex 1) were measured through the UMDWS.

4.4. Quest for data users

Unfortunately, so far the SSCU's unique flexicurity and decent work database has not been widely advertised and used. Typically, the findings of the abovementioned surveys have been analysed by the data producer itself, i.e. SSCU, the ILO and a few individual researchers and presented at national conferences or seminars for discussion. Therefore, even the analytical materials, produced in large measure to promote an intellectual exchange of views and ideas, have not received wide publicity.

In one of his earlier publications, the author noted that “systemic transformation of statistics is a function of transitional movement of economic restructuring”.¹⁴ Applying this empirical statement to the data user paradigm existing in Ukraine, and recalling the role of statistical governance in the European process, it is possible to say that **“the need for systemic use and analysis of statistics collected through modern statistical tools and adapted to a market economy should be part of the transition to a fully-fledged market economy”**.

5. Socio-economic security and decent work in Ukraine: Statistical findings

As has already been noted, certain dimensions covered by the three surveys conducted in Ukraine are overlapping, cross-cutting or largely converge. While the three surveys differ in concepts, coverage and methods of data collection, the similarities revealed should be used to the advantage of data users as they gain access to a richer gamut of statistics which can be better analysed, and relevant phenomena be better understood, through matching the various surveys' findings and comparing survey results with data collected from other sources.

¹⁴ *Statistics for emerging labour markets in transition economies: A technical guide on sources, methods, classifications and policies*. Igor Chernyshev with a contribution by Guy Standing. Macmillan Press Ltd, London and St. Martin's Press, Inc., New York.1997, p. 25.

A thorough and multifaceted analysis of the UELFS, UPSS and the UMDWS results was carried out by the State Statistical Committee of Ukraine and the ILO Socio-Economic Programme and duly documented in relevant reports.¹⁵ Based on those findings, an attempt is made in this chapter to make a series of assumptions about **certain** dimensions of socio-economic security and decent work in Ukraine.

5.1. Employment opportunities

The notion of *decent work* implies the existence of employment opportunities for all who are available for and seeking work. Therefore, an essential element of decent work is the extent to which a country's population is employed. Employment opportunities can be measured in a positive sense in terms of employment and labour force activity relative to the relevant population base. Employment opportunities can also be measured in a negative sense in terms of unemployment and underemployment and the lack of employment opportunities.

Out of the five widely available indicators suggested for measuring this dimension of decent work (see Annex 1), the following will be reviewed in this section:

- labour force participation rate;
- employment/employment-population ratio;
- unemployment rate.

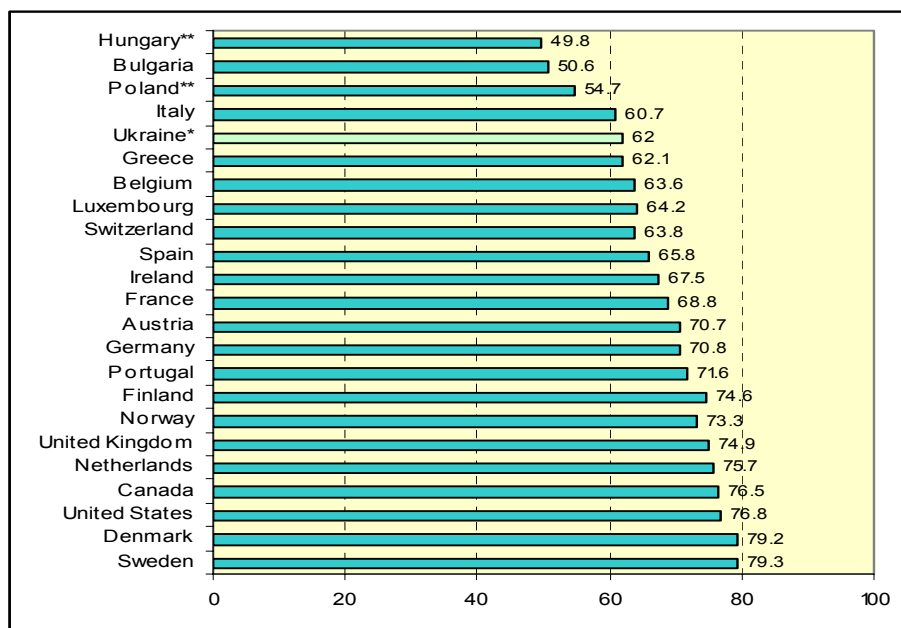
5.1.1. Labour force participation rate

The labour force participation rate measures the extent to which a country's working-age population is economically active. The labour force participation rate is an overall indicator of the level of labour market activity, and its breakdown by sex and age gives a profile of the distribution of the economically active population within a country.

During the period of 2000-04, the participation rates in Ukraine decreased from 63.5 per cent to 62.2 per cent but still remained at quite high level (see figure 1).

¹⁵ See at the end in the list of *References*.

Figure 1. Labour force participation rates by country (%), 2002 ¹⁶



* 2004.

** 2003.

5.1.2. Self-employed and unpaid family workers

In Ukraine, the proportion of self-employed in 2003 was around the level of Canada and Sweden (see table 2 below). In the same year, the share of unpaid family workers was about the EU average. It should be recalled that usually the above two categories of workers are not covered by social security nets and therefore belong to the population with high levels of decent work deficits.

Table 2 shows that there are large differences in status in employment among 18 countries. Greece has the greatest proportion of self-employed workers (32 per cent). At the other end of the scale, only 6.1 per cent of Luxembourg's labour force is self-employed.

While the share of the labour force represented by unpaid family workers is generally very low, the highest percentages are found in Greece (8.2 per cent), Italy (4.2 per cent), Belgium (2.5 per cent) and Austria (2.5 per cent). The proportion of unpaid family workers in Ukraine is quite low: 1.5 per cent.

¹⁶ See: *How Canada stacks up: The quality of work – An international perspective*. Canadian Policy Research Network Inc. Dec. 2003.

Table 2. Status in employment by country, 2002

Country	Employees (%)	Self-employed (%)	Unpaid family workers (%)
Sweden	90.0	9.7	0.3
Denmark	91.1	8.1	0.8
United States	92.6	7.3	0.1
Canada	90.1	9.7	0.2
Netherlands	88.5	10.9	0.6
United Kingdom	87.8	11.3	0.9
Finland	87.0	12.5	0.5
Portugal	73.4	24.5	2.1
Germany	89.1	10.1	0.9
Austria	86.8	10.8	2.5
France	91.1	8.9	...
Ireland	81.9	17.1	1.1
Spain	80.2	17.9	1.9
Luxembourg	93.9	6.1	...
Belgium	82.2	14.6	3.2
Greece	60.2	31.6	8.2
Ukraine (2003)	87.6	9.6	1.5
Italy	77.6	23.9	4.2
EU average	88.0	14.5	1.9

5.1.3. Unemployment

The unemployment rate measures the number of unemployed persons as a percentage of the labour force. According to the ILO recommendations, persons are classified as unemployed if they were not employed or had not worked for even one hour in any economic activity (paid employment, self-employment, or unpaid work for a family business or farm), were available for work, and had taken active steps to seek work during a specified recent period (generally the past week).

In the period of 2003-04, the Ukrainian unemployment rates dropped from 9.1 per cent to 8.7 per cent and approximated the EU15 average, which was 8.0 per cent in 2004.¹⁷ It should be noted that the EU25 average unemployment rate took the uphill turn when the new ten countries joined the EU in May 2004. The following countries account for the highest unemployment rates in the EU25: Poland (19.1 per cent), Slovenia (16.6 per cent), Lithuania (11.7 per cent) and Latvia (10.5 per cent).¹⁸ For reference, in 2004, the unemployment rate of FYR of Macedonia was 36.7 per cent.

5.1.4. Gender equality

Similar to the situation observed in the 15 countries of the EU, Canada and the United States (further referred to as EU15+2), women consistently represent less than half of the labour force in Ukraine. Nevertheless, their proportion of 48.9 per cent remains slightly higher than in Sweden (48.0 per cent), the country that boasts the highest share of women

¹⁷ Source: *Eurostat labour market trends*. July 2004, p. 286.

¹⁸ *idem*.

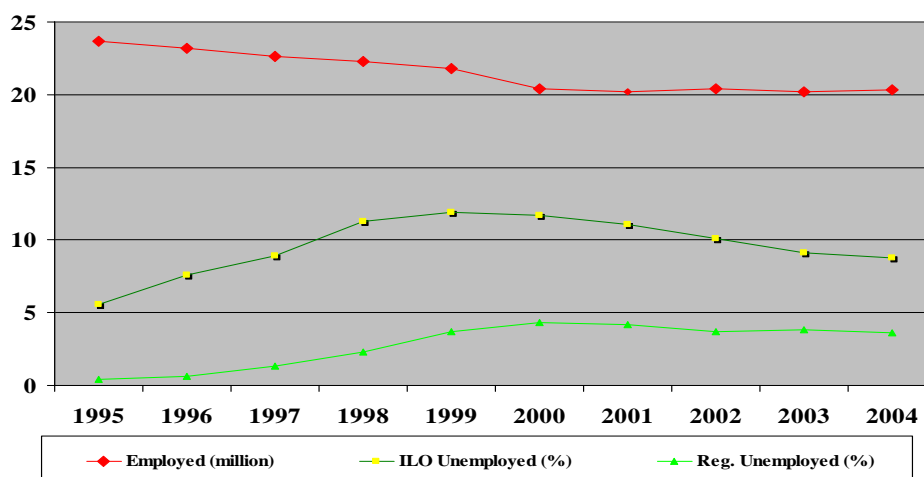
in the labour force among the OECD countries. However, when comparing the participation rates of women, Ukraine with its 52.6 per cent plummets to the 15th rank joining Spain, Italy and Greece, closing the above EU15+2 list of countries.

5.1.5. Real or virtual opportunities?

The above indicators appear to imply that employment conditions evolved rather favourably in Ukraine. The only “D flat” is the low participation rate of women. But is this really true? Let us try to assemble various pieces of the puzzle and see whether we have enough information to reproduce a more realistic picture.

According to figure 2 presented below,¹⁹ between 1995 and 1999, the labour force dynamics showed a pronounced inverse correlation between the level of employment and the ILO unemployment rates. However, beginning 2000, the ILO unemployment rates declined while the level of employment remained practically constant.

Figure 2. Employment opportunities: Patterns of change



1

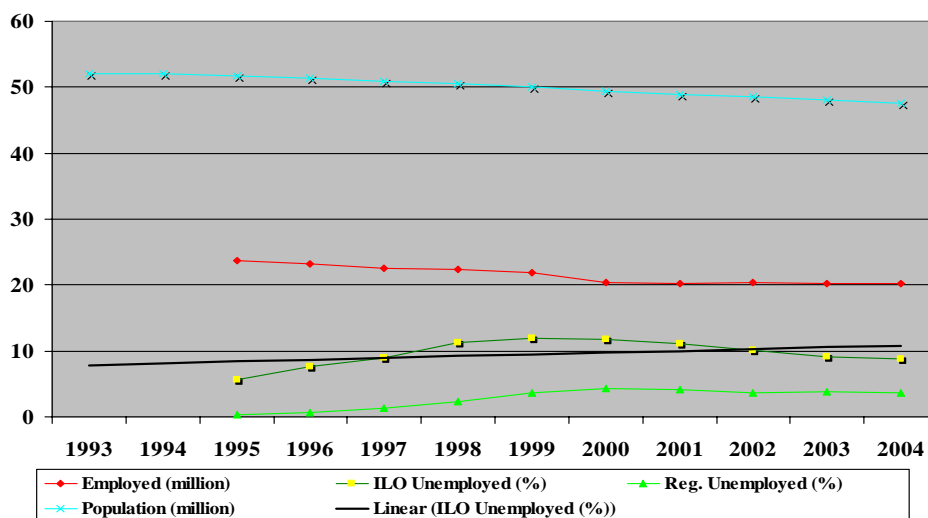
In order to have a better idea of whether or not the above developments have brought any important change to employment opportunities in Ukraine, it is proposed to study the patterns of labour force behaviour within the context of the demographic situation in Ukraine.

Figure 3 below clearly shows that since 1994 the Ukrainian population has been continuously shrinking. It is interesting to note that beginning in 1999, the fall in the ILO unemployment rates almost mirrored the pattern of the population decrease, while the level of employment, as indicated above, remained almost unchanged. It is also worthwhile noting that while between 1993 and 2004 the total population fell by 8.1 per cent, the working-age population diminished by a mere 2.1 per cent during the same period, i.e. it still provided an important reserve of labour supply. Furthermore, during the period of

¹⁹ Source: *Statystychni Shchiorichnik Ukraïny, 2000 and 2003* (Statistical Yearbook of Ukraine); email from the State Statistical Committee of Ukraine dated 4 April 2005.

2000-04 the ILO unemployment rates dropped by 3.1 per cent and the number of economically inactive increased by 2.2 per cent.²⁰

Figure 3. Population versus labour force



2

Against the background of the above changes in the demographic profile and economic activity patterns, the employment activity rates flashed several feeble reanimation blips, while the labour force participation rates edged down from 63.5 per cent to 62.0 per cent.²¹

As if emitting a signal that something was brooding behind the labour force developments described above, the ILO unemployed linear trend (see figure 3) shows an inverse move to the dropping population and labour force curves. By way of confirmation of this disturbing trend, the UELFS 2004 reported that when asked *With what part of the available production workers the enterprise would be able to produce the same level of output?* managers responded that they could cut 16-17 per cent of their workforce. Furthermore, the UELFS revealed that about 30 per cent of industrial workers had too little work to do during the two weeks preceding the survey.²² On top of that, the survey reported that the enterprise capacity utilization rate was only 57.9 per cent.

Stemming from the above, it seems reasonable to assume that as compared to 1999 – the year with the highest ILO unemployment rate – the Ukrainian population witnessed little change in its employment opportunities per se. The aforementioned factors indicate that the falling unemployment rates have largely followed the negative population growth pattern rather than emanating from the creation of an important number of new jobs and the emergence of better employment opportunities.

²⁰ Source: *Statystychni Shchiorichnik Ukraïny, 2000 and 2003* (Statistical Yearbook of Ukraine); email from the State Statistical Committee of Ukraine dated 4 Apr. 2005.

²¹ idem.

²² See: Khan, Azfar and Zsoldos, Laszlo. *Has enterprise restructuring weakened workers' security? Findings from the UELFS 1994-2004*. ILO, Geneva, Apr. 2005.

5.2. Adequate earnings and productive work

For many people, the most important characteristic of work is pay, and the principle of an “adequate living wage” is mentioned in the preamble to the ILO Constitution. Nearly all individuals who work or seek work do so in order to earn an income and to ensure their economic well-being and that of their households. Besides providing adequate income in the static sense of a decent rate of pay, decent work must also address the dynamic aspects of continuing to provide adequate income. One dynamic aspect of decent work is whether individuals are able to improve future work and income via training and further education.

In terms of indicators, adequate pay can be measured directly by an indicator on rate of pay or inversely, through inadequate pay rate (e.g., percentage of employed below half of median of absolute minimum, whichever is greater, by status in employment). Also, another indicator suggested is to measure training as a proxy for future employment opportunities.²³

However, it is suggested that in the case of Ukraine the above indicators are insufficient to provide a comprehensive picture of the inequalities and deprivations that exist in Ukrainian society, but usually escape from conventional statistical observations. It is therefore proposed to supplement the measures of this dimension of decent work with the following two additional proxies for inadequate pay and productive work: wage arrears and size of the Ukrainian middle class.

5.2.1. Inadequate pay rate

The emphasis in this section is placed on the percentage of workers with low pay, since it is felt that this is more appropriate for measuring and monitoring decent work deficits than is an indicator of average levels of pay.

In order to clearly distinguish between the rate of pay and the amount of work performed, it has been suggested that the indicator be formulated in terms of hourly earnings, defined as rate of gross earning²⁴ for one hour of work. It has also been argued that a convenient measure of adequate pay for statistical purposes is a relative measure, defined as half of the median value of the distribution of hourly pay among wage and salary workers.²⁵ Hence, time-related employees whose hourly pay is lower than this value are considered as low pay.

According to the UMDWS data, cross-checked with register reports, the median hourly pay was calculated to be 1.93 hryvnya²⁶ (see figure 4 below). Thus, half the median is UAH0.97 per hour, a value that corresponds to UAH7.8 per day (8 hours working day),

²³ For more information see: Anker, R.et. al. *Measuring decent work with statistical indicators*. Policy Integration Department, Statistical Development and Analysis, Working Paper No. 2. International Labour Office, Geneva, Oct. 2002.

²⁴ See resolution concerning an integrated system of wages statistics, adopted by the Twelfth International Conference of Labour Statisticians (October 1973), paras. 8-10, in *Current international recommendations on labour statistics 2000 Edition*, ILO, Geneva, 2000, pp. 44-45.

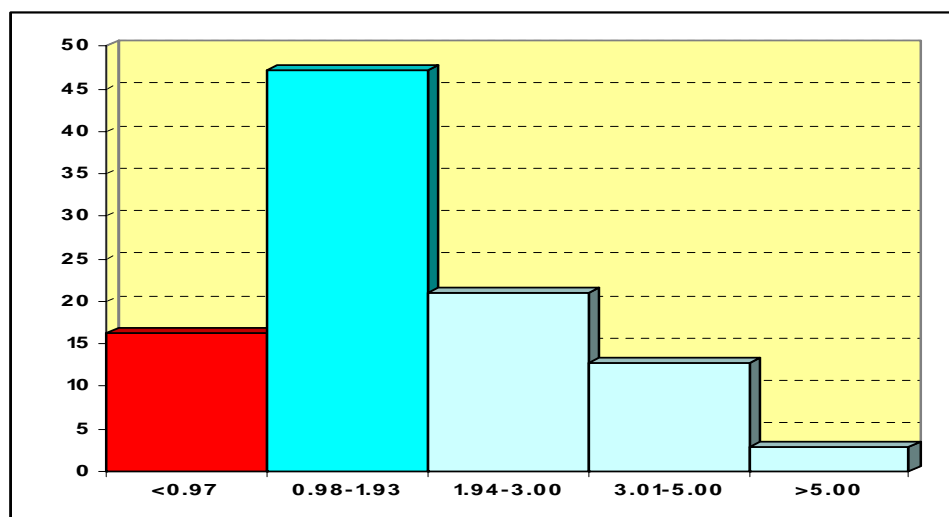
²⁵ Anker, R.et. al. *Measuring Decent Work with Statistical Indicators*. Policy Integration Department, Statistical Development and Analysis, Working Paper No. 2. International Labour Office, Geneva, Oct. 2002, p. 23.

²⁶ US\$1 = UAH5.0215, as of 27 Apr. 2005.

which in turn corresponds to about US\$ 1.6. Figure 4 further shows that over 16 per cent of workers were low paid and earned less than US\$ 2 a day. This data also means that low paid workers receive UAH187 per month (UAH7.8 x 24 working days), which is significantly less than the minimum wage established at UAH290.²⁷

The occupational distribution²⁸ of low-paid workers reveals that the lowest percentage of low-paid workers is among professionals (5.0 per cent) and legislators, senior officials and managers (6.3 per cent), and the highest incidence is registered among skilled agricultural and fishery workers (53.7 per cent), and service workers and shop and market sales workers (21.8 per cent).

Figure 4. Hourly pay distribution: Wage and salary workers in main job (in hryvnya)



5.2.2. Wage arrears

It is instructive to mention that during the period of 1994-2000, one of the most notable aspects of the Ukrainian labour market was that many firms and enterprises were unable to pay their wages, or at least had such difficulty in doing so that they were delaying payments or were paying only part of them.²⁹ Since then, the situation has much improved. However, as found in the UPSS 2004, about 30 per cent of surveyed persons still reported that either they had not received or had only partially received their wages over the past three months (see figure 5).

With the above in mind, it is proposed that in countries like Ukraine³⁰ that the proportion of unpaid wages or wage arrears be used as a supplementary proxy indicator measuring the inadequacy of pay.

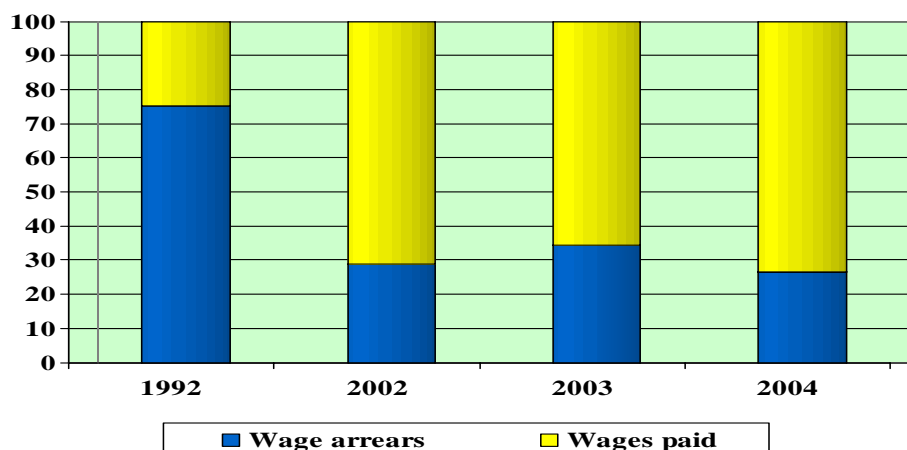
²⁷ Information as of Apr. 2005.

²⁸ ISCO-88 major groups.

²⁹ See Standing, Guy and Zoldos László. *Workers' insecurities in Ukrainian Industry: The 2000 UELF*. ILO, Apr. 2001.

³⁰ Refers mainly to the CIS countries.

Figure 5. Ukraine: Wage arrears, 1992-2004



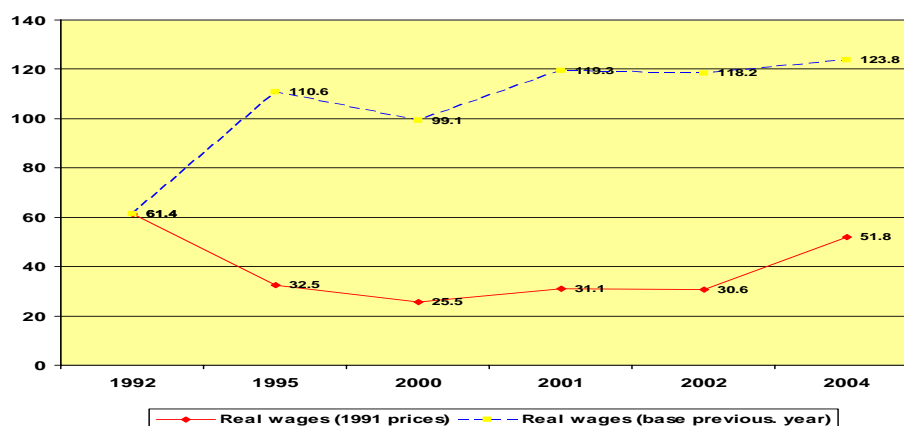
Source: UPSS-1992, 2002, 2003 and 2004.

5.2.3. Real wages

It should be recalled that in early 1990s, the Ukrainian economy plunged into what might be described as hyper stagflation in which output shrunk by 50 per cent (prices of 1991) and in which inflation in 1993 alone was over 10,000 per cent. Notably, 1991 was last year when Ukraine was part of the Soviet Union and since then it has been used as a benchmark year for measuring the country's economic performance. It is advisable, therefore, as in the case of wages, to analyse measures of adequate pay against the background of real wage growth both in current and 1991 prices (see figure 6 below).

Figure 6 shows that while in 1992, the above two measures were equal and accounted for 61.4 per cent of wages and salaries registered in 1991, the monetary increase of wages and salaries in the following years has not been able to compensate for the loss in purchasing power of the Ukrainian population caused by inflationary processes of the 1990s.

Figure 6. Ukraine: Real wages in base year and 1991 prices



5.2.4. *Ukrainian middle class*

The existence of a sizeable middle class is the backbone of a stable society as much as small and medium-size enterprises are the main source of employment in a market economy. Looking back at the years of transition, it can be concluded that the majority of the transition economies passed through periods of deep economic crises, depression and/or stagnation. This in turn resulted in massive impoverishment of their populations. It should also be noted that during certain periods in the above countries 5-10 per cent of their population was classified as rich and very rich, 10-20 per cent as well-off/“middle class” and up to 70 per cent poor and very poor. In contrast, it can be seen that in developed market economies, although wealth was not distributed evenly, the percentage of persons under the “middle class” umbrella was in the magnitude of 50-60 per cent.

With the above in mind, it should be recalled that while at the beginning of the 1990s, Ukraine as a country was lacking in dynamism, it did have a strong middle class (up to 70 per cent) as well as functioning institutions. By the end of the decade, however, as a consequence of inconsistent social and economic policy carried out by constantly changing governments³¹, the State could no longer pay decent pensions and factories could no longer meet payrolls because of the disruption of internal trade, and millions of Ukrainians found themselves impoverished. “Price reforms” led to massive inflation and wiped out family savings accounts virtually overnight.

With the above information in mind, it seems logical and necessary to take a look at the share of the population associating themselves with the “middle class” social group when measuring the adequate earnings component of decent work in Ukraine.

The UPSS-2002 and 2004 asked a question about an individual’s perception of belonging to one of the following specific social groups in Ukrainian society, leaving the person the choice of her/his own criteria for such a judgement:

In your opinion, according to the standards existing in your society, to which social group do you think you belong?

1. Very rich.
2. Well-off.
3. Middle class.
4. Not rich.
5. Poor.
6. Difficult to say.

The UPSS-2004 data revealed that in 2004, 16.2 per cent of the population recognized themselves as belonging to the middle class. As for the poor, they accounted for 32 per cent, with not well-off approaching 46 per cent. Thus leaving 0.6 per cent to those who identified themselves as being rich and very rich. Notably, as compared to other questions, this question had the lowest share of persons interviewed who responded with *Difficult to say* (5.3 per cent).

A special note should be made of the fact that between 2000 and 2004, the share of people who identified themselves as “middle class” increased from 9.2 per cent to the above noted 16 per cent.³² This impressive performance should however be analysed with care and in the context of the Ukrainian understanding of “middle class”, which is largely based on the notion of income share and purchasing access to luxury items rather than a balanced

³¹ Between October 1990 and May 2001, ten Prime Ministers were replaced in Ukraine. As of September 2005, Ukraine has the 14th Prime Minister since its independence declared in August 1991. *Uriadovyi portal: Kerivnyky uriadiv Ukrainy* (Governmental Portal: Heads of the Ukrainian Governments): <http://www.kmu.gov.ua>

³² See: Kalachova, Iryna. *Соціально-економічна захищеність: основні підсумки 4 раунду обстеження* (Socio-economic security: Principal findings of the fourth UPSS round). Kiev, 2005.

evaluation of occupational categories combined with educational attainment and income share. If the latter “definition” were used, it would most probably reveal the yawning gap between the “intellectual” middle class in the realm of 60 per cent and the abovementioned “income share” middle class (16.2 per cent). It is this gap that continues to push thousands of diploma engineers and hundreds of medical doctors to work as taxi drivers or salesmen to earn higher incomes in order to make ends meet at the end of each month.

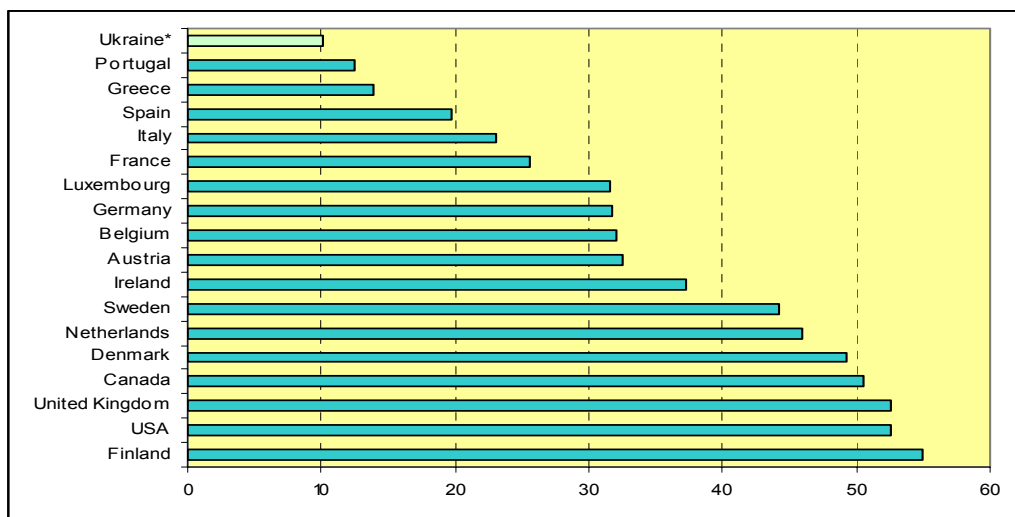
5.2.5. Training

Training and education are forms of investment in human capital since they improve skills and increase the likelihood of future employment and remuneration. Workers see training as a pathway to career development and higher future earnings. Employers expect to benefit from the higher productivity that training gives their employees. Participation in job-related training may thus be regarded as an indicator of decent work and future earnings and its provision or subsidy by an employer would be one element of a decent job.

This aspect of decent work can be measured by the percentage of employees who participated in job-related training provided or subsidized by an employer over the last 12 months. The scope of the indicator is limited to employees, although it could be extended to the self-employed where appropriate.

Comparing results of the UELFS 2004 and the Ukraine Modular Decent Work Survey (UMDWS), with ratios presented in figure 7 below, it becomes evident that among the listed EU15+2 countries Ukraine has the lowest incidence of employer-sponsored/organized training. True, the ratio from the UMDWS of 10.1 per cent is higher than that of 5.6 per cent found in the UELFS but it should be noted that while the former is part of the regular LFS and covers all the population groups, the latter covers only persons employed in industrial enterprises. In this respect, the UELFS gives a better estimate of the availability of job-related training for Ukrainian workers.

Figure 7. Percentage of persons participating in job-related education or training during the previous year, 2002 ³³



* 2003

³³ Source: *How Canada stacks up: The quality of work – An international perspective*. Canadian Policy Research Network Inc. Dec. 2003. Ukraine: UMDWS.

Furthermore, looking at table 3 it becomes evident that the situation regarding the training of Ukrainian women should be an issue of growing concern. This is so because, according to the UELFS 2004, the share of women who participated in any kind of job-related education or training was only 2.2 per cent, showing a spectacular dive from 40.8 per cent reported during the UELFS 1995. Furthermore, even this percentage was about three times inferior to that applicable to males.

Table 3. Percentage of persons participating in job-related education or training during the previous year by gender, 2002 ³⁴

Country	Male	Female
Austria	35.1	29.5
Belgium	32.0	32.1
Canada	49.9	51.3
Denmark	47.0	51.7
Finland	55.8	54.1
France	26.9	24.0
Germany	32.6	30.6
Greece	13.2	15.0
Ireland	38.0	36.3
Italy	21.6	25.1
Luxembourg	32.3	30.3
Netherlands	47.7	43.6
Portugal	12.1	12.7
Spain	18.8	21.5
Sweden	41.8	46.7
Ukraine (2004)	6.3	2.2
United Kingdom	54.7	50.1
United States	51.8	53.5

5.2.6. **Career opportunities and job satisfaction**

The assumption that individual perceptions of career development opportunities and job satisfaction fully correlate with the quality of work performed and productive employment, led to these two aspects being measured through the UPSS and UMDWS. Notably, despite the differences in coverage and methodology, the findings of the above surveys on career opportunities yielded the same results. The overwhelming majority of respondents replied that they had received no promotion in the past five years; over 50 per cent felt that they would have no chance of being promoted in their present job during the next 12 months and every tenth person expressed the fear that he/she could be downgraded at the initiative of the employer during the following year.

As for job satisfaction, the UPSS revealed the following: over 65 per cent of employed persons were dissatisfied with their wages; more than 20 per cent were not happy with the nature of work performed; about 30 per cent considered that they enjoyed limited autonomy at their workplace, and about 30 per cent saw no prospective opportunities to improve their skills.

5.2.7. **Skills match**

To address the issue of skills match, the UPSS asked workers the following question: *In your opinion, to what extent does the level of your profession skills correspond to the work performed?*

³⁴ idem.

The majority of Ukrainian workers (69.7 per cent) feel that their skills match their current job but when compared with the EU15, Canada and the United States, Ukraine finds itself at the very bottom of the list (see table 4). Indeed, the variation across the EU15+2 shows that workers in Finland are most likely to report feeling that their skills match their current jobs (92.3 per cent), while those in the United States were least likely to indicate a good match (75.7 per cent).

Table 4. How well workers feel the level of their professional skills matches the job performed, 2002 ³⁵

Country	Skills match ratio (%)
Austria	84.9
Belgium	86.7
Canada	80.3
Denmark	91.4
Finland	92.2
France	83.5
Germany	87.1
Greece	84.1
Ireland	82.4
Italy	81.5
Luxembourg	79.4
Netherlands	85.5
Portugal	89.2
Spain	84.8
Sweden	85.3
United Kingdom	81.0
United States	75.7
Ukraine (2004)	69.7

Also, it may become a growing issue of concern that according to UPSS-2004, every ninth Ukrainian worker reported that either her/his skill level or occupational qualification did not match the nature of the work performed. In fact, the percentage of workers who reported feeling overqualified in Ukraine (8.5 per cent) was higher than the average for the above noted EU15+2 countries at 7.8 per cent. ³⁶

5.3. Decent hours

In contemporary terms, at least four aspects of decent work can be linked to hours of work. Excessive hours and asocial hours can be detrimental to physical and mental health and they impede the delicate balance between work and family life. Excessive hours are frequently also a signal of inadequate hourly pay. Short hours on the other hand can indicate inadequate employment opportunities.

This section will review the situation in Ukraine with respect to *excessive hours of work* and *involuntary part-time employment* or time-related underemployment.

³⁵ Source: *How Canada stacks up: The quality of work – An international perspective*. Canadian Policy Research Network Inc. Dec. 2003. Ukraine: UELFS 2004.

³⁶ See: *How Canada stacks up: The quality of work – An International perspective*. Canadian Policy Research Network Inc. Dec. 2003.

It should be noted that while the share of workers with excessive hours is a useful indicator of several aspects of decent work, in the case of Ukraine, the share of persons on administrative leave (i.e. leave initiated by administration) could also be used as a proxy for measuring inadequate employment opportunities.

5.3.1. *Excessive hours of work*

The statutory duration of the working week in Ukraine is 40 hours. The UMDWS revealed that 30.1 per cent of employed persons worked more than 40 hours, and that there was practically no difference between the proportion of women and men working at this hourly cut-off. However, beyond this threshold the proportion is greater among men – 67.8 per cent (see table 5). It is considered that a person is working excessive hours if he/she works 49 hours or more. Table 5 shows the incidence of excessive hours of work in Ukraine.

Table 5. Ukraine: Share of persons with long hours of work, 2003

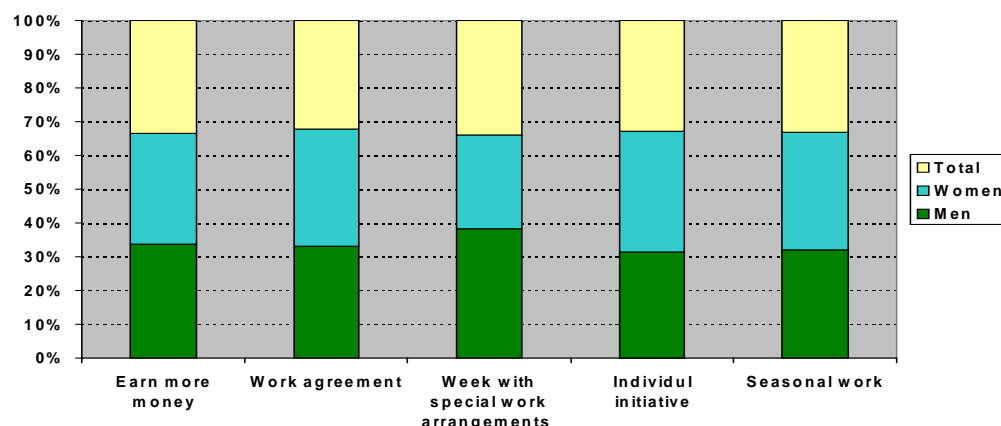
	49 hours and more (in percent)
Total	10.6
of whom:	
Women	38.2
Men	61.8

As follows from table 5, almost every ninth person employed works more than 49 hours per week. As for the age group distribution, the highest proportion of persons working long hours was observed among men in the age groups of 20-24 and 30-39 years old. It is worth noting that in Turkey and the United States the proportion of persons with excessive hours of work is higher than in Ukraine – 37.4 per cent and 18.6 per cent respectively.³⁷

The analysis of long hours of work by reason shows that the most important reason for working excessive hours is the desire to earn more money (see figure 8). Remarkably, while the share of women working long hours due to this reason is slightly lower than that of men (35.7 per cent and 36.5 per cent respectively), the percentage of the former is higher among those who responded that this was stipulated by their work agreement and as well as those who were doing this on their own initiative.

³⁷ See: Anker, R. et. al. *Measuring decent work with statistical indicators*. Policy Integration Department, Statistical Development and Analysis, Working Paper No. 2. International Labour Office, Geneva, Oct. 2002.

Figure 8. Long hours of work by reason



5.3.2. Involuntary part-time work

For virtually all workers, earnings are adequate only if a sufficient number of hours can be worked. From a macroeconomic perspective, underemployment is similar to unemployment. In short, the economy’s labour resources are under-utilized if employed people are working fewer hours than they desire. Labour statisticians have termed this phenomenon *time-related underemployment* and define it as a situation in which the “hours of work of an employed person are insufficient in relation to an alternative employment situation in which the person is willing and available to engage”.³⁸

The results of the UMDWS (see figure 9 below) indicate that in Ukraine, with the share of underemployed at 18.0 per cent and that of persons on involuntary administrative leave³⁹ at 2 per cent (see figure below and section 5.3.3), every fifth working person worked fewer hours than he/she was available for.

³⁸ Resolution concerning the measurement of underemployment and inadequate employment situations, adopted by the Sixteenth International Conference of Labour Statisticians (October 1998), op. cit., paras. 7-9.

³⁹ In the Ukrainian context, “persons on involuntary administrative leave” arises when the management tells the workers that they do not need to turn up for work but do not make them redundant. Under such circumstances the worker retains either a slim hope or real date of returning to normally paid employment

Figure 9. Time-related underemployment ⁴⁰

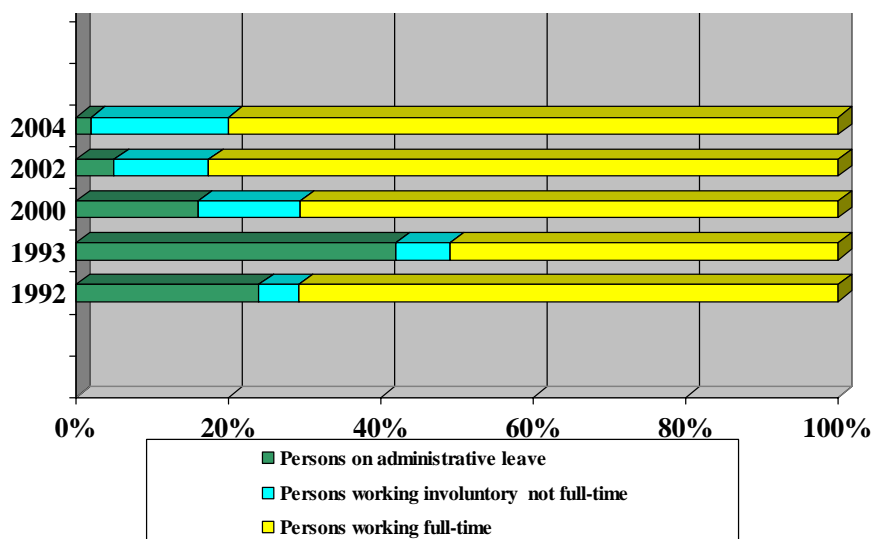


Table 6 (see below) clearly shows that the highest incidence of time-related underemployment was found among persons working in elementary occupations. Notably, across all occupational groups, the percentage of persons who responded that they were willing and available to work more hours was highest amongst those looking for 9-10 hours of additional work.

Table 6. Ukraine: Time-related underemployment by occupation, 2003 ⁴¹

	Percentage of persons who were willing and available to work more hours by number of extra hours they were seeking to work							
	Total	5 hours and less	6-8 hours	9-10 hours	11-15 hours	16-20 hours	21-25 hours	More than 25 hours
Total	18.0	2.3	1.7	5.9	2.1	4.5	0.4	1.2
Of whom by major groups:								
Legislators, senior officials and managers	12.4	2.1	0.7	4.2	1.6	3.1	0.1	0.6
Professionals	19.7	3.2	2.1	6.6	2.4	4.0	0.5	0.8
Clerks	16.5	2.1	1.5	5.9	2.0	3.9	0.4	0.7
Technicians and associate professionals	15.5	1.6	2.2	4.9	1.3	4.5	0.5	0.5
Service workers and shop and market sales workers	16.0	2.0	1.5	5.6	1.6	3.9	0.4	1.1
Skilled agricultural and fishery workers	15.1	1.6	1.4	4.1	1.8	5.0	0.5	0.7
Craft and related trades workers	19.9	2.8	2.1	6.0	2.4	4.8	0.6	1.2
Plant and machine operators and assemblers	17.5	2.0	1.8	5.8	2.2	4.3	0.4	0.9
Elementary occupations	22.2	2.0	1.7	6.8	2.4	6.3	0.4	2.6

⁴⁰ Source: UELFS 1994-2004.

⁴¹ Source: UMDWS 2004.

5.3.3. **Persons on administrative leave**

It should be noted that in the 1990s, one of the most common ways to avoid shedding labour and paying severance in the CIS countries was to resort to employer or administration initiated *administrative leave*. Using this “technique”, the management kept workers out of their workplaces without making them redundant, thereby saving both financial and production resources.⁴²

Also, managements were encouraged to resort to this practice by the wage tax, or the “tax-based incomes policy”, by which firms raising monetary wages above a certain amount were penalized by the imposition of a tax. By putting some workers on unpaid or partially paid leave the average wage was lowered, as was the wage bill, allowing workers actually working to be paid higher wages while simultaneously lowering the amount paid as wage tax.

These factors have led to an extensive use of administrative leave which has not only eroded workers’ income and employment security but also has proved to be economically inefficient because it restricts labour market mobility and gives an artificially inflated image of the level of employment. In Ukraine, for example, the managements of enterprises and firms responded to the economic slump by placing workers on “administrative leave”. Workers on administrative leave were mostly unpaid although in few cases they did receive something akin to a minimum wage income from the firm’s wage fund. For instance in 1993 the share of workers on administrative leave in Ukraine reached 42 per cent.

Although as indicated in figure 9 above, the situation has much improved in the last four years (2000-2004), the UMDWS 2004 and official statistical estimates of the State Statistical Committee continue reporting the incidence of this negative phenomenon.

5.4. **Stability and security at work**

Although individuals value job security, development and growth necessarily entail some degree of job insecurity that stems from the contraction or disappearance of occupations, firms and industries (and the growth or appearance of others). In addition, workers sometimes change jobs voluntarily. Job security as part of decent work must be understood in this context.⁴³

Since its definition involves a probability rather than an actual event, job security must be measured indirectly. Four types of job security indicators may be considered. First, an indicator of past employment stability, such as tenure (time on the present main job/work), is often considered to be a good predictor of future stability. Second, for employees a permanent/indefinite job is usually more secure than an explicitly temporary job. Third, a worker’s perception of his or her job security over a fixed horizon provides an indication of *future* employment stability. Fourth, the intermittency of a worker’s employment during

⁴² For more information see Standing, Guy and Zsoldos László. *Workers’ insecurities in Ukrainian industry: the 2000 UELF*. ILO, Apr. 2001.

⁴³ Decent work policies intended to improve job security should be concerned with protecting workers from bearing an unfair share of the economic risk inherent in economic activity or with assisting them in a transition to new work. Specific policies intended to directly improve job security may or may not conflict with growth. If they do conflict, the trade-off may, nevertheless, be deemed desirable by society

some past period longer than a reference week should generally predict a similar future pattern.

In the case of Ukraine, the following indicators are suggested: tenure less than one year (percent of employed persons who have held their main job/work for less than one year, by age, by status in employment) and temporary work (percent of employees who classify their jobs as temporary). In addition, another indicator on a worker's perception of her/his security over the next 12 months is used as a proxy for future employment stability.

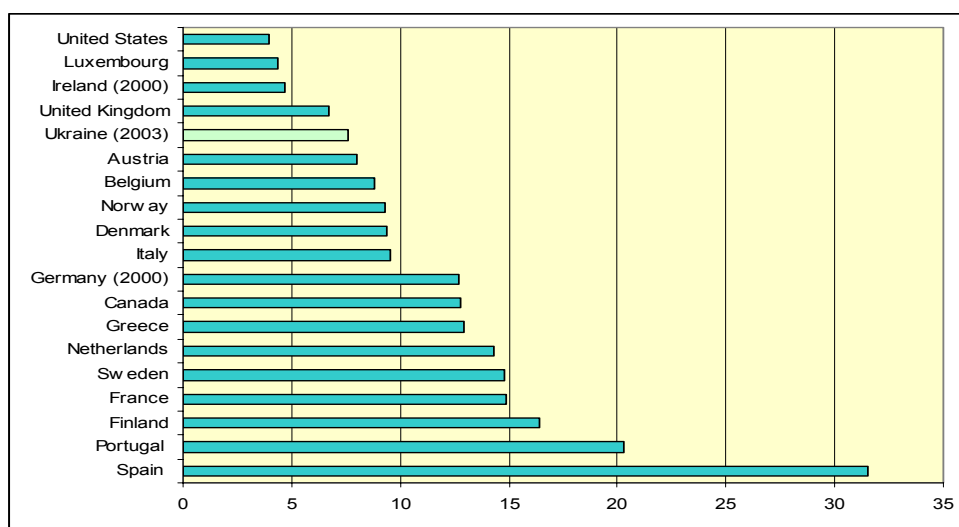
5.4.1. *Tenure with less than one year*

The UMDWS reports that the share of persons employed with tenure of less than 12 months was 4.0 per cent. Interestingly, women and men have the same rate.

5.4.2. *Temporary work*

Proceeding from the UMDWS and compared with EU15, Canada and the United States, Ukraine together with the United States, Luxembourg, Ireland and the United Kingdom had the lowest percentage of persons in temporary employment (see figure 10).⁴⁴ Remarkably, while on average in the EU15 the incidence of temporary employment is higher for women than it is for men, the opposite pattern is observed in Ukraine, 8.4 per cent of men being in temporary employment in contrast to 6.6 per cent of the case of women.

Figure 10. Share of persons in temporary employment, 2001⁴⁵



5.4.3. *Future stability*

In order to probe into how confident Ukrainian workers are about remaining in their current jobs, the UPSS and the UMDWS asked respondents to answer the following questions:

⁴⁴ See: *How Canada stacks up: The quality of work – An international perspective*. Canadian Policy Research Network Inc. Dec. 2003. Ukraine: UMDWS 2004.

⁴⁵ idem.

UPSS: *Thinking about the next 12 months, to what extent are you sure that you will not lose your current job or income generating activity?* UMDWS: *In your opinion, which of the following situations may happen to you in the next 12 months? Employer interrupts your contract before the expiry date. There is the possibility that you may lose your job.*

Instructively, the results of the two surveys look very similar and very alarming – 39.6 per cent and 37.2 per cent of employed responded that they believed they may lose their jobs in the next 12 months.

5.5. Balancing work and family life

In recent decades, reconciling work and family life has become a growing public policy concern in many countries. It has always been a gender equity issue, since women throughout the world have long since had the main responsibility for family care and household work. Many factors have led to the mounting pressure on government and businesses to include this aspect of decent work among their priorities. Probably the most important of these pressures for “family-friendly” work has come from the increasing participation of women in the paid labour market. Work-family issues do however extend beyond caring for children. Other family members sometimes require care.

Broadly speaking, there are three categories of family-friendly employment policies and issues: (1) job protection in the event a worker needs to be absent from work for an extended period for major family contingencies, such as maternity or childcare; (2) monetary benefits in the event of major family contingencies; and (3) day-to-day accommodation of workers’ needs to integrate their work and family lives through such factors as flexible hours and adequate childcare.

The following two indicators have been calculated for Ukraine: (i) percentage of workers who feel it is easy to combine their work and family life, and (ii) share of women aged 20-49 years with children under school age who find it difficult or rather difficult to balance work and family life.

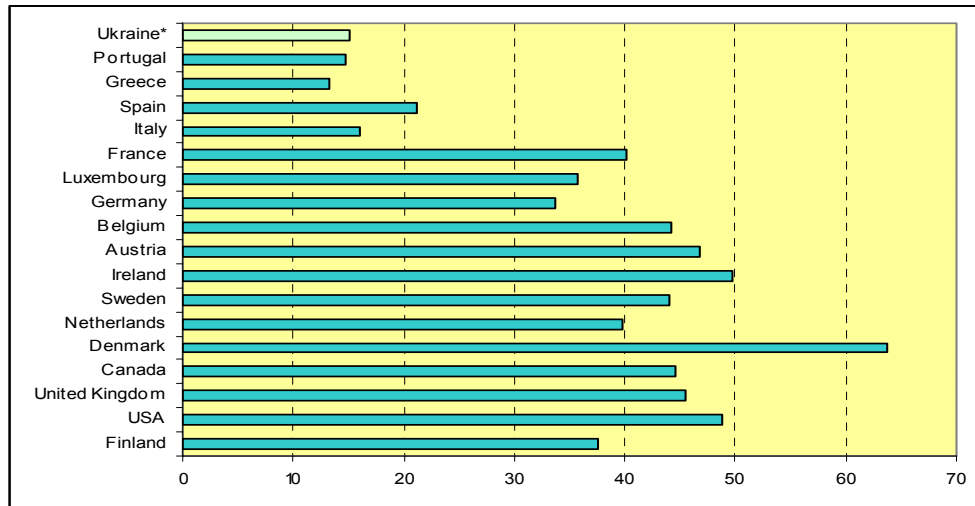
In addition, four proxy indicators were calculated: (a) right to maternity leave; (b) right to childcare leave; (c) right to extended childcare leave and (d) right to subsidies to attend pre-school educational establishments.

5.5.1. Percentage of workers who feel it is easy to combine their work and family life

The UMDWS collected information on what Ukrainian workers felt about being able to combine their work with family commitments. When compared with the EU15, Canada and the United States, the UMDWS’ findings indicate that Ukrainian workers were among the least likely to report that their work easily fitted in with family life (see figure 11 below). Furthermore, although over 40 per cent of Ukrainian workers answered that it was fairly easy for them to combine work and family life, another 40 per cent admitted that they found it difficult or rather difficult.

As for gender equality, the UMDWS’ findings show that on average the same number of women and men feel it is easy or relatively easy to balance work and family life – 60.9 per cent and 63.5 per cent respectively.

Figure 11. Percentage of workers who feel it is “easy” to balance work and family life, 2002 ⁴⁶



* 2003

5.5.2. **Women aged 20-49 years with children under school age who find it difficult or rather difficult to balance work and family life**

The UMDW results reveal that over 30 per cent of employed women aged 20-49 years with children below 5 years of age reported that they found it rather difficult to combine work with family responsibilities. Another 16 per cent responded that it was difficult for them to combine these responsibilities. Consequently, almost every second employed women in this age group reported difficulties in striking a balance between work and family life.

5.5.3. **Four proxies**

As regards the remaining four indicators (or proxies, see paragraph 5.5) the UPSS data show the following:

- 68.7 per cent of women interviewed responded that they did not have a right to maternity leave.
- 59.1 per cent of women interviewed reported that they did not have a right to childcare leave.
- 63.3 per cent of women interviewed revealed that they did not have a right to extended ⁴⁷ maternity leave.
- 94.0 per cent of women interviewed informed that they did not have a right to subsidies for pre-school educational establishments.

⁴⁶ Source: *How Canada stacks up: The quality of work – An international perspective*. Canadian Policy Research Network Inc. Dec. 2003. Ukraine: UMDWS 2004.

⁴⁷ In Ukraine, maternity leave consists of two parts: paid – nine months; and additional unpaid or extended leave up to three years.

5.6. Safe work

In general terms, safety and health at work is about conditions that preserve and promote the physical and psychological integrity of the worker.

A close relationship can be established between the objective conditions of safety and health at work, perceptions of such conditions, and the performance of persons at work. The nature of work as a coordinated set of activities carried out in specified conditions means that all work is exposed to some degree of risk. Risk comes in many forms – repetitive tasks, long hours, exposure to harmful substances, noise, psychological pressure, physical aggression and much more. The degree of risk varies according to occupation, economic activity, type of establishment, characteristics of workers, and so forth.

As has been mentioned earlier, this report is based on findings revealed by the three special statistical surveys conducted in Ukraine. With this in mind, indicators usually collected from administrative records and relevant other sources (e.g. fatal injury rate, labour inspectors) have not been analysed for the purpose of this study.

Conversely, the UELFS and the UMDWS were used to collect information on the following measures.

5.6.1. *Work-related accidents in industrial enterprises*

According to the UELFS 1994-2004, there has been a significant reduction in work-related accidents. Importantly, the drop in the number of accidents was registered across all branches of industry.

However, it should be noted that the proportion of industrial enterprises having labour committees/departments within their walls dropped from 95.5 per cent in 1999 to 47.3 per cent in 2004. This spectacular fall was accompanied by their replacement with *labour specialists*. Remarkably, the share of the above specialists was larger in private enterprises as well as in enterprises employing a smaller number of workers. This move has undoubtedly brought important savings to employers but begs the question as to whether it has also improved workplace security?

5.6.2. *Working conditions*

It should be noted that both the UMDWS and the UPSS had the same question: *In general, how safe do you consider your working conditions?* Notably, in spite of the difference in coverage, the two surveys yielded quite similar results. Thus, in the UPSS about 23 per cent of workers responded that their working conditions were either unsafe or very unsafe, and over 30 per cent of the UMDWS workers reported that their working conditions were equally unsafe.

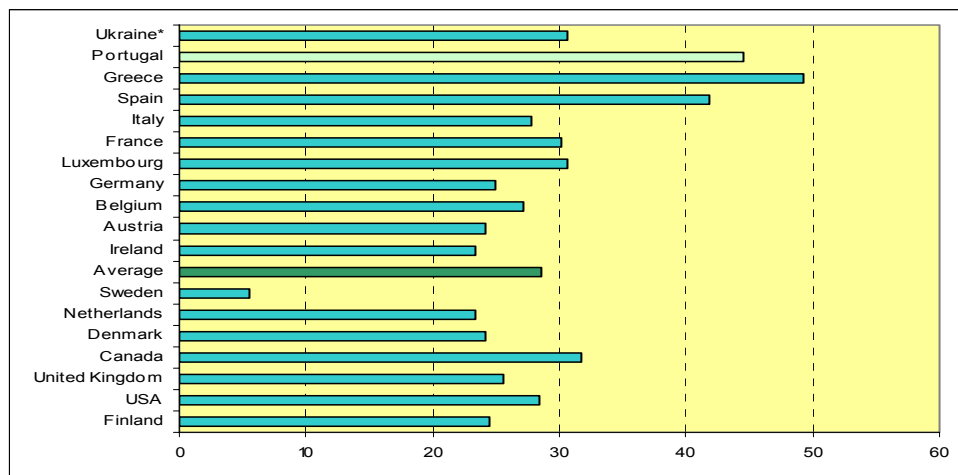
As compared to the situation in EU15, Canada and the United States, the percentage of workers who consider their working conditions unsafe is slightly higher in Ukraine than the above 17 country average (see figure 12) but is almost the same as in Canada and Luxembourg.

However, an excerpt from the Sub-Regional OSHE Experts Seminar for Trade Unions in Ukraine and Russia ⁴⁸ reproduced below indicates that in spite of the fact that official data report Ukrainian workers as having better working conditions than their colleagues in Southern Europe, the reality in such high-risk occupations as construction and mining proves to be not very bright:

“Concerning **safety**, major problems include:

- Pressure to keep accident insurance premiums for compensation as low as possible. The result is that there is a *reluctance to reveal the true extent of injuries and work-related diseases at enterprise level*, and the reported accident numbers should be at least 30 per cent higher. Covering up and under-reporting means that a proper analysis of the conditions leading up to accidents and diseases is problematic.
- *Insufficient OSH training*, both for workers and for labour inspectors. While the trade unions run courses, these are not adequate to meet needs. It was felt that trade unions rather than employers should take the lead in organizing training.
- *Obsolete machinery and depreciation of work equipment*. Although accidents are also due to *work organization* and observance of production deadlines rather than safe working methods.
- *Lack of personal protective equipment* provided by the employer. For example, it is estimated that only 65 per cent of miners are provided with personal protection equipment in Ukraine”.

Figure 12. Percentage of workers who feel their health or safety is at risk ⁴⁹



5.6.3. Occupational injury insurance coverage

The UMDWS was designed, *inter alia*, to collect information on the proportion of working persons covered by occupational injury insurance, as well as the share of employed to whom this insurance was granted by their employer.

⁴⁸ ILO Central and Eastern European Team. *Sub-regional OSHE Experts Seminar for Trade Unions in Ukraine and Russia* (4-6 July 2000, Kyiv, Ukraine), Proceedings. ILO-CEET, Budapest, 2000.

⁴⁹ Source: ERNAIS (2002) and ESWC (2000). Ukraine: UMDWS 2004.

The survey found that the share of persons covered by occupational injury insurance among wage workers and salaried employees was 84 per cent, of whom 63 per cent were granted insurance by their employer and 31 per cent had to pay for the insurance themselves.

5.6.4. *Invalidity pension*

The UPSS also provided the following proxy for the level of safe work – right of a working person to a pension or benefits in case of invalidity. Notably, 61.6 per cent of the surveyed population responded that they did not have such a right.

5.7. Social dialogue and workplace relations

An important dimension of decent work is the extent to which workers can express themselves on work-related matters and participate in defining their working conditions. This can be channelled through collectively chosen representatives or involve direct interaction between the worker and employer. The ability of workers to organize freely to defend their interests collectively in negotiations with the employer is a pivotal element of democracy at the workplace and the effectiveness of social dialogue.

For this study, the following three social dialogue indicators have been selected based in large part on data availability and feasibility: (i) trade union membership (TU) density rate, (ii) collective wage bargaining coverage rate; and (iii) strikes and lockouts. Another indicator of people's attitude towards trade unions was used as a proxy for possible future changes in TU density rates.

5.7.1. *Trade union density rate*

The UMDWS and the UPSS contained questions on whether or not a person is a member of a union organization at her/his main job.

The results of the two surveys gave different membership rates – 74.0 per cent and 50.9 per cent respectively. However, taking into consideration the difference in coverage and sampling procedures,⁵⁰ this discrepancy can be easily explained. Furthermore, based on the information presented below, it is quite realistic to assume that the truth must be somewhere in the middle, i.e. the TU density rate in Ukraine could be somewhere between 50.0 per cent and 60.0 per cent, which although remaining very high by international standards, is much lower than the official statistics claimed by the Federation of Trade Unions of Ukraine (see below).

5.7.2. *People's attitude towards trade unions*

While the UMDWS and the UPSS gave different results about TU membership, they yielded similar data on people's general attitude towards trade unions in Ukraine. The results are quite revealing – only 46.7 per cent of persons interviewed in the former survey and 49.1 per cent of those questioned in the latter responded that they had a positive attitude towards trade unions.

⁵⁰ See Chapter 4: Ukrainian social policy: Measuring tools and quest for data users.

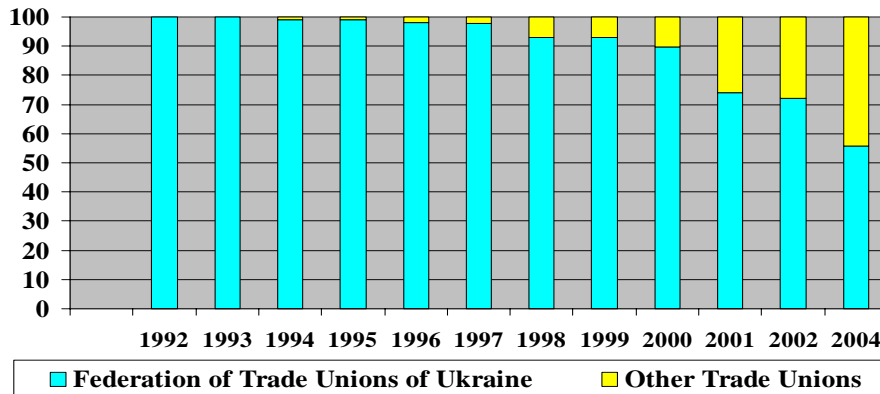
5.7.3. Trade union organizational belonging

It should be recalled that in the past Ukrainian trade unions reported 100 per cent membership with all members belonging to the Federation of Trade Unions of Ukraine (FTUU), which was the only custodian of the workers' right on union association in the country. This situation prevailed for some time even after Ukraine declared its independence in 1991.

However, the data in figure 13 show that the FTUU has lost its monopoly. The share of trade unions belonging to the FTUU shrank from 100 per cent in 1993 to 55.8 per cent in 2004 and the proportion of trade union organizations belonging to other TU federations increased threefold during the period of 2000-04.

In other words, the reality of today is that in order to safeguard their level of representation and equipollent position in the process of social dialogue, the Ukrainian trade unions have to strengthen their position. They need to demonstrate their ability to defend workers' rights in an environment characterized by growing internal competition coupled with the population's declining interest in their activities.

Figure 13. Industrial enterprises by trade union organization



5.7.4. Collective bargaining

Since wages are a pivotal element of the terms and conditions of employment, the number of workers covered by collectively negotiated wage agreements is a good indicator of the degree of participation and the relative strength of workers' organizations.

The UMDWS 2004 revealed that in 2003 the collective bargaining coverage rate was 74.1 per cent with women having slightly higher coverage than men – 74.7 per cent and 73.6 per cent respectively. As can be seen in table 7, from a comparative EU average, the collective bargaining rate in Ukraine is at the level of EU average, which is above 70 per cent. At 100 per cent, coverage reaches its maximum level in Slovenia. This is a consequence of the fact that businesses are obliged to be members of all encompassing “chambers” of commerce and industry which also act as employers' associations on behalf of their members in collective bargaining. For the same reason, Austria records a coverage rate of almost 100 per cent.

Table 7. Collective bargaining coverage of employees, 2000

	Coverage rate (%)			
	Country		Unadjusted	
	2000	2001	2000	2001
Austria	78	78	98	98
Belgium	>90	>90	>90	>90
Denmark	83	83	83	83
France	90-95	90-95	90-95	90-95
Germany	67	nd	nd	nd
Hungary	33	31	36	34
Luxembourg	50	48	60	58
Netherlands	nd	88	nd	88
Norway	70-77(a)	70-77(a)	70-77(a)	70-77(a)
Poland	nd	1	nd	nd
Portugal	87(b)	nd	87(b)	nd
Slovakia	51	48	51	48
Slovenia	100	100	100	100
Spain	75	68	91	81
Sweden	>90	>90	>90	>90
Great Britain	36	36	nd	nd
Ukraine	nd	nd	75.6	74.1 *

Sources: European Industrial Relations Observatory On-Line. European Foundation for the Improvement of Living and Working Conditions. Dublin, January 2002.

Ukraine: 2000 – “Statystychny Shchiorichnyk Ukrainy 2000” (Statistical Yearbook of Ukraine, 2000).

* 2003 – UMDWS 2004.

Note: adjusted = coverage rate adjusted for employee groups excluded from the right to bargain

It should be noted that from a historical perspective, the collective bargaining coverage in Ukraine has been steadily growing since its introduction in 1995 increasing from 66.7 per cent⁵¹ to the above 74.1 per cent.

5.7.5. Strikes and lockouts

One measure of the failure of social dialogue is the recourse to strike. However, the absence of strike action could also indicate the absence of the right to strike. With this caveat in mind, table 8’s data should be cautiously interpreted since from it may emanate conflicting signals about the evolution of the social dialogue process in Ukraine.

Table 8 shows that in a ten-year time span, the annual number of strikes diminished dramatically from 247 in 1995 to only 4 in 2004. However, this decrease in recourse to industrial action does not necessarily mean that social dialogue and workplace relations have improved proportionally in the reverse direction. For example, working conditions in Ukraine’s mining industry are among the most dangerous in the world with a very high number of miners killed each year.⁵² This ought to be an issue of special concern to their

⁵¹ State Statistical Committee of Ukraine. *Statystychny Shchiorichnyk Ukrainy 1997* (Statistical Yearbook of Ukraine, 1997). Kiev, “Ukrainska entsiklopedia” imeni M. P. Bazhana, 1999, p. 397.

⁵² According to the information revealed by various statistical sources, Ukraine’s mines are among the most dangerous in the world. Thus in 2001-2003, over 300 miners were killed annually on the average in Ukraine or about one miner a day. For information see: *Industrial Accidents Reports*, 2 August 2002. European Centre for Occupational Health, Safety and the Environment (ECOHSE);

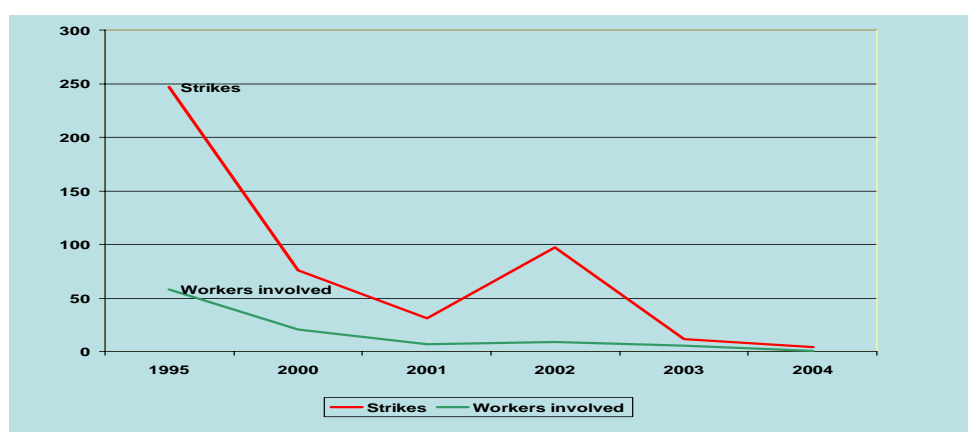
TU leaders and yet the figures in table 8 depict a different picture. There was only one strike in the mining industry in 2004 as compared with 97 in 1995.

Table 8. Ukraine: Strikes and workers involved by industry ⁵³

	Strikes			Workers involved (thousand)		
	Total	Industry		Total	Manuf.	Mining
		Manuf.	Mining			
1995	247	100	97	57.6	48.8	48.2
2000	76	36	34	20.6	19.4	18.5
2001	31	11	7	6.8	5.6	4.8
2002	97	5	4	9.3	2.1	1.8
2003	15	11	7	5.4	4.8	3.7
2004	4	2	1	1.0	0.5	0.5

The above situation of extremely low level of trade union mobilising activity and organisational initiative, in the context of a country where working conditions and pay rates are not always decent, may partially explain the reason why almost half of those interviewed in the UMDWS and UPSS responded that they had a negative attitude towards Ukrainian trade unions. This attitude is visually illustrated in figure 14 where the curb of workers involved in industrial actions does not follow the strike incidence curb and looks proportionally much less significant

Figure 14. Strike statistics: Ukraine, 1995-2004



5.8. Social and economic context of decent work

Up to this point, concern has been with the measurement of core elements of decent work. However, it is equally important to analyse the social and economic context within which decent work dimensions intervene and interrelate. Three aspects of this context could be considered: (i) socio-economic context, which may condition or affect the sustainability of decent work; (ii) socio-economic performance that the achievement of decent work might affect; (iii) aspects of employment composition that are needed to measure some decent work indicators.

and *Statistical Schiorichnyk Ukrainy 2003* (Statistical Yearbook of Ukraine, 2003). State Statistics Committee of Ukraine, Kyiv "Tehnika", 2004.

⁵³ Data received for the State Statistical Committee of Ukraine. Due to possible double count, the figures may not always be additive.

With the above in mind, the analysis of decent work dimensions in Ukraine should also include this element of the decent work paradigm. This section reviews the following two indicators: (i) inflation and (ii) income inequality.

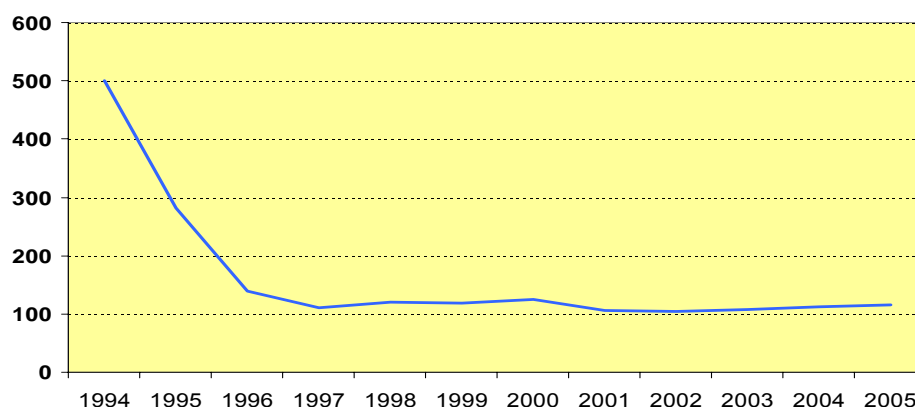
5.8. Inflation

The presence of high inflation, regardless of its cause, is a signal that the implementation of policies to improve decent work is likely to face an uphill struggle. A country's inflation rate bears on decent work in several ways. First, because of contractual, legal and customary considerations, the monetary value of wages is often fixed for a specific or indefinite period.

Secondly, the inflation rate is often a kind of “canary in the coal mine” with respect to the political economy of a country and is predictive of unsustainable government fiscal policies. Beyond a certain point, if a national government chooses or is forced to pay for expenditures by issuing money the result will be inflation.

Figure 15 indicates that in 1994, inflation began a steep retreat and fell from a giddy 501 per cent in the mid 1990's to a “relaxed” 4 per cent in 2002. However, due to rapid wage growth, increase in domestic demand and a less favourable harvest, inflationary pressures triggered a twofold inflation increase in 2003. In spite of a favourable macroeconomic situation, inflation continued its uphill march and reached 12.3 per cent in 2004, which practically neutralized the economic effect of industrial output growth registered for that year at 12.5 per cent.

Figure 15. Ukraine: inflation rates, 1994-2004



The inflation curve in figure 15, albeit timidly, continued to edge up through 2005 and it is likely that this trend will be maintained. One of the reasons being that, in line with its social programme, the Government of Ukraine is planning to continue to increase wages into the fourth quarter of 2005 with the objective of reversing the apparently awkward situation in which the minimum wage is lower than the minimum pension – UAH 290 and UAH 332 respectively.⁵⁴ Another reason for such a trend is the eventual repercussions on home prices from an accelerated removal of trade barriers, which is expected to take place in the wake of Ukraine's accession to the WTO. Ukraine is strongly committed to joining this organization by the end of 2005.

⁵⁴ Data of the State Statistical Committee of Ukraine.

5.8.2. Income inequality

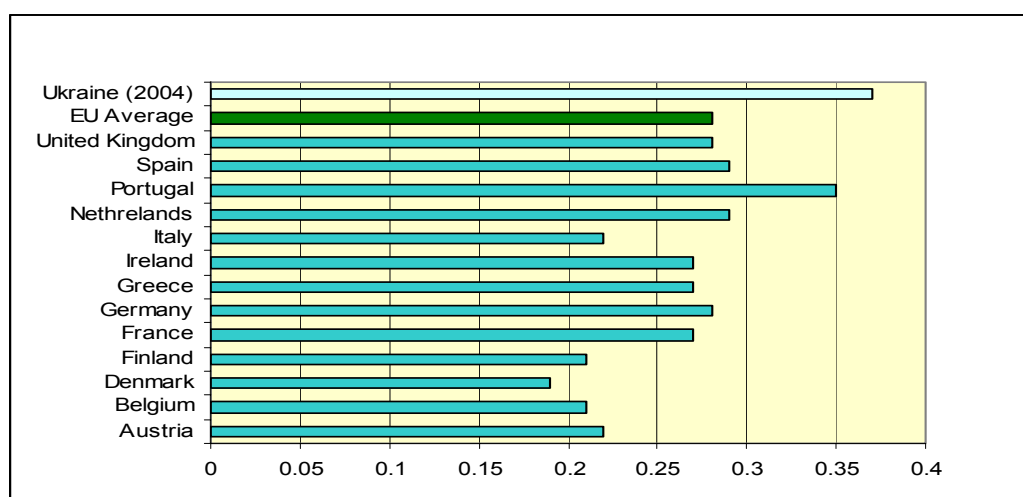
Decent work is intimately intertwined with income distribution and inequality. It is unlikely to be viable in a context within which the distribution of economic rewards is grossly unequal, with such inequality being indicative of socio-political resistance to decent work. Conversely, the distribution of economic rewards is unlikely to be grossly unequal where decent work prevails and decent work policies are believed to help reduce inequality. The details of the interplay between inequality and decent work in each country require attention to the specific situation of each country, but the broad outlines, both internationally and over time, can be captured in an index of inequality – the ratio of income or consumption of the top 10 per cent (ranked by income or consumption) to the bottom 10 per cent.⁵⁵

But before analysing the above index, this study first will provide an overview of the wage dispersion coefficient, since in the case of Ukraine it has the highest influence on other components of the Gini coefficient (see below section 5.8.3. *Index of inequality*).

Wage inequality

In 2003, the coefficient of wage dispersion in Ukraine was about 0.37.⁵⁶ A comparison with the EU countries is listed in figure 16 and it shows that Ukraine has the highest level of wage inequality followed by that of Portugal.

Figure 16. Gross wages, 2001⁵⁷



⁵⁵ The choice of income or consumption is based on data availability. See: World Bank, *World Development Indicators 2000*.

⁵⁶ *Ludski rozvytok v Ukraini: 2004 rik* (“Human Development in Ukraine in 2004”). National Academy of Science, Institute of Demography and Social Studies, State Statistical Committee of Ukraine. Kyiv, 2004, p. 56.

⁵⁷ Moisala, J. *Earnings in Europe: A comparative study on wages and income disparities in the European Union*. Labour Institute for Economic Research. Discussion Papers. Helsinki, 2004, pp. 20-21.

5.8.3. Index of inequality

In Ukraine, this is calculated on the basis of the ratio of disposable income of the top 10 per cent to the bottom 10 per cent and reveals the following results:⁵⁸

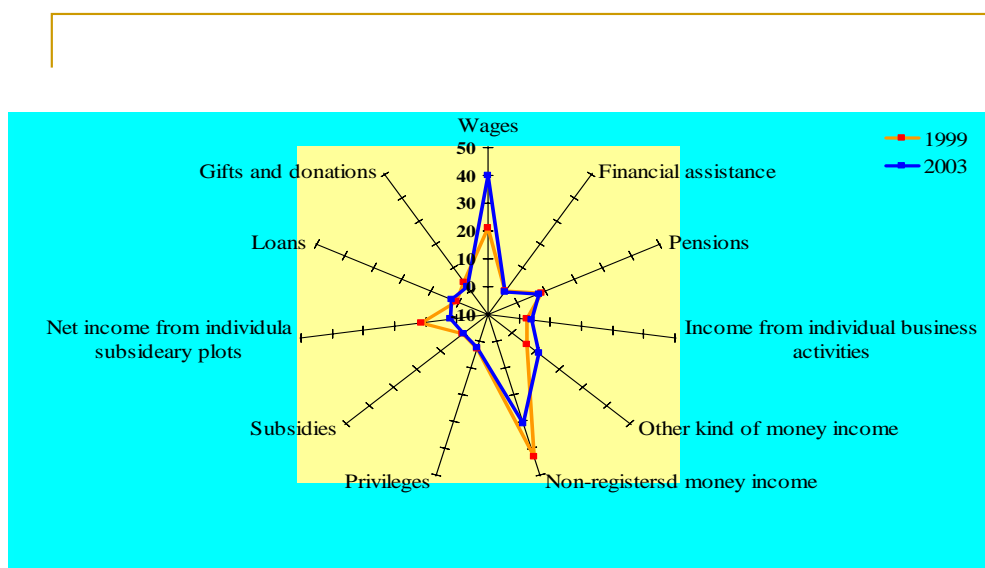
2002: Money income – 9.2
Total income – 6.8

2003: Money income – 9.3
Total income – 6.5

As for the Gini coefficient of disposable income, during 2002 and 2003 it remained at the level of 0.29.⁵⁹ The above results clearly indicate a recent positive trend in reducing income inequality among different socio-economic groups of the Ukrainian population.

Figure 17 shows the impact of various components of the Gini coefficient and its evolution between 1999 and 2003. Notably, the growing *wages* inequality had the highest effect on Gini's movement towards the value of 1 (increase from 20.9 per cent to 36.8 per cent). *Income from individual business activities* and *other types of money income* are two more components that gained on the inequality scale and progressed from 2.4 per cent to 3.3 per cent and 6.6 per cent to 11.1 per cent respectively.

Figure 17. Effects of various components on the Gini coefficient in Ukraine: 1999 and 2003



Source: "Ludsky rozvitok v Ukraini: 2004 rik" (Human Development in Ukraine, 2004).

⁵⁸ Information received from the State Statistical Committee of Ukraine.

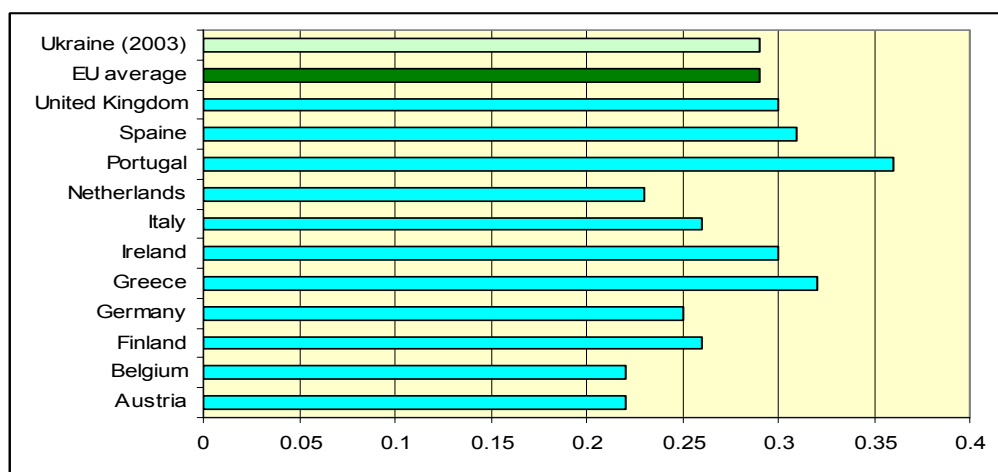
⁵⁹ idem.

Importantly, as follows from figure 17, in 2003 the share of wages in disposable income exceeded the share of income received from the informal or “shadow” economy. The latter is calculated as the difference between money expenditures and disposable income. Thus, while in 1999 the component of income from the informal economy⁶⁰ in aggregate Gini coefficient terms was 42.6 per cent, it shrank to 32.6 per cent in 2003.

As compared to EU countries, the value of the Gini coefficient for disposable income in Ukraine is at the level of the EU average (see figure 18). However, according to the available information, this apparently “decent” value of income dispersion is hiding the fact that up to now income received by some 80 per cent of the Ukrainian population has been lower than the subsistence minimum.⁶¹ Furthermore, the difference in income levels inside the above 80 per cent population cluster is minimal and this greatly diminishes the overall dispersion effects of the remaining 20 per cent of the population.

There are signs that the above situation may eventually change. Starting in 2005, a number of new, more diversified types of both money income and state social assistance allowances have been introduced for different categories of the population in Ukraine. As a result, the Gini coefficient may begin to better capture the difference in income levels and indicate a greater inequality among the Ukrainian population.

Figure 18. Gini coefficients by country, 2001⁶²



⁶⁰ In figure 17 income from the informal economy refers to non-registered money income.

⁶¹ Moisala, J. *Earnings in Europe: A comparative study on wages and income disparities in the European Union*. Labour Institute for Economic Research. Discussion Papers. Helsinki, 2004, pp. 23-24.

⁶² According to the information received from the State Statistical Committee of Ukraine.

Summary and conclusions

The objectives of this study were twofold: firstly, to discuss and compare the socio-economic security and decent work frameworks and to assess their relative worth; and secondly, to make an assessment of socio-economic security and decent work in Ukraine, the latter being based on assumptions and findings derived from the following statistical surveys: The LFS-based Modular Decent Work Survey, the Enterprise Labour Flexibility and Security Survey and the People's Security Survey, as well as selected macroeconomic indicators available from other sources.

In relation to the first objective, this paper demonstrates a high degree of convergence and overlap existing between the frameworks of socio-economic security and decent work – the former being largely complementary to the latter. Further, this study illustrated that in transition economies such as Ukraine, conventional statistical sources may not fully capture the diverse patterns of decent work or provide totally adequate measures for levels of socio-economic security. Alternative statistical data sources such as those mentioned above will need to be used.

Although the report's analysis demonstrates where Ukraine stands in the context of a cross-national comparison, its second objective was not to rank Ukraine on an international decent work scale, but rather to provide a clearer picture of the existence of decent work within Ukraine; i.e. which elements of decent work show higher deficits than perceived and where new deficits may become manifest in the future.

The report's major findings lead it to conclude that in Ukraine's world of work, deficits are manifest in all four areas of decent work – employment opportunities, social protection, social dialogue and rights at work. The report's findings that lead it to this conclusion are summarised below.

Positive developments in Ukraine since declaration of independence in 1991

- After declining markedly during the 1990s, Ukraine's real GDP growth has averaged 6.5 per cent in 2001-02 and showed the highest performance in Europe at 15.8 per cent and 12.5 per cent in 2003 and 2004 respectively.¹
- Inflation reached four-digit levels in the years following independence. It remained relatively high until 2000, but declined markedly in 2001-02, reflecting prudent monetary and fiscal policies, the stability of the currency and several years of good harvests.
- Labour force participation rate remains quite high and was 62.2 per cent in 2004. The unemployment approximates the European Union average (15 countries). The proportion of self-employed (1.5 per cent) is low and around the level of Canada and Sweden. The share of unpaid family workers is about the European Union average.²

¹ Here and below, source: State Statistical Committee of Ukraine.

² Here and below European Union refers to 15 countries: Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Portugal, Spain, Sweden and the United Kingdom.

-
- The proportion of women in the labour force is fairly high (48.9 per cent) and is similar to the situation in the European Union, Canada and the US,
 - The unemployment rate, using the ILO definition, grew to 11.9 per cent of the labour force in 1999 but has been steadily declining ever since and fell to 8.7 per cent in 2004.
 - A special emphasis should be made that between 2000 and 2004, the share of people who identified themselves with “middle class” increased from 9.2 per cent to 16 per cent.
 - In comparison with the European Union, Canada and the United States, Ukraine together with the United States, Luxembourg, Ireland and the United Kingdom has the lowest percentage of persons in temporary employment.
 - The share of wage and salaried employees covered by occupational injury insurance was quite high – 84 per cent; 63 per cent of whom were granted insurance by their employer, while 31 per cent had to pay for the insurance themselves.
 - With a collective bargaining coverage rate of 74.1 per cent, Ukraine is at the level of the European Union average.
 - There has been steady growth in real wages in recent years resulting in a positive trend towards reduced income inequality among different socio-economic groups.
 - Importantly, for the first time in 2003 the share of wages in disposable income exceeded the share of income received from the informal or “shadow” economy.
 - The value of the Gini coefficient for disposable income in Ukraine is at the level of the EU average.

Negative developments and trends

- After several years of spectacular GDP growth, with its spike at 15.8 per cent in 2003, beginning in 2004, the Ukrainian economy began to stumble with the GDP growth rate slowing down to 12.5 per cent. This negative trend continued, bringing the real GDP increase down to 3.7 per cent during the first seven months of 2005.³
- Although inflation declined remarkably from the early 1990s reaching a low level of 4.0 per cent, rapid wage growth, increase in domestic demand and a less favourable harvest rekindled inflationary pressures in 2003, at which point it doubled its 2002 level and reached 8.2 per cent. In 2004, inflation at 12.3 per cent hit another escalating record and, spilling over to 2005, stayed at 14.7 per cent in May.⁴
- Since 2000, a steady growth of real wages has been recorded. However, the monetary increase in wages and salaries has not been able to compensate for the loss in purchasing power caused by inflationary processes and the 1990s fall in industrial

³ *Monthly Economic Monitor Ukraine*, 2005. No. 59 Sept. 2005. Institute for Economic Research and Policy Consulting. www.ier.kiev.ua

⁴ *idem*, No. 55 May.

output. Therefore, when calculated 1991 prices⁵, real wage growth was at the level of 51.8 per cent in 2004.

- Although wage arrears and the proportion of unpaid wages shrank from 72 per cent in 1992 to 27 per cent in 2004, during the first half of 2005 wage arrears grew by 20.7 per cent – totalling UAH 1.3 billion.⁶
- Over 16 per cent of low pay workers earned less than US\$2 a day, which means that in 2004 the salary of low pay workers in Ukraine was significantly less than the established minimum wage.⁷ Using the local definition of poverty, about a quarter of the population was below the poverty line.
- A special mention should be made of the important decline in the Ukraine's population from 51.5 million in 1991 to 47.6 million in 2004. This reflects a dramatic increase in mortality rates, particularly among males, a sharp decline in the birth rate and a significant net migration outflow.
- In spite of a relatively high labour force participation rate and relatively low unemployment, it should be noted that the Ukrainian population witnessed little positive changes in its employment opportunities per se. Its falling unemployment rate is largely a function of the abovementioned negative population growth pattern rather than of the creation of new jobs. Moreover, while the unemployment rate has been declining, the number of long-term unemployed grew almost tenfold.
- Between 1993 and 2004 the total population fell by 8.1 per cent while the working age population diminished by a mere 2.1 per cent during the same period; i.e. it still provided an important reserve of labour supply. The report also revealed that managers of industrial enterprises believed that they could cut 16-17 per cent of the available production workers and the enterprise would still be able to produce the same level of output.
- The above-noted signals are issues of concern. In the majority of new European Union Member States that have moved from a transition to a fully-fledged market economy, the unemployment rate is much higher than that in Ukraine.⁸
- Since human capital is an integral part of the knowledge-based economy, training and education are important forms of investment in this capital, improving skills and increasing the likelihood of future employment and remuneration. In comparison with the European Union, Canada and the United States, Ukraine has the lowest incidence of employer-sponsored/organized training.
- Job-related training and education for Ukrainian women is a major concern. Only 2.2 per cent of women participated in any kind of job-related training as opposed to

⁵ The benchmark year for socio-economic calculations in Ukraine.

⁶ *Monthly Economic Monitor Ukraine, 2005*. No. 58 Aug. 2005. Institute for Economic Research and Policy Consulting. www.ier.kiev.ua

⁷ About UAH290.

⁸ For example, in 2004 the unemployment rate was 1.1 per cent in Poland, 16.6 per cent in Slovenia, 11.7 per cent in Lithuania, 10.5 per cent in Latvia, while it was 8.7 per cent in Ukraine. For reference, in 2004, the unemployment rate in The former Yugoslav Republic of Macedonia was 36.7 per cent.

40.8 per cent in 1995. The overwhelming majority of the Ukrainian employees had received no promotion in the past five years; over 50 per cent felt that they would have no chance of being promoted in their present job in the next 12 months.

- Over 65 per cent of employees were dissatisfied with their wages; more than 20 per cent were not happy with the nature of work performed; about 30 per cent considered that they enjoyed limited autonomy at their workplace, and about 30 per cent saw no upcoming opportunities to improve their skills.
- Almost every ninth person employed works more than 49 hours per week. The primary reason for that being the desire to earn more money. At the same time, the report disclosed that with the share of underemployed at 18.0 per cent and that of personnel on involuntary administrative leave at 2 per cent, every fifth working person worked fewer hours than he/she was available for.
- In recent decades reconciling work and family life has become a growing public policy concern in many countries. It has always been a gender equity issue, since women throughout the world have always had the main responsibility for family care and household work. The report found that over 30 per cent of employed women aged 20-49 years with children below 5 years of age indicated that they found it rather difficult to combine work with family responsibilities and another 16 per cent responded that it was difficult for them to combine these responsibilities. Consequently, almost every second employed women in this age group experienced difficulties in striking balance between work and family life.
- Although official statistics indicate generally favourable working conditions, the report identified a number of concerns. Evidence shows that considerable pressure is placed on keeping accident insurance premiums for compensation as low as possible. The result is that there is a reluctance to reveal the true extent of injuries and work-related diseases at the enterprise level. Consequently, the reported accident numbers should be at least 30 per cent higher.
- Finally, social dialogue and workplace relations also deserve a few comments. It is the case that the last decade has witnessed a positive historical change in the right of Ukrainian workers to association. Today, instead of one All-Ukrainian Federation of Trade Unions with a reported 100 per cent membership, the country has dozens of independent trade union organizations with their own federations and representation at both national and international levels. At the same time, however, these unions are faced with enormous challenges of both structural and organisational nature. As stated earlier, the report's analysis revealed a spectacular decrease in the number of strikes in recent years. They declined from 247 in 1992 with 57,600 workers involved to 4 in 2004 with just 1,000 workers involved. It is important to point out that concurrent with this decline in strike activity, the report's findings also showed that the last decade witnessed a rapid rise in the number of working poor, continued erosion of the social security system and a deterioration of working conditions in such accident prone industries as construction and mining. Thus, for example, in Ukraine's mining industry the incidence of strikes fell from 97 in 1995 to one in 2004 in spite of its high fatal injury rates and the fact that more than 60 per cent of working people do not have the right to pensions or benefits in the case of invalidity.

Annex 1

Core ILO statistical indicators of decent work ¹

Based on the ILO decent work framework, a core set of statistical indicators has been identified. The indicators are organized under ten headings, supplemented by an 11th concerning the economic and social context in which decent works should be analysed. Each heading is meant to represent a characteristic of work that individuals from around the world would consider as key element of *decent work*. The indicators are listed below, each with a brief statement on its relevance for measuring decent work.

Indicator number	Description	Comment
Indicators relating to employment opportunities		
1	Labour force participation rate	The labour force participation rate is an overall indicator of the level of labour market activity, and its breakdown by sex and age group gives a profile of the distribution of the economically active population within a country, and for this reason could have been included with the economic and social context indicators.
2	Employment-population ratio	The employment population ratio measures the proportion of the working age population that is employed. Its evolution through time provides information on the extent to which an economy generates work to its growing population.
3	Unemployment rate	The unemployment rate measures the number of unemployed as a percentage of the labour force, unemployed being persons without work, not even for one hour during the reference period, currently available for work and actively seeking work.
4	Youth unemployment rate	The youth unemployment rate measures the number of unemployed as a percentage of the labour force in the age category 15-24 years. It is a targeted indicator of lack of work in both industrialised and low-income countries, as the population most at risk of unemployment is generally the educated youth entering the labour market for the first time in all countries.
5	Share of wage employment in non-agricultural employment	The share of wage employment in non-agricultural employment is proposed as an indicator of employment opportunities, especially for developing countries, because non-agricultural wage or salary employment is the type of employment that many workers in these countries seek. Also, it provides broad information on the relative size of "informal sector employment" in the urban economy.
Indicators relating to work that should be eliminated or abolished		
6	Percentage of children not at school	Decent work must be work that respects the fundamental principles and rights at work accepted by the society. The 1998 ILO Declaration on Fundamental Principles and Rights at Work, which has won broad endorsement across the world community, identifies two forms of work that should be eliminated or abolished: forced labour and child labour (especially hazardous

¹ See: Anker R. et al. *Measuring decent work with statistical indicators*. Policy Integration Department, Statistical Development and Analysis, Working Paper No. 2. International Labour Office, Geneva, Oct. 2002, pp. 71-74.

Indicator number	Description	Comment
6		and other worst forms of child labour) ² . The percentage of children not attending school is proposed as a proxy measure for child labour for abolition, as well as being a useful indicator and goal in its own right for child welfare. Indeed, universal school enrolment could be seen as a goal against which the elimination of unacceptable child labour can be measured. No indicator on forced labour can be proposed at present.
7	Percentage of children in wage or self-employment	Wage or self-employment of children often occurs under exploitative conditions and is often detrimental to their health, safety and morals. This indicator has several advantages. It excludes unpaid family labour by children, which is often legal at the national level, it is relatively easy to measure with typical labour force survey questions, and it can be analysed in conjunction with data on adult workers, as there is evidence to negatively affect the employment opportunities and wage rates of these workers.
<i>Indicators relating to adequate earnings and productive work</i>		
8	Percentage of employment with low pay rate	
9	Average earnings in selected occupations	Occupation earnings are particularly useful for comparing wage trends, and wage differentials between different categories of workers, e.g., between men and women in the same occupations, between workers with different skill-level occupations, or between occupations with different degrees of exposure to pressures of international trade. The choice of the specific occupations to be selected for this purpose is being considered.
<i>Indicators relating to decent hours</i>		
10	Percentage of employment with excessive hours of work	In line with ILO Convention No. 1 which specifies that hours of work per week should not exceed 48, the excessive hours indicator is defined here as the percentage of employed persons whose usual hours of work at all jobs are more than 48 hours per week for economic reasons. The "economic reasons" qualifier is intended to separate this phenomenon from long hours of work for voluntary reasons such as ambition or passion for work, or involuntary reasons such as nature of work, corporate norms, or exceptional circumstances.
11	Time-related underemployment rate	Time-related underemployment rate is the ratio of the number of persons in time-related underemployment to the total number of persons employed.
<i>Indicators relating to stability and security of work</i>		
12	Percentage of employed persons with job tenure of less than one year	
13	Percentage of employees with temporary work	For employees a permanent or indefinite job is usually more secure than an explicitly temporary job. The percentage of employees who have temporary jobs is therefore proposed as a second indicator of job security.

² No internationally recognized measures of forced labour and child labour are currently available. However, work is under way by the ILO to develop appropriate definitions and statistical tools for measuring child labour, and to examine the possibility of producing global estimates of forced labour.

Indicator number	Description	Comment
<i>Indicators relating to balancing work and family life</i>		
14	Ratio of the employment rate for women with children under compulsory school age to the employment rate for all women aged 20-49	Failing to directly measure the degree to which workplaces are accommodating to family needs, the proposed indicator measures the extent to which women exercise the option of having children and continuing to work. Its expression is clearest when analysed in relation to the employment rate of all women aged 20 to 49, which is why the proposed indicator is formulated as a ratio.
<i>Indicators relating to fair treatment in employment</i>		
15	Occupational segregation on the basis of sex	Equal opportunity and treatment in employment is an intrinsic human expectation. At the international level, this has been expressed in terms of equality of opportunity in employment and occupation, and equal pay for work of equal value. The most common indicator of the level of occupational sex segregation in a country is the index of dissimilarity that measures the tendency of labour markets to be segmented on the basis of gender. More direct indicators measures the extent to which labour markets are separated into "male" and "female" occupations, e.g., the percentage of female (or male) non-agricultural employment in a female-dominated (or male-dominated) occupation, or the to the total non-agricultural employment in a gender dominated occupation – occupations with at least 80 per cent of workers are either all men or all women. The indicator should in time be expanded to cover other prohibited grounds of discrimination such as race and religion.
16	Ratio of the female share of employment in managerial and administrative occupations to the female share of non-agricultural employment	This indicator measures the extent to which women are in positions of authority and decision-making.
<i>Indicators relating to safe work environment</i>		
17	Fatal injury rate per 100,000 employees	
18	Labour inspection	The number labour inspectors per 100,000 employees or covered employees is an indicator of the State's capacity to enforce safe work principles, laws and regulations, hence a proxy measure of prevention efforts.
19	Occupational injury insurance coverage	The percentage of the employees covered by employment injury insurance.
<i>Indicators relating to social protection</i>		
20	Public social security expenditure (percent of GDP, separately for total, health services, and old-age pensions)	This is the only social protection indicator for which data are currently available and maintained for a substantial number of countries.
21	Public expenditure on needs-based cash income support (percent of GDP)	
22	Beneficiaries of cash income support (percent of poor)	
23	Share of population over 65 benefiting from a pension	
24	Share of economically active population contributing to a pension fund	

Indicator number	Description	Comment
25	Average monthly pension expressed as a percentage of median/minimum earnings	
<i>Indicators relating to social dialogue and workplace relations</i>		
26	Union density rate	An important dimension of decent work is the extent to which workers can express themselves on work-related matters and participate in defining their working conditions. A proposed indicator is the union density rate defined as the number of paying union members as a percentage of total wage employment.
27	Collective wage bargaining coverage rate	
28	Strikes and lockouts	The proposed indicator is the number of days lost through industrial action per 1,000 wage employees.
<i>Indicators relating to the economic and social context of decent work</i>		
29	Informal economy employment	Given that informal sector employment is often associated with the absence of various characteristics of decent work such as low pay and social protection, it is proposed to include employment in the informal economy as a decent work indicator. Employment in the informal economy is a job-based concept (ILO, 2002e) and is distinct from the concept of informal sector employment which is enterprise-based (see the 1993 resolution concerning statistics of employment in the informal sector in ILO, 2000b).
30	Inflation	
31	Income inequality	Ratio of top 10 per cent to bottom 10 per cent, income or consumption.
32	Poverty	Percent of population subsisting on less than 1\$/day or less than 2\$/day.
33	Education of adult population	Adult literacy rate, secondary school graduation rate.
34	Income per employed person (PPP level)	
35	Growth of output per employed person	

Annex 2

People's Security Survey (PSS): Eight forms of socio-economic security and specific aspects of each security dimension ¹

The overriding strategic objective of the PSS is to gather information on people's security at work and in life through a household-based survey instrument that is internationally comparable. Therefore, the collection of information on the eight forms of security (including background information and separate questions on "social justice and social norms") with questions on specific dimensions/aspects of each security, constitute the bulk of the people's security survey. The following securities are interdependent by nature and must be viewed holistically.

Background information

1. Household members characteristics
 - Demographic (age, sex, marital status, if away, name, relationship to household head)
 - Work activity (main and multiple)
 - Education
 - Ethnicity, religion, language, etc.
 - Disability
2. Respondent
 - Demographic (age, sex, marital status, number of children, age of youngest children, migrant experience, place of birth)
 - Education (self, spouse, household head)
 - Work activity (main and multiple)
 - Disability
3. Amount of land owned and cultivated
4. Family farm activities (e.g. crops grown, number of harvests, types of inputs, yields, major losses, etc.)
5. Family business activities (e.g. sector, sales, number of paid and unpaid workers, seasonality, etc.)

¹ See : *People's security surveys (PSS): A manual for training and implementation*. InFocus Programme on Socio-Economic Security. ILO, Geneva, May 2004, pp. 3-12.

Basic needs security

1. Perceived sufficiency of income for various aspects of basic needs
2. Perceived financial security in future
3. Health care:
 - Access and use
 - Ability to pay and need to borrow
 - Medical insurance
4. Housing
 - Ownership
 - Quality and size
5. Environment near home
6. Education
 - Attendance of children
 - Access
 - Change in quality of school facilities
 - As an investment for respondent
7. Food
 - Number of meals and experience of hunger
 - Consumption of milk, meat etc.
8. Water
 - Source
 - Need to purchase water
9. Debt
 - Extent of debt
 - Why borrow
 - Borrow from whom
 - Perceived ability to pay back
 - Obligation to work to pay back
10. Financial crises experienced
 - Experiences
 - Rely on whom for help
11. Violence/safety
 - Experiences
 - Offender
 - Perception of safety
12. Transfers received from public or private sources

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13. Number of hours of sleep
 14. Perceptions of fatalism and control of life

Income security

1. Income level
 - Household
 - Respondent
 - Most important source(s) for household
2. Fringe benefits on various dimensions
3. Wage arrears
4. Change in income from past
5. How income received
 - Payment method
 - Share of income known in advance
 - Whether women get to keep cash earned
 - Whether raw materials and equipment provided by employer
6. Income fluctuations
 - Regularity
 - Major farm loss
7. Expectations for future income
 - Next year
 - Old age
8. Opinion on sufficiency of income for usual needs
9. Opinion on own relative income
10. Transfers received
 - From others
 - From government or NGOs
11. Savings
 - Ability to save
 - Main reason to save
 - Perceived security of savings in various forms
12. Knowledge of possible official supports
 - Official minimum wage rate
 - Official poverty line
 - Government and NGO transfer

Labour market security

1. Current work activity
 - Employment status
 - Hours of work
 - Multiple work activities
2. Length of work experience
3. Unemployment experience
 - Experience in past year and status
 - Reason for unemployment
 - Efforts made when unemployed to find work
 - Past experience
4. Unemployment experience of other household members or close relatives
5. Unemployment benefits
 - Receipt of benefits
 - Requirements imposed to receive benefits
 - Opinion on government providing benefits
6. Opinion/knowledge of unemployment rate level
 - Current level
 - Change in future
7. Change in size of current workplace
 - Change in past year
 - Expected change in next year
8. Work considered unacceptable and restrictions on taking wage work
 - Restrictions on women working for wages
 - Experience with and desire for wage work
 - Types of work considered unacceptable
9. If lose work
 - Difficulty of finding similar work
 - Willingness to migrate for work
 - Receipt of notice period and final pay
 - Opinion on advance notice employers should give
10. Perceived likelihood of losing job due to pregnancy or illness
11. Public works opportunities in locality

Employment security

1. Characteristics of current work
 - Occupation
 - Place of work
 - Regularity of work
2. Characteristics of employer
 - Sector
 - Private or public
 - Foreign or domestic ownership
 - Size of establishment
 - Use of subcontracting
3. Contract
 - Type of contract
 - Subcontracting and labour contractor
 - Self-employed need for licence
4. Multiple work activities
 - Respondent
 - Household members
5. Workplace changes
 - Tenure at current workplace
 - Workplace changes in past
6. Perceived satisfaction with current work on various dimensions
7. Perceived expectation of keeping current work
 - Employees keeping job
 - Self-employed keeping work/business
8. Perceived importance of keeping present work
9. Opinion on globalization's effects on work
10. Children's help for self-employed and effect on schooling
11. Perception on whether pregnant women would keep job

Work security

1. Work-related injuries, illnesses, and stress experiences
 - Absence from work because of injury, illness or stress of respondent
 - Absence of others at workplace
 - Absence due to household activities
2. Overwork and control on work time
 - Overwork: Possibilities for breaks
 - Overwork: Unreachable targets, long hours and unusual hours of work
 - Breaks allowed and control of work
3. Sexual and other forms of harassment
 - Sexual harassment of respondent at workplace
 - Sexual harassment of others at workplace
 - For self-employed: Harassment by others (e.g. police, mafia, customer, spouse)
 - For self-employed: Problems of needing licence
4. Safety of workplace conditions
 - Whether unsafe work conditions experienced
 - Whether use protective equipment or clothing
 - Whether separate toilets for men and women and drinking water available at workplace exists
 - Whether safety department or committee at workplace
5. Opinion on workplace safety
 - Opinion of overall safety of current workplace
 - Opinion of need for sexual harassment policy at current workplace
6. Compensation for medical costs if hurt at workplace
 - Whether has insurance at work
 - Whether has health and family welfare benefits at work
7. Childcare help

Job security

- Past experiences of advances and regressions in work life
- Future expectations
 - Advances and regressions
 - Need for new skills
- Perception of importance of following own work or profession

Skills reproduction security

1. Training received
 - Formal training
 - Informal training
2. Training opportunities inside and outside current workplace
3. Use and opinion of qualifications, skills and training
 - Use of own skills and training in current work
 - Use of computers
4. Opinion on qualifications, skills and training
 - Opinion on time (training and experience) required for current work
 - Opinion on adequacy of own skills and training for current work
 - Opinion on need for formal training in future
5. Other factors limiting training opportunities
6. Expectations for children's education

Representation security

1. Trade unions: Knowledge and opinions
 - Knowledge of unions and what they do
 - Knowledge of trade union density rate
 - Opinion of unions
 - Opinion about forming a union in current workplace
 - Opinion about joining a union
2. Opinion of trade unions
3. Trade unions: Activities
 - Whether union and/or collective bargaining in current workplace
 - Whether a union member
 - Activity as a union member
3. Other organizations representing workers
 - Knowledge of other such organizations
 - Membership in other such organizations
4. Employer-employee relationship
5. Circumstances for action

Social justice and social norms

1. Opinion on income rules for society
 - Rules for limits on individual's income level
 - Acceptability of current income inequality level
2. Opinion on helping poor
 - Government compensating unpaid care work
 - Opinion on non-poor giving to poor households
 - Government providing a minimum income for the poor
3. Opinion on government providing social benefits
 - Unemployment benefits
 - Social services and social benefits
 - Maternity and paternity leave length
4. Opinion on taking action (when and what)
 - Against government or local authorities
 - Against employers
5. Opinion on discrimination
 - Acceptability of discrimination against different groups on pay
 - Acceptability of discrimination against different groups on hiring
 - Experiences believed to have been observed

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