

## THE PROBLEM OF EMPLOYMENT IN THE AGRICULTURAL SECTOR OF ECONOMY IN UKRAINE

**Statement of the problem.** The agricultural sector in the economy of any country occupies a special place. The importance of the role, allocated to agriculture determined by the production of high-quality and affordable food, and active participation in solving global problems of hunger.

Therefore, the degree of agricultural production directly affects the level of economic security.

The permanent economic instability, dominance of large high-tech agricultural formations (agricultural holdings), decline of the social infrastructure and lack of alternative types of productive employment led to such phenomena as high unemployment of rural residents and as a result chronic poverty in rural areas.

Modern Ukrainian economic science and practice don't have clear mechanisms to influence of the formation of employment in agriculture, adequate modern European integration processes.

Having some problems in this area and the lack of an integrated approach to their solution determined the choice of research topics.

**Analysis of recent research and publications.** Various aspects of economic and social development of rural areas exploring many domestic and foreign scholars. Among the authors, researching the rural employment should include such scholars as D.Boginya, E. Lanchenko, J. Prokop, A. Popov, I. Topikha et al. [4, 8–9, 11]. This problem is reflected in a number of regulatory documents and projected as the legislative and executive levels [1-2].

Problems decline of agricultural employment and the economy of some countries don't remain without attention of foreign researchers [12-14]. However, despite the numerous works devoted to the study subjects, overlooked are the causes of low employment in the industry, caused by the internationalization of agricultural production, and the lack of an effective mechanism to influence the formation of employment in rural areas, adequate to the current state of the market. The above mentioned has defined the goal of this research.

**Problem.** The aims of the study is to identify and analyze the factors of low employment in agriculture in the context of the internationalization of agricultural production.

**The main material of research.** The reduction of employment in agriculture takes place against the backdrop of rising unemployment throughout the economy. Official statistics suggests a relatively low unemployment rate of 7% - 8%. Calculations of the "estimated unemployment", conducted at the Institute of Economics and Forecasting of NAS of Ukraine, taking into account quasi-employed and migrants, who went in search of work abroad, give an index about 20%, which corresponds to the problem of unemployment in European countries [5, p. 8-9].

In 2012, the Law of Ukraine "On Employment", which provides a number of measures to address this problem. Social and economic development of the village was and is a major focus of agricultural policy in Ukraine.

According to the Law of Ukraine "On the Fundamentals of the State Agricultural Policy for the period up to 2015" from 18.10.2005, № 2982-IV, rural development is the strategic goal of agricultural policy in Ukraine. The main components are follows: foster the employment of the rural population; promoting the income level of the rural population and so on.

Approved in 2013, the CMU development strategy of the agricultural sector for the period up to 2020 aims to "develop a viable, socially oriented agricultural sector, which should satisfy the needs of the domestic market and a leading position in the world based on its multiculturalism and priority support to businesses, whose owners live in rural areas, combine the right to land and work on it as well as their own economic interests with social responsibility to the community "[1].

Comprehensive program of the development support to Ukrainian village until 2015 provided "creating organizational and economic conditions for the integrated development of rural areas and improving social level of residence rural population, in the first place, increasing its employment and income "[2].

Consequently, problems of employment and social development in law is divided enough attention, but in most cases the existing regulatory acts are piecemeal in nature, which does not provide clear mechanisms for implementation of all the provisions and no specific indicators of socio-economic development, which will be achieved during this period.

The degree and nature of employment in agriculture is influenced by many different factors, classified into natural, institutional, economic, social, technological, legal, demographic, psychological, and others.

Exploring the demographic factors revealed that Ukraine has been traditionally considered as agricultural country. But in recent decades, despite of active "rule-making", share of employment in

agriculture has decreased steadily. During 2012 the total number of employed workers in Ukraine amounted to 12.2 million. (According to the specified number of employees is calculated as the average for the year). Of those in agriculture employed near 0.75 million, or just over 6%. In comparison to the base year 2000, number of people employed in agriculture fell by 2 million (according to different estimates of the proportion of the population employed in agriculture in the early twentieth century reached 80 per cent). [6]

On the supply side the labor force is a reduction in the rural population, which basically satisfies the demand for labor farms. As of Q3 2013 proportion of the rural population in the total population of the entire population was 31.2% or 14.1 million people, and has a slight tendency to decrease.

Reducing the number of rural and agricultural workers in a general sense of this process is seen and perceived by society as a natural, normal. Because technological possibilities for the development of the productive forces in all branches of material production, and to increase productivity on this basis allow fewer rural residents and those employed in agriculture to produce increasing amounts of agricultural production for food security of the entire population of the country. It is a common axiom. Meanwhile justified this view can only be on the relative decrease in the number of rural residents and workers of agricultural sector in the total population [3, p. 57-58].

**Table 1**

**Population Dynamics in the 1990-2013 years**

Year	Total (in thousands)	including		% of total	
		urban	rural	urban	rural
1990	51838,5	34869,2	16969,3	67,2	32,8
1996	51297,1	34767,9	16529,2	67,8	32,2
2000	49429,8	33338,6	16091,2	67,4	32,6
2005	47280,8	32009,3	15271,5	67,7	32,3
2010	45962,9	31524,8	14438,1	68,6	31,4
2011	45778,5	31441,6	14336,9	68,8	31,2
2012	45633,6	31380,9	14252,7	68,6	31,4
2013	45553,0	31378,6	14174,4	68,8	31,2

Number of available rural population in 1990-2013 years dropped by 2 million 794.9 thousand people., or 16.5%, the number of births - to 136.5 thousand, deaths - increased by 36.5 thousand people . Occurs the Depopulation of rural areas, deregistration of the sparsely populated settlements and as a result, chipping away at the rural settlement network. Thus, despite of the some leveling of mortality and fertility in the past 5 years, the current demographic situation in rural areas is alarming.

Another problem of low employment in agriculture is extremely low price of agricultural labor.

**Table 2**

**Dynamics of average wages by economic activity in 1995-2012 years  
(per one employee, hr.)**

Activity	Year						
	1995	2000	2005	2009	2010	2011	2012
Total	73	230	806	1906	2239	2633	3026
Agriculture, hunting and related services	37	111	415	1206	1430	1800	2023
Industry	89	302	967	2117	2580	3120	3500
Construction	103	260	894	1511	1754	2251	2491
Transport and communications	90	336	1057	2409	2726	3138	3474
Financing activities	172	560	1553	4038	4601	5340	5954
State Government	81	335	1087	2513	2747	3053	3442
Education	71	156	641	1611	1889	2081	2527

The problem of the existing inequality of income across population groups of Ukraine, including wages, is quite acute. The decline in real income and decreasing differentiation - two key trends in the change of people's lives over the years.

As can be seen from Table 2, minimum wage of the different budget sphere and agriculture. The highest salaries are taking place in the industry and the financial sector, that exceeding the average level for the country is 1.5 - 2 times. Quite high wages also takes place in the sector of public administration. So obviously, a significant difference in wages is causing the outflow of labor from low-wage areas, which, in particular, is agriculture.

Serious problem of employment in agriculture is its informal nature.

Informal employment is the set of socio-economic relations, which are subject to social and neutral or positive nature; they relate with the activities of citizens under the law allowed economic activity, performed by them or on their own within a small production, the results of which for various reasons (basic - a high degree of bureaucracy) are not captured by statistics.

By informally employed in the legal sector include: officially unsettled workers in registered factories and formalized employees, that engaged in several activities: primary and secondary (unrecorded) and receiving the second activity additional (unrecorded) income [4, p. 189-192].

The number employed in the informal economy in the first half of 2013 compared to the corresponding period in 2012 increased by 248.7 thousand people and was 4.8 million, or 23.3% of the total number of employed persons aged 15-70 years.

Employment in that sector is more common (48.7%) among the rural population. In urban areas the amount of employment was low (11.8%) due to a more favorable situation on the labor market.

Among those employed in the informal economy, almost two-thirds were working in agriculture (64.5%) [10].

For employment in the informal sector, characterized by the fact that it is not registered, most manufacturers significantly restricted in entering the organized markets, not covered by social security, labor laws and safety regulations.

This type of economic activity is actually not considered statistically because informal employment in the legal sector is not envisaged [4, p. 189-192].

In recent years reducing the demand for labor in the agricultural sector is largely "owes" the new economic environment, a slightly different structure for the bulk of landowners and land.

Among the objective factors of the low level of employment in rural areas can be identified agroholdingization farms.

The rise in unemployment among the rural population due to the displacement of labor-intensive agricultural products, transition to mono production and use super narrow agricultural machinery leads to the impoverishment of the rural population, development of migration and extinction of rural areas.

The primary factors that contributed to the large vertically integrated structures, according to V. Zalizko, було створення всередині 90-х років потужного тіньового сегмента з наступним перерозподілом орендованих земель на користь середніх та великих агропромислових компаній, а також penetration of capital and large industrial processing enterprises in agribusiness through the purchase of debt and assets of agricultural enterprises turning them into branches and subsidiaries [7, p. 73-74].

**Conclusions and further research.** The decline in employment in agriculture has taken place as a result of negative factors acting from both demand and supply.

Formation of labor supply determines the unfavorable demographic situation and the lack of proper motivation and incentives work.

Reducing the demand for labor from the agrarian formations caused by the spread of vertically integrated companies - agricultural holdings.

The specificity of the economic activity of agricultural holdings at the present stage of development of Ukraine does not provide for the involvement in the production process of local workers, and does not contribute to the socio-economic development of rural areas. It is therefore advisable, in our opinion, will be the introduction of a number of agricultural holdings economic activity restrictions and legal to support and development of other alternative forms of economic activity on the basis of cooperation of small and medium sized businesses.

Growing fodder, industrial and fruit crops and livestock - it is quite time-consuming. Expansion of production in these areas would help to increase rural employment.

The problems of the agricultural market in recent years are increasingly seen in the context of countering the challenges of European integration. The negative experience of Eastern European countries that opened their markets as a result of food Integration, forces us to find new ways to ensure sustainable demand for domestic agricultural products both domestically and abroad.

One of these areas could be the implementation of the principles of organic farming, that on the one hand refusal from intensive production technologies, resulting in a highly competitive production of environmentally friendly products, on the other hand, this kind of activity usually involve extensive use of manual human labor. In general, the introduction of organic farming practices will help create new jobs in the field, the emergence of new opportunities for small enterprises, improve the socio-economic development of the village.

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## **Pivtorak M.V. THE PROBLEM OF EMPLOYMENT IN THE AGRICULTURAL SECTOR OF ECONOMY IN UKRAINE**

**Purpose.** The aim of the article is detecting and analysis of low employment rate factors in agriculture.

**Methodology of research.** In the process of conducting the research general scientific methods have been applied, namely: theoretic generalization methods – for the research of theoretic fundamentals of forming the agrarian labor market; classification methods – for generalization of the nature of labor supply and demand characteristics in agriculture; logical approach – for the research of agrarian labor supply and demand problems; methods of statistical research, formalization and systematic analysis – for defining problem issues of agrarian labor market and for substantiation the directions of solving them.

**Findings.** Factors which determine the specific of functioning of labor market have been analyzed. On the basis of the analysis of statistical data main trends of labor market have been detected. Agrarian labor market has been researched, the problems of forming labor force supply and demand have been highlighted and the directions of solving the current issues have been grounded. It has been determined that the reason for low labor force supply is unfavorable demographic situation, as well as lack of relevant motivation and material stimulation of labor, whereas labor force demand reduction with agrarian enterprises has been caused by the expansion of vertically integrated companies – agrarian holdings. It has been suggested that labor consuming crops should be enlarged as well the volume of organic food production should be extended. It has also been suggested developing the branches of stock – breeding for creating additional jobs.

**Originality.** A complex approach in the process of researching the agrarian labor market has been applied; problems of forming labor force supply and demand have been identified as well as the directions of solving the current issues have been grounded.

**Practical value.** The obtained results of the research assist in solving the problem of labor market development and increase in employment rate in agriculture.

**Key words:** agrarian sector, labor market, employment, unemployment.