ASSESSMENT OF THE RURAL POPULATION ECONOMIC ACTIVITY IN THE SYSTEM OF UNITED TERRITORIAL COMMUNITIES DEVELOPMENT: A CASE STUDY OF VOLYN REGION, UKRAINE

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Abstract

The article evaluates the dynamics of the main indicators of economic activity of the rural population of Volyn region, formed and highlighted trends in their development in the region and compared with neighboring regions within the Polissya economic zone of Ukraine. Particular attention is paid to the analysis of the intensive reduction of employment of the rural population in traditional sectors of economic activity, which leads to an increase, on the one hand, rural unemployment, and on the other – to an increase in employment in personal peasant farms. The study substantiated that employment in the personal economy turned out to be more profitable for the rural population – the income per unit of labour there is now about twice as high with twice as low labour productivity. The explanation for this is the shadow nature of production in peasant farms and the imbalance of the economic mechanism in enterprises. It is substantiated that, taking into account the number of employed persons who produced products for personal consumption in private farms, programs inefficient use not only of their labour resources, but also reduces the average industry efficiency of labour resources of the agricultural sector as a whole. Among other features of the rural labour market of Volyn region, which limits its development, we can point to the non-compact distribution of the rural population in the territory. Peculiarities of the settlement network in Volyn region are that the dominant segment of rural employment is agricultural enterprises. It was found that in the current conditions it is advisable to develop and implement a set of measures to improve demographic processes, optimize employment and improve the living standards of the rural population, which requires effective cooperation between government and research institutions, relevant authorities and interested private entities. It is proved that in the rapidly changing conditions of modern times the optimization of territorial mobility of the working population between types of employment, areas of employment, insufficient and surplus areas, adaptation of statistical information base to the specifics of rural employment to rationalize economic activity and prevent negative phenomena continue to be extremely important and acute issues in Ukraine.

Key words: economic activity, rural labor market, unemployment, peasant farms, united territorial communities

INTRODUCTION

In modern realities, the underdevelopment of the employment system within the rural sphere limits employment opportunities and mobility of labour resources, encourages them to employment outside the official sector, migration from the countryside. The situation is complicated by the fact that neither the system of active employment policy measures, nor the financial base of the regulation subjects of economic activity, nor the infrastructure of the labour market is directed to the countryside. Under such conditions, negative changes in the economic activity of the rural population are deepening, becoming spontaneous and unregulated, leading to social tensions, and ultimately – to the destruction of the labour potential. These processes have become especially acute in Western Ukraine, where they are further complicated by significant labour migration of the working population to earn money abroad.
Socio-economic performance, features and problems of increasing of the rural population economic activity in the scientific literature are studied in various aspects and are reflected in the works of many scientists, including Diiesperov V. S. [2], Libanova E. M. [9], Boiar A. O. [1], Petiukh V. M. [10], Popescu A. [11, 12, 13, 14, 15, 16, 17, 18, 19, 20], Sabluk P. T [21], Shmatkovska T. O. [3, 22, 28], Sodoma R. I. [25], Tofan I. N. [27], Yakubiv V. M. [29], Zhurakovska I. V [30] and others. Thus, new trends in employment, their impact on the socio-economic development of the countryside were studied by Diiesperov V. S, who proposes to solve the problem of employment in the countryside by intensifying, i.e. expanding labour-intensive industries, livestock development [23]. Dolishnii M. I emphasizes the importance of socio-economic and regulatory regulation of regional labour markets [23]. The situation of the labour market in the countryside, the peculiarities of the rural population employment studied in her works Kupalova G. I. [8]. She justifies the increase of the age limit for the employed population of Ukraine to 65 years. Sociological survey of Kilnitska O. S indicates extremely low labour mobility in rural areas, especially women [7]. According to Garasym P. M, Bitter O. A, like most scientists, the problems of increasing the income of the rural population and the level and structure of its employees are extremely closely related [6]. Therefore, it is impossible to solve the other without solving one of them.

MATERIALS AND METHODS

Despite the large number of works devoted to the studied issues, we believe that it is necessary to constantly monitor the economic activity of peasants in terms of regions of Ukraine, taking into account the dynamics of socio-economic aspects of agro-industrial development, which is the purpose of our article.

Particularly relevant are the analysis of the current state of the labour market in rural areas in order to determine the main trends of its development, as well as the development of measures for forecasting and regulating informal employment, substantiation of the main directions of optimizing economic activity and increasing rural employment within the system of united territorial communities development in the countryside. The theoretical and methodological basis of the study is the basic provisions of modern economic theory, the work of leading domestic and foreign scientists. Conducting of the research is based on the use of such methods and methodological approaches: analysis and synthesis, structural analysis, grouping methods, graphical and tabular methods – to display visually the results of the research.

The study was conducted on the basis of official data of the State Statistics Service of Ukraine and the State Statistics Committee in Volyn region of Ukraine. The results are presented and illustrated in graphics, of which just a part is included in this article.

RESULTS AND DISCUSSIONS

Assessment of the main indicators of economic activity dynamics at Volyn region of Ukraine, which belongs to the regions where 76.2% of the population lives in the countryside [26], produces a significant share of agricultural products, and the agricultural sector of the region’s economy is one of the most powerful in Ukraine. It provides an opportunity to form trends of development in the region and comparison with neighbouring regions within the Polissia economic zone. As of the beginning of 2018 in 2,152 villages of the region (besides the village of Barvinok of the Lutsk district of the Volyn region, in which there is no population at all, but it is not removed from the state register) live 21.8% of children under 15 years, 52.5% – rural population of working age and 25.7% – rural population older than working age.

Together with the Volyn region, the Polissia economic zone includes the Rivne, Zhytomyr and Chernihiv regions of Ukraine. Comparing the indicators of economic activity of these regions, it should be noted that the highest level of economic activity in the study period is observed in Chernihiv region (Fig. 1),
which is 5.5% higher compared to Rivne region, where not only the share of the economically inactive rural population its general structure is the largest (34.2%), but also its absolute value (166.8 thousand people).

![Graph showing the main indicators of the rural population of economic activity in the Polissia economic zone of Ukraine in 2018.](image)

**Fig. 1.** The main indicators of the rural population of economic activity the Polissia economic zone of Ukraine in 2018

Source: Developed by the authors based on source [4, 24, 26].

Economically active is the able-bodied population that works or is actively looking for work, i.e. is the labour force. The share of the labour force in the structure of the rural population within the Polissia economic zone of Ukraine is highest in Chernihiv (71.3%) and Zhytomyr regions of Ukraine (69.5%), comparing the absolute value of the economically active rural population of these regions, we note that it is the largest is in Zhytomyr (280.2 thousand people) and Rivne (251.0 thousand people) regions of Ukraine. When estimating the level of employment, it turned out that it is highest in Chernihiv (68.6%) and Volyn regions (63.2%), where the number of the economically active rural population in comparison is relatively small (respectively 228.3 thousand people and 242.0 thousand people compared to 280.2 and 251.0 thousand people in Zhytomyr and Rivne.
regions of Ukraine). Thus, within the Polissia economic zone of Ukraine, there is a clear pattern of much better development of the labour market in those regions where the number of the economically active rural population is relatively low, which, in our opinion, is associated not only with a sound economic policy in this direction, but also with the relative lack of surplus labour in the rural labour market of these regions, which, other things being equal, had a positive effect on employment.

The analysis shows relative backwardness in terms of economic activity in the studied period of Rivne region, although compared to 2017 there are some trends to improve its situation, so the level of economic activity increased by 11%, employment – by 5.5%, the number of the unemployed rural population (according to the methodology of the International Labour Organization) decreased by 17.36 thousand people. However, in general, the situation in Rivne region requires immediate action to improve it, as the low level of economic activity indicates an unfavourable economic situation in the region, in particular the lack of conditions for its full implementation, forcing the rural population to give up work and stay, as part of the economically inactive population. It should be emphasized that the level of economic activity must be sufficient and stable, as too high can be achieved at low wages when the employment of standard duration does not provide a living wage.

Assessment of the level of economic activity dynamics of the rural population of Volyn region of Ukraine in 2013–2018 (Fig. 2) shows that by 2015 there is a trend of its insignificant growth, so compared to 2013 in 2014 the economic activity increased by 2%, and in 2015 compared to 2014 – by 0.8% and amounted to 85.2%. However, since 2016, this trend has changed from positive to clearly negative, in particular, in 2016 compared to 2015, this figure decreased by 10.2%, and in 2017 compared to 2016 – by 8.5% and as a result was 68.0%. Only in 2018, the economic activity rate increased by 0.8%. As a result, according to the results of the study, we found a decrease in the level of economic activity of
rural residents of the Volyn region of Ukraine for 2013 – 2018 by 13.6% and the establishment of such a level of 83.5% of its value in 2013. According to the factor analysis results by this indicator, we found that the decrease in the study period of the rural population by 5.5 thousand people. (i.e. by 1.5%) led to an increase in the level of economic activity by 1.3%. At the same time, it was found that the decrease in the number of economically active population by 52.5 thousand people led to a decrease in the level of economic activity of the rural population of the Volyn region of Ukraine in the study period by 14.9%.

It is important that the economic activity of certain age groups depends on certain factors. In the Volyn region, the highest economic activity is observed in peasants aged 25-49 years (81.2-84.9%), and the lowest – in the rural population older than working age (60-70 years) – at 40.2%, (Fig. 3), which is due, in our opinion, the peculiarities of the pension system. The activity of young people is determined by the term of study, women – by the degree of conditions created in the state to combine employment with family responsibilities, childbearing, as well as gender balance in society. Note that in Ukraine the highest economic activity is observed in people aged 35-39 years, and the lowest – 60-70 years.

Employment, as a form of realization of economic activity of the population, is a complex and historically determined phenomenon. Its immediate cause is a progressive process of increasing labour productivity. Another reason is the free behaviour of employers, who have no obligation to provide employees with work. Because productivity growth allows for fewer workers, the employer is trying to reduce the cost of expensive labour in this way. The surplus of labour, however, is always relative. The impossibility of its full and rational use is the result of an imbalance between the factors of production.

Some scholars believe that the level of employment of the rural population is determined primarily by the level of employment of urban residents. According to the results of the research, it has been established that over the last three years the level of rural employment in the Volyn region significantly exceeded the city level, which is especially noticeable in 2016 (by 22.3%).

Analysing employment by age groups, it should be noted that in the Volyn region of Ukraine in 2018 the rural population at any age of economic activity is characterized by a relatively higher level of employment than urban, especially this difference is felt by age groups 15-24 years (24.5% employed urban population against 50.6% of rural population) and 60-70 years (10.4% of the employed urban population against 40.2% of rural population).

According to scientists in rural areas, employment opportunities for locals are incomparably narrower than in cities. The areas of application of human labour here are much poorer. In cities, even in the conditions of the most severe socioeconomic crises, certain spheres of human activity are revealed, which are expanding and developing. The development of these areas may eventually lead to the creation of an economic base to restore the effective development of the entire economy and solve the problem of employment. However, the current situation
in the Volyn region of Ukraine, as in most regions, is due to the fact that in rural areas the level of income is much lower than in the city. The catastrophic decline in family budget revenues forces us to look for additional sources of income by continuing to work for retirees, attempts to employ other members of the household of working age who were previously dependent. Moreover, in the structure of employment of the population of Volyn region, there is also a significant differentiation between urban and rural areas, it is especially noticeable in older age groups (40-70 years), where it reaches 7.4 - 8.0% and young people aged 15-24 years, where is 6.5% (Fig. 4).

The results of assessing the dynamics of flows of the rural population of the Volyn region of working age by areas (industries) of employment showed that during the study period (2014 – 2018) there were significant structural changes. Against the background of a general decrease in the number of people employed in economic activities, for example, in construction – 10.4 times (2,597 people), electricity, gas, and water production – 15.7 times (1,217 people), mining and manufacturing – 4.4 and 3.1 times, respectively (for 1,469 and 3,139 people), there are quite dynamic intersegmental overflows of labour in the rural labour market of the Volyn region of Ukraine (Fig. 5).

Moreover, such processes can be traced to all types of economic activity without exception, especially they are noticeable in quantitative terms not only in agriculture and forestry but also in the areas of health and social assistance, where the number of employees decreased by 3,904 people, transport, post office, and communications – for 4,188 people.

Regarding the analysis of the structural changes in employment in terms of economic activities of the rural population in the Volyn region of Ukraine for 2014 – 2018, we found an increase in the share of employed in education – by 10.34%, employed in trade – by 2.23% and a decrease in the share employed in the agricultural sector – by 8.75%, employed in construction – by 1.65%, employed in transport, post, and communications – by 1.87%. We believe that with the help of state support levers (preferential taxation, lending, etc.) in rural

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Fig. 4. The structure of employment of the population of Volyn region of Ukraine by age groups and place of residence in 2018 (as a percentage of the total)
Source: Developed by the authors based on source [24, 26].
areas it is advisable to gradually restore the traditional industrial activities located here, such as mining and production of building materials and other mineral products, processing of agricultural products, etc. etc., which will lead to a gradual increase in employment of the rural population in these areas.

![Employment Structure](image)

Fig. 5. The structure of employment of the rural population of the Volyn region of Ukraine, employed at their place of residence in terms of economic activities, as of 01.01.2018, persons (%)

Source: Developed by the authors based on source [26].

It is well known that the functions of meeting the social and economic needs of citizens living and working in rural areas must be performed by economic entities located there for various purposes. It should be noted that in a significant number of villages in the study area there are no economic entities at all, in particular, this situation is observed in 56.7% of villages in Ratno district, where 22 thousand peasants live; in 50% of the villages of the Turiisk district, where 9.4 thousand peasants live; in 48.5% of villages of Luboml district with a population of 14 thousand people; in 46.8% of villages of Volodymyr-Volynskyi district with a population of 11.8 thousand people; in 44.8% of villages of Ivanychi district, where 12.8 thousand rural population lives. In general, 36% of rural settlements in the Volyn region, where 187.5 thousand people live, do not have any business entities, so it is inexpedient to talk about the appropriate level of social functions in them.

One of the most important among the business entities operating in modern conditions in the countryside is agricultural production formations of various types. They have a multi-purpose social and industrial purpose, a decisive place among which is occupied, on the one hand, the efficient use of land and other resources, and on the other - the employment of rural residents. In the Volyn
region, the largest share of agricultural enterprises is located in the Kivertsi district (9.8% of their total number), Kovel (9.0%), Lutsk (11.2%), Rozhysche (9.3%), and Horokhiv (7.9%) areas. However, as a result of market transformations, agricultural enterprises were relieved of specific functions previously assigned to them for the construction and maintenance of social infrastructure, in general, communal farms as separate production units, which performed various tasks at the request of the population: delivery of construction materials, gas supply, repair and construction of residential buildings, provision of services for farming, etc. Therefore, such services are potential jobs for the rural population of the region. Having no official employment in the service sector, some people are employed on farms, thus overestimating employment in the agricultural sector. After all, the need to ensure the competitiveness of agricultural products and technical and technological progress in agriculture brings labour productivity in it closer to the level of developed countries, and therefore leads to a gradual decline in employment in this area.

Among other features of the rural labour market of Volyn region, which limits its development, we can point to the non-compact distribution of the rural population in the territory. Peculiarities of the settlement network in Volyn region are that the dominant segment of rural employment is – agricultural enterprises, which is especially noticeable in Horokhiv district – 68.4% of workers at the place of residence are employed in agriculture, Rozhysche – 67%, Lutsk – 60.1%, Kovel districts – 57%, where the share of agricultural formations in their total number is the most significant. In the field of health care, the most employed are in Lyubeshiv – 10.4% of employees at the place of residence, Kamin-Kashirskyi – 8.2%, Kovel districts of Volyn region – 7.2%.

According to the results of the study, we found a significant imbalance in the employment of the rural population of the Volyn region on a territorial basis and employment areas. The tendencies revealed by us to reduce the indicators of employment of the rural population in the traditional for the village industries both within rural settlements and outside them cause the imbalance of the rural labour market. This leads to an increase, on the one hand, rural unemployment in all its forms, on the other – the number of employed rural residents in other areas, most notably private entrepreneurship, and personal peasant farms. More than 52.5% of rural residents of Volyn region, who are officially registered as employed, work in farms. The particularly high share of employees in peasant farms is in Kamin-Kashirsky (749 people out of every 1,000 employees), Manevychi (714 people out of every 1,000 employed), Stara Vyzhva (691 people out of every 1,000 employed), Ratno districts (668 people out of every 1,000), employed) Volyn region of Ukraine. Thus, a specific adaptation of the rural population to the new situation was found - their employment and income were restored. However, such a transformation had negative consequences for Ukraine’s economy – a sharp decline in social efficiency.

**CONCLUSIONS**

However, the loss of permanent employment in official production results in social losses for rural workers, and income from personal farming cannot be considered satisfactory, as it is much lower than earnings in other sectors of the economy. In addition, taking into account the number of employed persons who produced products for personal consumption in private farms, programs inefficient use not only of their labour resources, but also reduces the average industry efficiency of labour resources of the agricultural sector as a whole.

Given the above, it should be emphasized the need to recognize rural workers as a «liquid commodity», ensuring the value of their labour, sufficient for the systematic reproduction of human resources, improving the intellectual level and quality of human capital in rural areas. It is advisable to develop and implement a set of measures to improve demographic processes, optimize employment and improve the living standards of the rural
population, which requires effective cooperation between government and research institutions, relevant authorities and interested private entities.

We consider it expedient to emphasize that in the rapidly changing conditions of modern times the optimization of territorial mobility of the working population between types of employment, areas of employment, insufficient and surplus areas, adaptation of statistical information base to the specifics of rural employment to rationalize economic activity and prevent negative phenomena continue to be extremely important and acute issues in Ukraine, the solution of which should be the result of a set external, systematic approach and effective, effective cooperation of scientific institutions, business entities and government agencies. The above requires from the institutions of science hard work to intensify research activities on the issues under study in the short and long term.

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