



AgEcon SEARCH
RESEARCH IN AGRICULTURAL & APPLIED ECONOMICS

The World's Largest Open Access Agricultural & Applied Economics Digital Library

This document is discoverable and free to researchers across the globe due to the work of AgEcon Search.

Help ensure our sustainability.

Give to AgEcon Search

AgEcon Search

<http://ageconsearch.umn.edu>

aesearch@umn.edu

*Papers downloaded from **AgEcon Search** may be used for non-commercial purposes and personal study only. No other use, including posting to another Internet site, is permitted without permission from the copyright owner (not AgEcon Search), or as allowed under the provisions of Fair Use, U.S. Copyright Act, Title 17 U.S.C.*

Productive employment and increasing of income of rural population

**Vadym Tkachuk,
National University of Life and Environmental Sciences of Ukraine, Kyiv, Ukraine,
e-mail: vadtkachuk@hotmail.com**

***Selected Paper prepared for presentation at the VI. Large Farm Management Conference,
September 16-18, 2015, Kyiv, Ukraine***

Copyright 2015 by Vadym Tkachuk. All rights reserved. Readers may make verbatim copies of this document for non-commercial purposes by any means, provided that this copyright notice appears on all such copies

1. Introduction

The current stage of development of Ukraine characterized by a decrease in employment, the lack of sufficient quality job places, destruction of non-agricultural sectors and low possibility of alternative employment in the countryside. In Ukraine employment policy is implemented through national and regional programs aimed at supporting vulnerable groups (persons with disabilities, youth, women, elderly peoples), but the proposed measures, mostly aimed at adapting the labor market to the current economic realities, and the problems of effective employment they do not solve. Present state requires concentrating on job creation, ensuring job security, promote the development and support of entrepreneurship and self-employment, expansion of public works, as well as increasing labor market flexibility.

Among foreign scientists involved in highlighting the theoretical foundations of categories of employment and study its economic nature we should mention such scientists as: Weber, D. Keynes, F. Quesnay, A. Marshall, D McGregor, K. Marx, A. Maslow, E. Mayo, L. Porter, Dr. Ricardo, P. Samuelson, A. Smith, F. Taylor. Significant achievements in the study of the problems made by such domestic scientists as K Berdyaev, D. Goddesh, I. Cooper, A. Bogucki, I Vernadsky, A. Grishnova, T. Zajac. E. Kapustin, A. Kolot, S. Mocherny, V. Onikiyenko, A. Rudchenko, M. Tugan-Baranowski, M. Chumachenko, A. Chukhno. N. Shmelev and others.

However, the current trend towards deterioration of the employment situation, income of rural population, require finding ways to improve the situation and to develop concrete measures to ensure productive employment and welfare of the population and, especially rural.

2.Data and methods

The aim of study is the development of theoretical and methodological foundations and practical study of productive employment and ways of increasing incomes of the rural population. Analysis of current state of employment policy of Ukraine and its role in shaping the market economy and identify ways of formation of effective employment. The theoretical and methodological basis of the research the system of rural employment are: the dialectical method of cognition, systematic approach, observation of work of leading domestic and foreign scientists, agricultural economists dedicated to solving problems of formation and rational use of labor in agriculture, the Convention of the International Labour Organisation and normative and legal acts.

3.Results

In conditions of market relations, the decisive factor of regulation is competition. It is in these circumstances, employment in agriculture should reach the level of not only full and productive but be efficient, that combine all socio-economic conditions - high income according to the work results and the level of productivity, compliance officer jobs acquired education and qualification, availability of decent living conditions and social benefits. It is reasonable rational combination of state regulation of employment in rural areas of developing regional programs of development of separate territories.

Transformational changes in the economy call for a mechanism for regulating employment which would help handling during use of labor potential and achieve effective employment. Developing effective approaches to management processes in the labor market into account economic, social, demographic issues and regional priorities that affect and determine its status. The main objective is to improve the regulation of employment quality and competitiveness of the workforce, improving the system of remuneration, promotion and distribution of income, social support, job creation, development of social infrastructure. An

important role in employment should play an effective mechanism of regulation of employment, which consists of five interconnected blocks (Figure 1). They provide the regulatory process with regard to the principles of employment according to the Law of Ukraine "On Employment" and the factors that affect the process of effective employment.

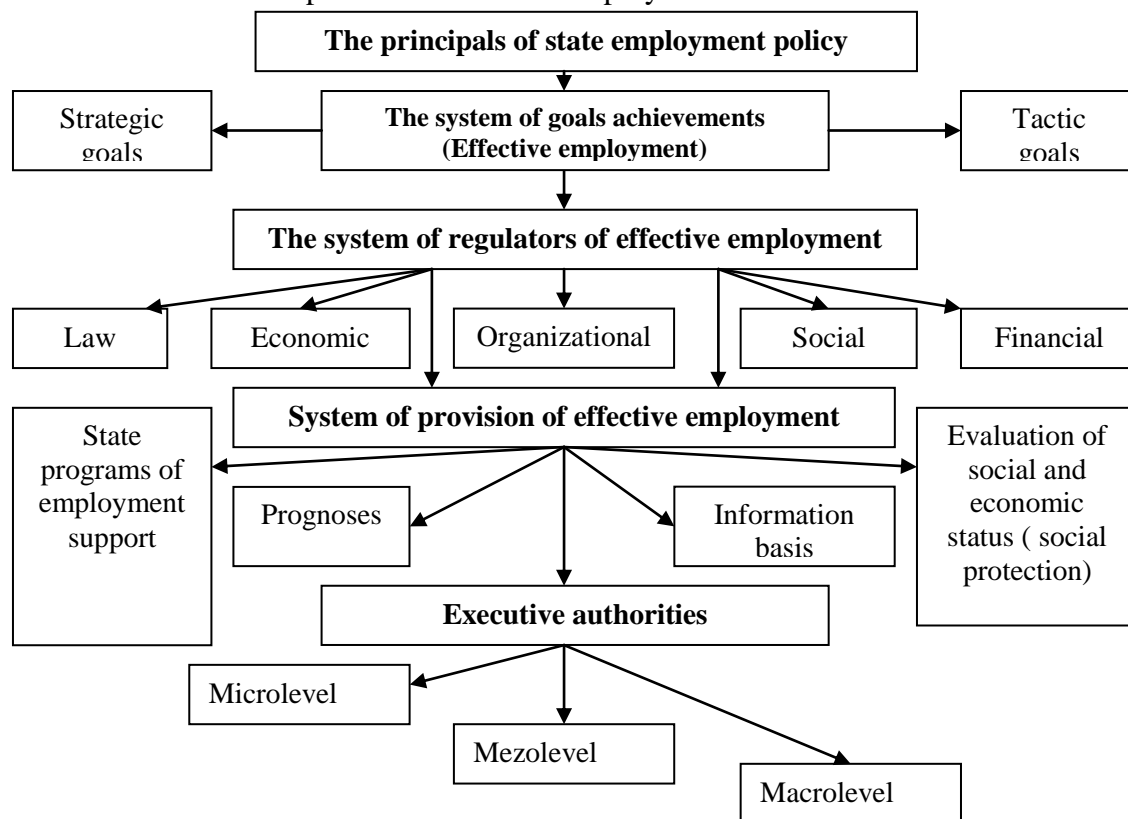


Fig.1. Elements of mechanism of employment regulation

International Labour Organization in its Convention 122 (on 9 July 1964) "On Employment Policy" recommends that countries define as a strategic goal of the state policy of productive employment of population. Inclined to believe that productive employment is based on a combination of three interrelated components [1]: high productivity; highly competitive production of products that are in demand in local and foreign markets; a decent wage that provide expanded reproduction of labor power, prosperity and high living standards. Since employment determines the state of the economy, domestic production and all elements of economic growth, it is the foundation of social and economic progress of Ukraine. Productive employment can be considered only on modern equipment that provides high productivity and efficient use of human potential and a decent income of employees, sufficient to meet the natural economic, social and cultural needs. Analysis of employment in this context gives reason to consider deep crisis of local labor market.

During the period 2010-2014 years in Ukraine the number of employed decreased for about 1.2 mln.peoples. Unemployed population (by the ILO methodology) in 2014 amounted to 9.7% of the economically active population, increased rate of part-time employment, which is also a form of hidden unemployment.

In Ukraine, formed special conditions of employment that requires unconventional methods of investigation of this problem. If in the developed countries, unemployment is more associated with the development of scientific and technological progress, increased productivity, the displacement of workers from the material production exists in the background filling the market with goods exceeding consumption rates, the unemployment rate in our country is the

result of economic policy. Found that people released from the agricultural sector while rural residents consumed less than normal vital food.

In addition, we emptying jobs where we had hidden unemployment. To prevent degradation personalities, reduce criminality and psychological trauma of population, reducing the number of employees in enterprises and organizations to the optimum amount often deliberately held back by management, which in turn affects the level of productivity and wages.

The official estimate of registered unemployment in rural areas ignores the enormous scale of hidden unemployment, much of which falls on employees in private household farms. According to the balance of labor resources, this category of unemployed farmers with about 3 million people. [2]

Employment is not the only factor in solving the problem of unemployment in rural areas. Even with the availability of jobs for specialists having trouble housing market, pre-schools, schools and other social institutions of the village, in recent years significantly deteriorated.

In Ukraine, as in many countries, rural areas characterized by much worse economic and social conditions of people's lives compared with cities and objectively causes higher levels of poverty among rural residents. In 1990, the average income of rural households was 94% of the city. Over the years of market economy, the figure fell by over 10%. [2]

Controversial development of national economy, the emergence and intensification of negative trends in terms of growth of the global crisis influencing all spheres of public life in Ukraine. Most in this respect are rural areas of the country. From the entire spectrum of public relations one of the most relevant in the present changing economic conditions are such traditional for Ukraine and multifaceted phenomenon of poverty in rural areas.

Poverty - social relations are characterized by a lack of the necessary material resources to conduct "normal" (according to the accepted norms of society) life, such as inability to feed his family, educate children or family to provide quality medical care etc. Poverty has become a permanent part of life for the majority of the population of Ukraine, and the current economic crisis provokes gain sharpness of this problem.

To date, there are two different definitions: absolute and relative poverty. Absolute poverty is determined by comparing the total income of the individual or family with a total value of a basket of goods and services which constitute the basic needs of the society.

In determining the relative poverty compared to the overall income persons or families and the cost structure of society. People with lower incomes who spend more of their income on the basket of goods and services compared with some thresholds established based on an average size in the society of this share are considered relatively poor. National criterion is 75% of the first threshold equivalent median of total spending [3].

More than half of Ukraine the poor live in rural areas and therefore significant efforts of the government using modern mechanisms and instruments must be aimed at limiting the scale and overcome the most acute manifestations of rural poverty.

Among the main factors that encourage the spread and deepening of poverty of the peasants in the Ukraine are the following [4]: decrease the scale of rural employment due to curtailment of agricultural enterprises, low wages of peasants; low level of state benefits and provision of social benefits and services, and lack of opportunities for the owners of private enterprises to get financial aid from the state unemployment services; operation on leased land from the peasants of agro holdings, engaged in, in most cases highly mechanized production shifts export crop production as a consequence - low employment of local farmers, soil depletion, the decline of the livestock industry and the inability of rural development; lack of

transparent and profitable for farmers marketing channels of products, low prices and devaluation of agricultural work; absence of effective state support for rural development, cooperatives, small and medium-sized businesses in rural areas and more.

In our opinion, among the main ways to ensure productive employment and improve incomes in rural areas should be the following: strengthening farmer status as real owner and operators of land; development of agricultural production and cooperatives in rural areas, introduction of professional training and retraining of unemployed labor villagers; introduction of economic preferences to encourage businesses to preserve existing jobs in rural areas and creating new ones, to ensure the effective employment of working population is in a state of legal or hidden unemployment; support the development of farms and promoting their transformation in the economy (family or farmer) commodity type and software system of guaranteed public procurement of agricultural products for small-scale producers; effective state support of small and medium enterprises in rural areas, private sector involvement in activities in green tourism and so on.

World practice shows that the factors of negative impact on the welfare of the peasants in the transition period to a market economy would be much less if the reform process of collective government policy was aimed at supporting small and medium enterprises in rural areas, farm forms of management and cooperation of farmers.

Conclusion.

Organizational and economic mechanism of regulation of employment allows using leverage to influence the processes of agrarian labor market and achieve effective and productive employment, reduction of unemployment. This approach is aimed at combining the aggregate of legal norms, methods, instruments, institutions, public, private and social impact on the labor potential of village expansion (addition) national targeted social programs for the preservation and development of labor potential, preserve and increase the employment potential of the village, which will achieve the main goals facing society and the state in the agricultural sector. The quality of life and income of the rural population is characterized by predominantly negative trends, including reduced employment, agricultural labor is impairment, reduced social security benefits and services that questions the human development of the village in the future. Thus, the low level of state benefits and salaries are the cause migration of rural residents (mainly young people) to big cities in the hope of getting real earnings.

References:

1. "On employment policy" / ILO Convention.-Access: http://www.ilo.org/dyn/normlex/en/f?P=NORMLEXPUB:12100:0::NO::P12100_INSTRUMENT_ID:312,267.
2. The costs and resources of households in Ukraine 2005-2014. (According to selective HBS Ukraine): Access: <http://www.ukrstat.gov.ua/>
3. S. Melnyk Socio-economic problems of reproduction and efficient use of the resource potential of the village / Melnyk S.I. - K.: NNC IAE, 2004. - p. 342.
4. A. Pavlov. Paradigm of rural development / A. Pavlov // Economy of Ukraine. - 2006. - № 7. - p. 41-48.
5. Gavrillo P.P. Priorities of preserve employment potential of rural areas [electronic resource] / P.P. Gavrillo// Efficient economy. - 2012. - № 5 - Access: <http://www.economy.nayka.com.ua/index.php?operation=1&iid=1149>.

6. Provision of services to unemployed rural workers and employed in the rural economy as a whole by 2012. [Electronic resource] ; State Employment, 2013. - Access: <http://www.dcz.gov.ua/statdatacatalog/document?Id=239360>.
7. Melnik S.V., I.V. Retivtsev. The problems of rural employment in Ukraine [electronic resource] / Ed. Y. Kosinski - Lugansk: RC ETS Research Institute, 2011. - 64 p. - Access: http://www.lir.lg.ua/docs/zanjatost_sela_2011.rar.
8. The non-agricultural employment in rural areas of Ukraine: [electronic resource] Institute of Economics. Research and Policy Consulting, 2012. - Access: http://www.ier.com.ua/files/publications/Policy_papers/German_advisory_group/2005/U13_ukr.pdf.
9. Yevsyukov T.O., Kovalchuk I.P. Investigation of the current state of rural territories: approaches, algorithms, methods [electronic resource], 2012. - Access: http://www.zsu.org.ua/2/index.php?option=com_content&view=article&id=1607:2011-04-07-13-57-41&catid=75:2011-03-16-12-34-53&Itemid=112