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THE OPPORTUNITIES TO INCREASE THE ADDED VALUE AND EMPLOYMENT IN NON-AGRICULTURAL SECTORS IN RURAL AREAS

МОЖЛИВОСТІ ДЛЯ ЗБІЛЬШЕННЯ ДОДАНОЇ ВАРТОСТІ ТА ЗАЙНЯТОСТІ В НЕСІЛЬСЬКОГОСПОДАРСЬКИХ СЕКТОРАХ СІЛЬСЬКИХ ТЕРИТОРІЙ

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The article analyzes European practices and issues in the field of rural entrepreneurship in the context of poverty reduction, in order to justify ways to increase value added and employment in non-agricultural sectors of rural areas and create a comprehensive mechanism for realizing the right to quality and adequate food for all. An analysis of the dynamics of the number and share of people employed in agriculture in the world and in Ukraine was carried out. The essence and types of non-agricultural activities are established. It is proposed to implement a decent rural employment program (DRE) in strategic rural development planning, which includes four stages of strategic planning: analysis of the problem and stakeholders, identification of desired impacts and beneficiaries, development of a chain of results and selection of strategies and programs; monitoring and evaluation systems development. The most vulnerable groups in rural areas and the general problems they face are summarized. Examples of activities aimed at increasing DRE within the framework of the Decent Work Agenda pillars are provided, including a number of priorities based on: job creation and enterprise development (level I); social protection (level II); standards and rights at work (level III); and also governance and social dialogue (level IV).

Keywords: entrepreneurship, rural area, employment, poverty, European experience.

У статті здійснено аналіз європейської практики та проблемних питань у сфері розвитку підприємництва у сільській місцевості в контексті подолання бідності, з метою обґрунтування шляхів для збільшення доданої вартості та зайнятості в несільськогосподарських секторах сільських територій та створення комплексного механізму реалізації права на якісне та достатнє харчування усіх верств населення. Проведено аналіз динаміки кількості та частки зайнятих в сільському господарстві в світі та Україні. Встановлено сутність та види несільськогосподарської діяльності. Запропоновано імплементувати до стратегічного планування розвитку сільської території програму гідної сільської зайнятості (decent rural employment (DRE), яка включає чотири етапи стратегічного планування: проведення аналізу проблеми та зацікавлених сторін (залучити ключових зацікавлених стейкхолдерів DRE до початкових консультацій; оцінити роль та інституційний потенціал зацікавлених сторін, як у сільському господарстві, так і у зайнятості; оцінити питання DRE при аналізі проблеми); визначення бажаного впливу та бенефіціарів (при виборі бенефіціарів врахувати вразливі місця зайнятості; визначити повну зайнятість і стимулювання гідної праці в сільській місцевості чітко вираженим бажаним впливом); розробка ланцюга результатів і вибір стратегій і програм (прийняти теорію змін, що включає DRE; включити DRE до критеріїв відбору стратегій і програм; дотримуйтесь комплексного підходу до просування DRE); розробка системи моніторингу та оцінки (обрати показники та цілі, що стосуються DRE; розробити детальний план моніторингу та оцінки для задоволення потреб у інформації DRE; прийняти стратегії пом'якшення наслідків відсутності достатньо дезагрегованих даних про DRE). Узагальнено найбільш вразливі групи працівників у сільській місцевості та загальні проблеми, з якими вони стикаються. Наведено приклади заходів, спрямованих на підвищення DRE у рамках визначальних складових Програми гідної праці, що включає низку пріоритетів, які спираються на: створення робочих місць та розвиток підприємств (Рівень I); соціальний захист (II рівень); стандарти та права на роботі (рівень III); а також управління та соціальний діалог (рівень IV).

Ключові слова: підприємництво, сільська територія, зайнятість, бідність, європейський досвід.

Formulation of the problem. In recent years, agricultural production is gradually losing its position in the structure of regional economies [1]. Rural territories of Ukraine are characterized by low rates of their socio-economic development, which leads to disparities in the spatial and regional development of the state, hinders the process of establishing interregional horizontal and vertical integration ties, reduces the level of socio-economic security of Ukraine. The need to stimulate the development of rural areas is determined not only by purely economic aspects, but also social – because the Ukrainian countryside is a unique subject of preservation of historical heritage, customs, traditions and more. Therefore, the intensification of socio-economic development of rural areas is a strategic goal at all levels of government, the implementation of which requires the search and development of effective organizational and economic tools [2]. Under such circumstances, there is a need to intensify entrepreneurial activity as a key driver of socio-economic development of the village. This requires the implementation of a comprehensive integrated rural development policy, which would create enabling conditions and create a favorable environment for business [3].

Analysis of recent research and publications. The research of domestic scientists on the problems of study is concentrated in several areas: on issues of state support for entrepreneurship in rural areas – Varnalii Z. S., Lupak R. L., Rudyk S. A. [4], Korobka S. V. [5], Khodakivskyi Ye. I., Ratoshniuk T. M., Kapitula L. L., Plotnikova M. F. [6]; on issues of agritourism entrepreneurship in the development of rural areas – Hrymak O. Ya., Vovk M. V., Kindrat O. V. [7], Lypchuk V. V., Dydiv I. B. [8]; opportunities to introduce international experience in realizing the potential of small business development in rural areas – Drabovskyi A. H., Yarova Yu. M. [9], Samoilenko T. H. [10]; various aspects of entrepreneurship development in rural areas – Ivaniuta V. F. [11], Korobka S. V. [12], Malik M. Y. [13], Rakovych O. I. [14], Stoianets N. V. [15], Shuliak B. V. [16], Yarova Yu. M. [17] and others.

At the same time, the vast majority of scientific works are focused on finding solutions to rural problems through the development of the agro-industrial sector, while the possibilities of entrepreneurship in the non-agricultural sector remain little and require detailed study.

Formulation of the goals of the article. To analyse the European practice and problematic issues in the development of entrepreneurship in rural areas in the context of poverty reduction, to study the ways to increase the added value and employment in non-agricultural sectors of the rural areas and to create the complex mechanism of the right realization to sufficient and high-quality food quality for all population groups.

Presentation of the main material of the study. A significant untapped resource for rural development is to increase business activity, increase the scale and efficiency of business entities as a source of new jobs, increase employment and prosperity of rural residents, improve investment attractiveness, increase revenues to local budgets, develop local initiatives, form the middle class and develop socio-economic infrastructure of rural areas. In view of this, the problem of development and implementation of effective tools to stimulate the development of entrepreneurship in rural areas of Ukraine is relevant [2].

The problem of rural employment in the non-agricultural sector, to one degree or another, exists in all countries. In general, the tendency to reduce the number of workers employed in agriculture with the growth of the total population is observed around the world (Figure 1). This process is especially dynamic in developed countries. The factors that determine such dynamics are very diverse – from urbanization to the development of technologies that require much lower costs of manual labor at all stages of the value added chain creation. It is obvious that the number of people employed in agriculture (Figure 2) shows a close direct relationship with the level of income in the country (Figure 3): this fact is most clearly demonstrated by countries with the highest (Canada, USA, Australia, Norway, Sweden) and the lowest (India, Pakistan, China) level of real GDP per capita income (excluding some African countries).

The established tendencies convince that in due course the problem will only become aggravated. Thus, the share of the labor force employed in agriculture in the EU is declining every year and in Ukraine (from 1991 to 2019) the figure has almost halved – from 26.9% to 13.8%. At the same time, currently the share of labor force employed in agriculture in Ukraine is still quite high: higher employment rates in the agricultural sector are found in Albania (36.4%), Romania (21.2%), Moldova (21.0%), Bosnia and Herzegovina (18.0%) and Serbia (15.6%) (Figure 4).

According to the practice of developed countries, non-agricultural activities can play a significant role in overcoming these negative trends, especially those that do not require public investment, but can be satisfied with the use of existing rural areas, private housing, material wealth [1].

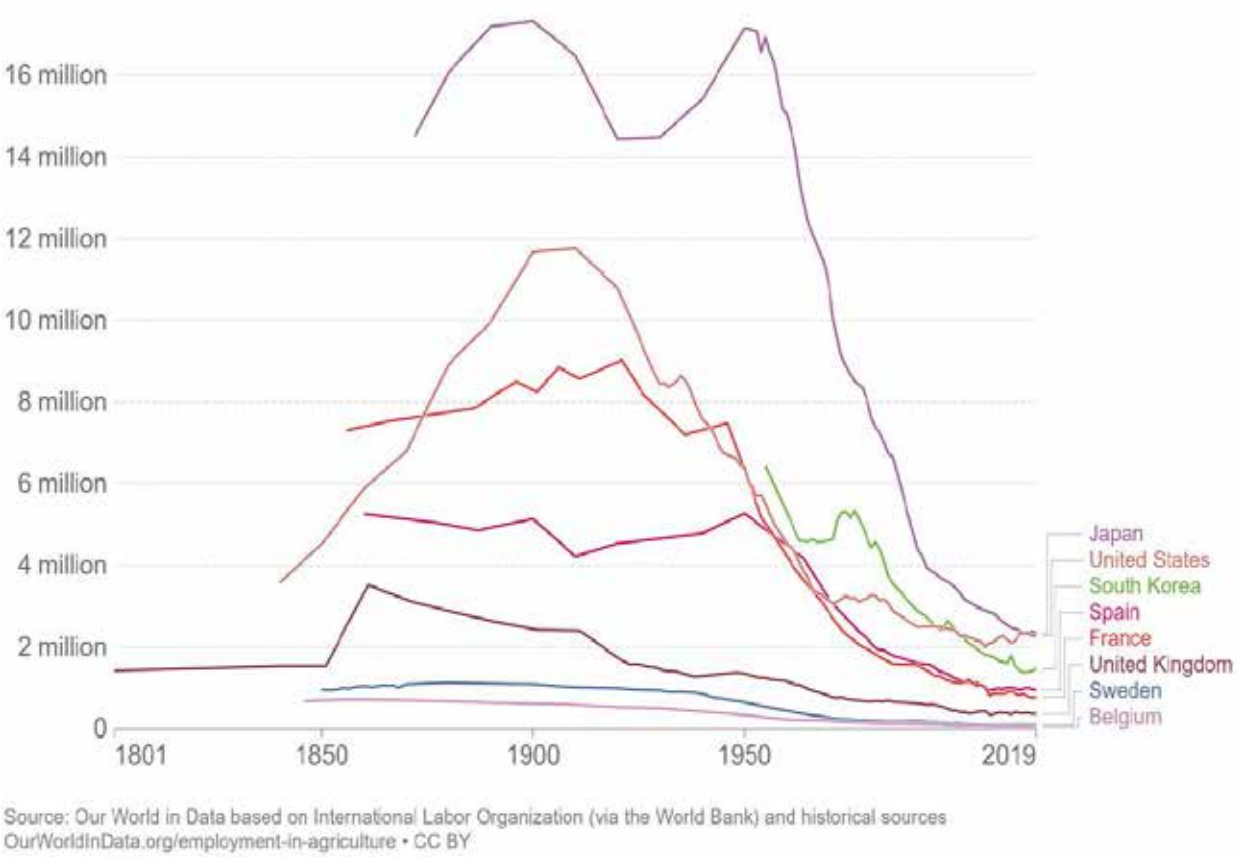

Figure 1. Number of people employed in agriculture, 1801 to 2019

Note: Number of people of working age who were engaged in any activity to produce goods or provide services for pay or profit in the agriculture sector (agriculture, hunting, forestry and fishing).

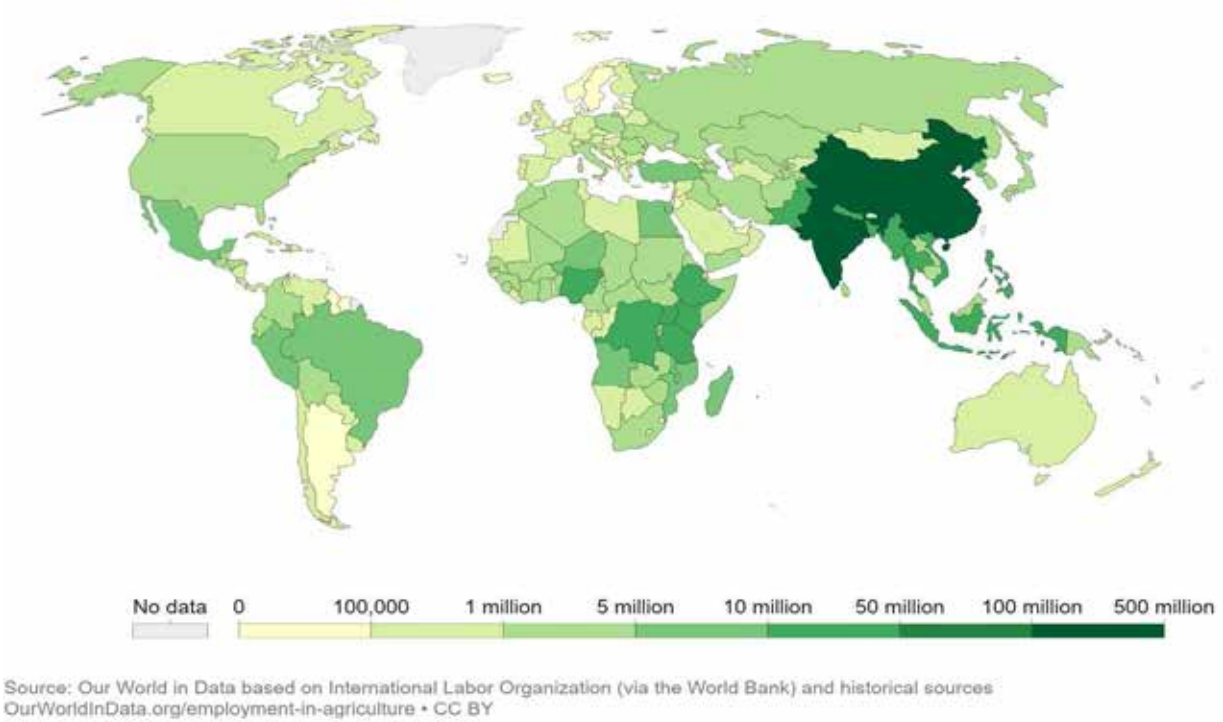

Figure 2. Number of people employed in agriculture, 2019

Note: Number of people of working age who were engaged in any activity to produce goods or provide services for pay or profit in the agriculture sector (agriculture, hunting, forestry and fishing).

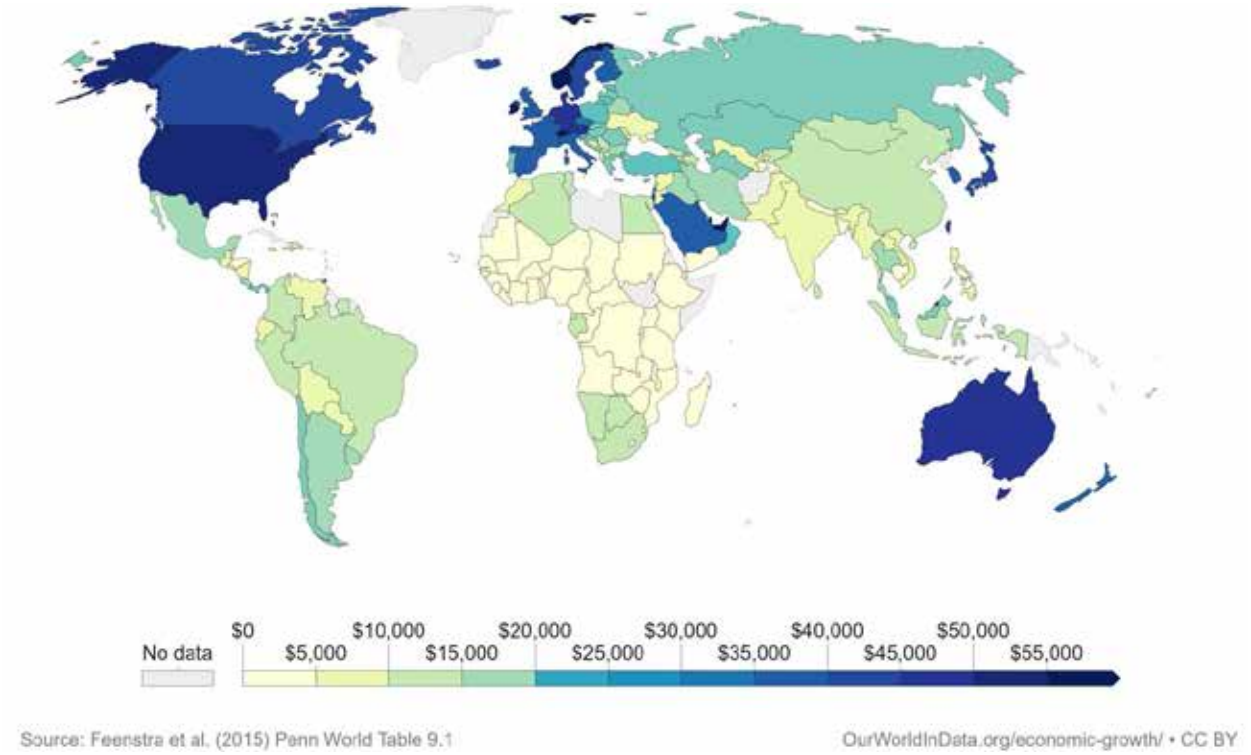

Figure 3. Real GDP per capita

Note: GDP per capita is adjusted for price changes over time and between countries. It is expressed in 2011 international dollars.

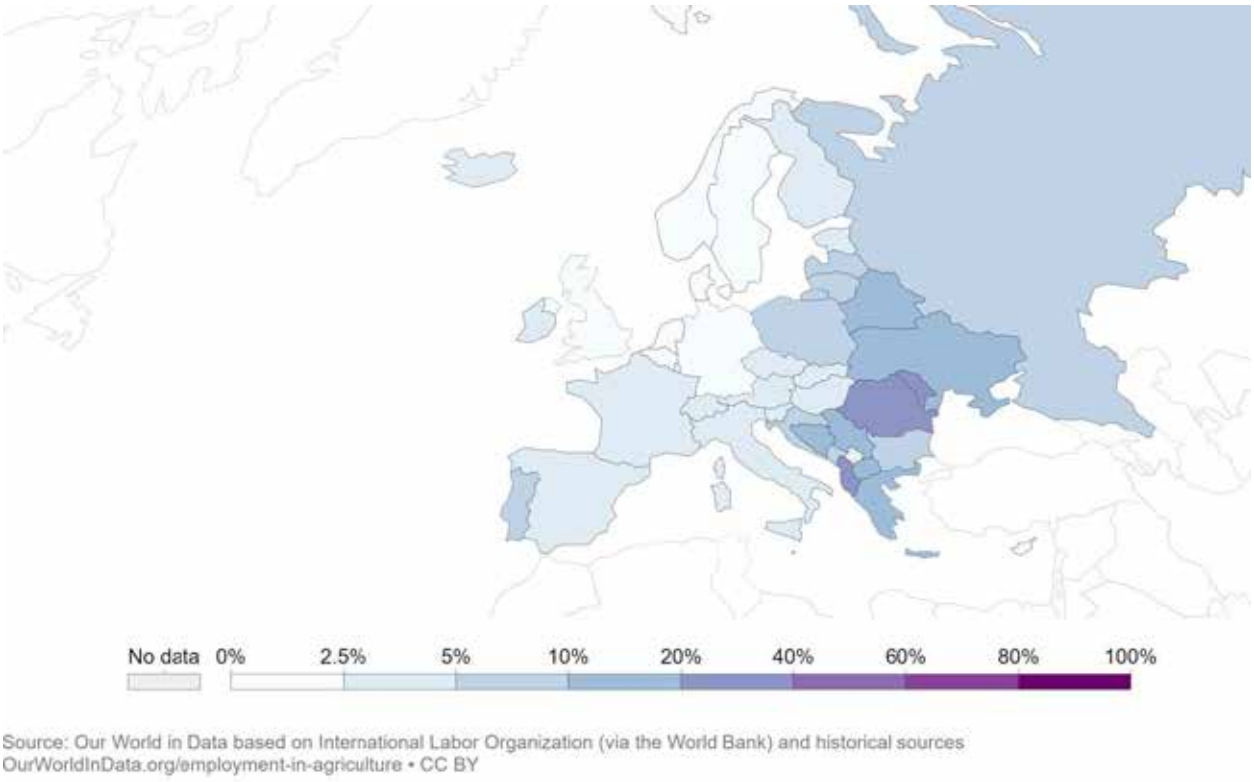

Figure 4. Share of the labor force employed in agriculture, 2019

Note: share of people of working age who were engaged in any activity to produce goods or provide services for pay or profit in the agriculture sector (agriculture, hunting, forestry and fishing).

Non-agricultural activities are defined both spatially (rural activities) and functionally (a set of activities that are not related to agricultural production). Non-agricultural activities include processing of agricultural products, transport, marketing and retail, rural tourism, restaurant business, construction and mining, as well as self-employment activities: handicrafts, repairs, sewing and hairdressing services, bakeries and more.

Non-agricultural activities provide employment to the rural population that cannot be employed in the agricultural sector. This type of employment can be divided into three major categories: permanent, self-employed and irregular employment. The main task of the territorial community in this direction is to create conditions that would promote permanent non-agricultural activities, creating better employment opportunities for rural residents.

In solution to this issue, it makes sense to apply the best practices proposed by international organizations. Thus, FAO proposes to implement a decent rural employment program (DRE) in strategic rural development planning,

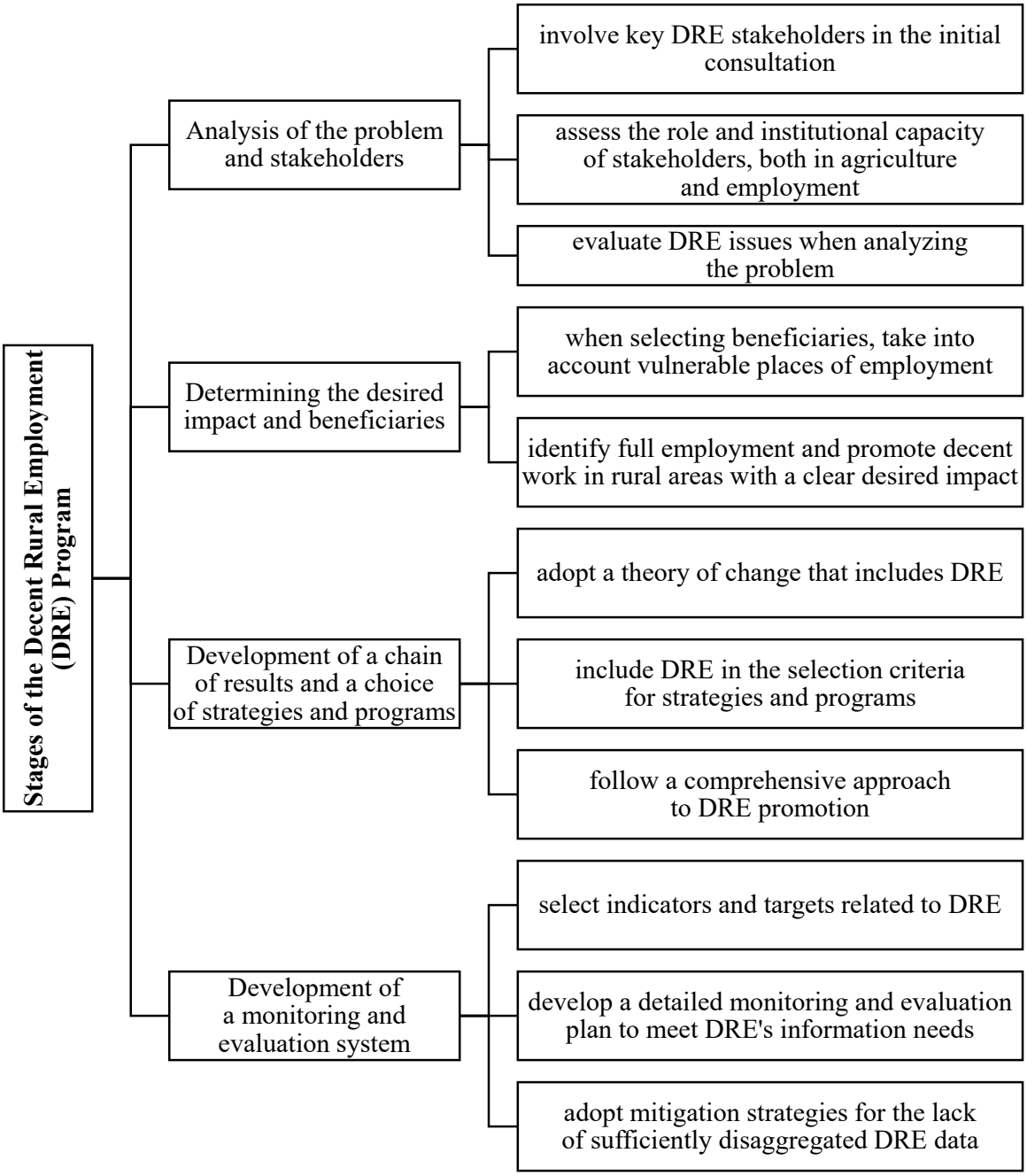

Figure 5. Stages of including the Decent Rural Employment program (DRE) in the rural development strategy

Source: summarized by the author according to FAO

which includes four stages of strategic planning (Figure 5).

The standard strategic planning process usually begins with a small team in the strategic planning unit. The team identifies the main bottlenecks that threaten the efficiency of the sector and potential measures to address them; consults with key stakeholders relevant to the planning process; conducts a detailed analysis of problems and stakeholders, focusing on the main identified problems. At this stage, it is important to identify employment issues in order to be able to include DRE in the rural development strategy.

After identifying the problems and major vulnerable groups in the first phase, the group develops its vision for the development of the sector and identifies the desired impact and final beneficiaries. This stage is often quite informal, and the decisions made are often unwritten or

Table 1

The most vulnerable groups of workers in rural areas and the general problems they face

Rural groups of workers	General problems
Small producers (including peasants and farmers)	Low productivity and poor working conditions Physically hard and strenuous work Risk to health and safety often without awareness or preventive measures Income below the poverty line Work on multiple jobs to earn a living Lack of technical and entrepreneurial skills Limited access to credit and other financial services Informal work that excludes workers from social insurance or maternity benefits and other occupational safety and health legislation
Small businesses and entrepreneurship	Poor access to financial services and land as collateral Excessive regulation and bureaucracy, which hinders the formalization of the enterprise Inadequacy, unreliability and high cost of utilities and infrastructure (energy and water) Difficulties in diversifying markets and finding suppliers among small producers (for example, due to the inability to ensure consistently the same quality and volume of products or late delivery) Lack of competitiveness
Hired agricultural workers (informal, seasonal and temporary workers)	Employment for low-paid seasonal or temporary work, the need to have several jobs to earn a living Insufficient or no access to social protection and trade unions Lack of attention from politicians and employment statistics High degree of income insecurity due to lack of economic opportunities
Rural migrant workers	High level of abuse and exploitation Work on low-paid seasonal or temporary work Poor access to social protection
Rural women in the above categories	Unpaid work in own households, and their productivity is limited by various forms of discrimination (eg limited access to resources and knowledge) Restricted freedom, often lack of representation of women in the management and administrative functions of ATC (amalgamated territorial community) Women are paid lower than men for equivalent work and the same level of education and experience, and part-time, seasonal and / or low-paid work is more often offered Lack of guarantees of employment and social protection (eg maternity leave), additional sex discrimination during pregnancy or maternity Additional risks and dangers in the workplace (eg sexual harassment), especially when working during pregnancy or maternity
Youth in the above categories	Lack of technical and entrepreneurial skills Difficult access to resources, adapted training, etc. Lack of prospects for work in rural areas, which leads to migration to cities Unpaid work in own households Involvement in casual or seasonal work in the informal economy with low payment, low job guarantees and no social protection

Source: summarized by the author according to FAO

Table 2

Examples of actions aimed at raising the DRE within the defining components of the Decent Work Program

The basis of the decent work agenda	DRE actions
Job creation and enterprise development (Level I)	– Expand women's and young people's access to productive resources, information, finance, adapted technologies and training to successfully manage their own business or start a business – Support the creation and formalization of small business, as well as access to markets, education, financial services – Support in access to markets and value chains of agri-food products under fair and decent conditions (for example, support young people in developing a business plan for the purchase of equipment for a service enterprise; development of agribusiness incubation centers for young people as young agribusinessmen) – Encourage investment in agriculture that creates new jobs and helps to improve the skills of the local workforce – Promote and implement job creation and diversification programs in rural areas, especially for youth and women (eg rural ecotourism initiatives, investment in labor-intensive rural sectors such as rural infrastructure) – Implement gender- and age-specific programs that teach technical and business skills and are related to entrepreneurship support or employment services – Improve the management of rural labor migration by ensuring informed labor mobility and adapting to the special needs of women and young migrant workers
Social protection (Level II)	– Promote productivity-enhancing social protection programs (such as cash benefits) and rural-oriented community service programs – Promote the adoption of occupational safety standards for rural labor, including the promotion of safer technologies and practices for small and commercial agriculture – Promote better working and employment conditions, in particular maternity protection and working hours (eg through social farming initiatives)
Standards and rights at work (Level III)	– Support socially responsible production for small producers in an effort to reduce gender and youth discrimination and promote responsible business conduct (eg through educational campaigns) – Protect adolescents who have reached the minimum working age (14-15 years) but have not reached 18 yet from abuse and harmful work, helping them to get education, skills development and adapted employment opportunities – Review, adopt and enforce legislation to give effect to international standards and their application in rural areas (eg review restrictions on the informal economy, enforce employment law)
Governance and social dialogue (Level IV)	– Support organizations and networks of producers and workers in the informal rural food economy and promote their inclusiveness towards youth and women – Maintain regular representation of women and youth in social dialogue – Enhance opportunities for rural people, especially the most disadvantaged, to involve them in decision-making and governance at the local level

Source: summarized by the author according to FAO

mentioned only in general terms in the introduction to the strategy and program. However, in this phase, strategic choices are made that influence other stages of planning. In order to create a credible and inclusive concept of change for rural development, employment priorities need to be clearly defined at this stage.

In the second stage, it is necessary to identify groups of people in rural areas who face the problem of "shortage" of decent work, and clearly identify the problems associated with their employment. The general employment problems faced by different groups of the rural population are shown in Table 1.

Having identified the overall desired impacts and final beneficiaries, the intervention team determines the results. The problem tree can be turned into a goal tree to visualize exactly what needs to be achieved to solve the problem. After visualizing the results, various strategies for achieving them are considered. It is important to ensure integration between the four defining components of decent work. The decent work agenda includes a number of priorities based on: job creation and enterprise development (Level I); social protection (Level II); standards and rights at work (Level III); also governance and social dialogue (Level IV). These basic levels are interconnected and it is important to create synergies between them. Examples of DRE actions that could be included in strategies and programs at the four levels of the Decent Work Program are shown in Table 2.

The monitoring and evaluation system allows the team to track results. It also supports critical reflection to eventually take corrective action and learn in the future. It is important to integrate DRE considerations into the monitoring and evaluation system to confirm the commitments made in the previous stages of strategic planning. Simply put, if job creation and decent work are a priority, they should also be an indicator of success.

Conclusions. The inclusion of DRE priorities in the development of rural development measures in various sectors and value chains will contribute to a comprehensive solution to the problem of employment in rural areas. The proposals address a wide range of rural development measures in the context of poverty eradication and employment growth in the non-agricultural sectors of rural areas and are specifically designed for rural development strategies.

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