DEVELOPMENT OF RURAL ENTREPRENEURSHIP AND ITS IMPACT ON RURAL EMPLOYMENT IN UKRAINE

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Motivation

* Total population of Ukraine: 45.4 million people
* Rural population of Ukraine: 14 million people (31%)
* For 2000-2014 years the rural population in Ukraine decreased on 16%
* Rural population employment level: 55%
* Rural population unemployment level – 10% of economically active people
Total population (according to estimates), 1991-2015

Motivation

Urban
Rural

Year

Thousand people

0.0
10000.0
20000.0
30000.0
40000.0
50000.0
60000.0

1991
1995
2000
2001
2002
2003
2004
2005
2006
2007
2008
2009
2010
2011
2012
2013
2014
Motivation

Migration balance of population by rural and urban areas, person

Urban

Rural
Average monthly nominal wage by the type of economic activity, **UAH**
Employment by the type of economic activity, 2014

- Wholesale and retail trade: 22%
- Transportation and storage, postal and courier activities: 6%
- Accommodation and food service activities: 2%
- Constructions: 4%
- Industry: 16%
- Agriculture, forestry and fishing: 17%
- Other types of economic activity: 33%
Objective and tasks

Objective:

to provide insights on current situation and the problems of development of rural entrepreneurship in Ukraine and develop practical recommendations for the effective formation and organization of entrepreneurial activity in rural areas

Tasks:

• To systematize the general tendencies and problems of the rural entrepreneurship development;

• To estimate the level of rural entrepreneurial activity;

• To generalize the proposals for the formation and organization of the entrepreneurial initiatives infrastructural support in the rural area, thus increasing the rural population employment.
Data and Methodology

- Sociological survey of rural people
- 10,6 thousand people
- Zhytomyr region, Ukraine
## Results

### Rural population willingness to start a business

<table>
<thead>
<tr>
<th>Answers</th>
<th>All respondents</th>
<th>Age groups, years</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number of answers</td>
<td>%</td>
</tr>
<tr>
<td>Yes</td>
<td>3012</td>
<td>28,4</td>
</tr>
<tr>
<td>No</td>
<td>7583</td>
<td>71,6</td>
</tr>
<tr>
<td>Total</td>
<td>10595</td>
<td>100,0</td>
</tr>
</tbody>
</table>
## Results
### Alternative spheres of starting a business in rural area

<table>
<thead>
<tr>
<th>Answers</th>
<th>All respondents %</th>
<th>Age groups, years</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Under 35</td>
</tr>
<tr>
<td></td>
<td></td>
<td>%</td>
</tr>
<tr>
<td>Sphere of service</td>
<td>14,3</td>
<td>16,5</td>
</tr>
<tr>
<td>Food services</td>
<td>5,7</td>
<td>8,3</td>
</tr>
<tr>
<td>Agriculture</td>
<td>24,4</td>
<td>18,3</td>
</tr>
<tr>
<td>Trade</td>
<td>20,7</td>
<td>27,5</td>
</tr>
<tr>
<td>Construction</td>
<td>4,0</td>
<td>5,7</td>
</tr>
<tr>
<td>Transport and communication</td>
<td>2,2</td>
<td>2,7</td>
</tr>
<tr>
<td>Industry</td>
<td>1,5</td>
<td>2,0</td>
</tr>
<tr>
<td>Real estate activities</td>
<td>1,6</td>
<td>2,0</td>
</tr>
<tr>
<td>Financial activities</td>
<td>2,8</td>
<td>3,4</td>
</tr>
<tr>
<td>Others</td>
<td>22,8</td>
<td>13,6</td>
</tr>
<tr>
<td>Total</td>
<td>100,0</td>
<td>100,0</td>
</tr>
</tbody>
</table>
Limiting factors for the development of entrepreneurship, %

Results

- Lack of confidence in their own entrepreneurial abilities
- Imperfect taxation
- Lack of information about the possibilities and peculiarities of doing business
- Obstacles on the part of local authorities
Results

Major factors contributing to entrepreneurial activities in rural areas, %

- Concessional lending: 37.6%
- Free training in the basics of business: 19.5%
- Consulting and information support: 9.9%
- Trainings and events for future entrepreneurs: 5.8%
- Preferential taxation: 4.2%
- Other: 23%

**Results**

- Major factors contributing to entrepreneurial activities in rural areas, %

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12
Objects of entrepreneurship infrastructure support

- Entrepreneurship and farming support funds: 16.2%
- Investment and innovation funds and companies: 15.4%
- Public organizations and associations of entrepreneurs: 7.1%
- Insurance companies and their branches: 3.2%
- Auditing firms: 1.7%
- Information and advisory institutions: 0.9%
- Public receptions: 0.4%
- Credit unions and their branches: 27.4%
- Stock exchange: 18.8%

Total: 100%
Results

Information needs of rural entrepreneurs, %

- Existing possibilities of sales of products: 37.5%
- Sales potentials of products: 13.3%
- Advice on agronomy: 14.6%
- Advice on farming: 13.3%
- Sources and conditions for obtaining loans and credits: 7%
- Consultation on economic issues and taxation: 7.2%
- Other: 3.1%
Results

Possible types of alternative rural employment

- **Agricultural**
  - Specific agricultural production (rabbit and horse breeding, beekeeping etc.)
  - Collecting and sale of mushroom, berries, medicinal herbs
  - Hunting and fishing
  - Production of certain food products

- **Non-agricultural**
  - Village green tourism
  - National folk crafts, production of souvenirs, handicraft
  - Retail business (trade)
  - Production of certain non-food products

- **Provision of services**
  - Transportation
  - Garbage collection, waste management
  - Construction and repair work
  - Household services
  - Entertainment services
  - Cafe, baths, rental services
How to improve the situation?

- improvement of state regulation and support of entrepreneurship
- consulting and information support
- the development of market infrastructure subjects through the creation of rural business-incubators, information centers, agricultural cooperatives etc.
- the development of alternative activities
- the experience of foreign countries
Thank you for your attention!

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