

CHAPTER

THE LABOUR FORCE IN RURAL AREAS OF UKRAINE: PROBLEMS AND INCLUSION OF EMPLOYMENT IN THE LABOUR MARKET

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Summary

This contribution to Chapter II of the monograph analyses the changes that have taken place in the productive base of Ukraine's rural sector between 2015 and 2024, specifically: it provides a description of the dynamics and structure of the rural population and labor force, entrepreneurial activity and employment, trends in fixed assets and capital investment in the key sector of the rural economy – primary production – as well as in the processing sector of the agro-industrial complex. The analysis mainly concerns agriculture, forestry and fisheries, but a complete picture of the labor force in rural areas is provided only by the national survey conducted in 2021. The main reasons for the decline in the number of wage earners and their transition into the group of pensioners or the employed population are revealed, acting as a 'buffer' to mitigate rural unemployment.

Introduction

The deterioration in the employment situation of the rural population calls for an in-depth analysis of the actual state and dynamics of changes in the labor force across various categories and components, specifically: those employed in the formal and informal sectors, in paid and unpaid (self-employed) roles; by employment status (salaried workers; employers; self-employed; unpaid family workers); by occupational groups; by age groups and reasons for

inactivity among those not in the labor force; the unemployed; the potential labor force, etc. An in-depth analysis of labor force dynamics and the structure of its employment for 2015–2024, identifying directions, mechanisms, instruments, means and measures to regulate changes in the productive base and social sphere of the rural sector will enable the justification and development of directions and levers for the diversification of the prospective development of rural areas based on the implementation of labor-intensive initiatives aimed, depending on circumstances, at expanding or optimising employment, in the agricultural, social and non-agricultural sectors.

Between 2015 and 2021, the number of people employed in rural areas fell by 5.8%. Of the total employed population aged 15 and over, 64% worked in the formal sector and 36% in the informal sector, of whom: a) in the informal sector – 0.82 parts, b) in the formal sector – 0.18 parts. The share of the informally employed population in 2021 across Ukraine as a whole stood at 19.5% (almost half that of the rural areas, i.e. 36%), whilst in urban areas it was only 12.1% (three times lower than in rural areas). At the same time, the employed rural population aged 15–70 in 2021 stood at 4,835,500 people, and was divided into four distinct groups by employment status: a) employees – 69.8%; b) employers – 1.0%; c) self-employed – 28.7%; d) unpaid family workers – 0.5%.

Of particular importance is the characterisation of the rural labor force across nine occupational groups of the employed and informally employed rural population. In effect, two distinct mega-groups have emerged:

a) the first mega-group, i.e. prestigious professions, comprises four occupational groups (legislators, senior civil servants, executives, managers; professionals; specialists; technical staff): it comprises 1.1 million workers (22.7% of the employed population of 4,835,500 people), including 1% in informal employment, and there is one unemployed person for every 9.2 workers. The proportion of workers aged 40 and over in this mega-group is 50.9%;

b) the second mega-group, i.e. unskilled occupations, comprises 5 occupational groups and totals 3,737,600 people, or 77.3% of the rural working population (4,835,500 people in total). However, group 9 stands out particularly within the mega-group; in fact, it is the professional mega-group of the simplest occupations: it comprises 1.77 million people (36.6%), including 70.7% in informal employment, and there is one unemployed person for every 10.6 workers. The proportion of workers aged 40 and over is 56.6%. These two mega-groups (i.e., prestigious and the simplest professions) account for around 60% of the employed population aged 15–70 (1.1 million people + 1.77 million people) and, clearly, their development prospects differ significantly.

1. The development of rural areas in the pre-war period and shifts in labor force employment

The development of rural areas is based on the productive base located within the administrative boundaries of the communities. For the vast majority of rural communities, a significant proportion of settlement communities, and to some extent urban communities, the territory allocated to them serves as the primary means of production – or, more precisely, the part of it used for agriculture. Given that communities comprise a number of settlements, and often as many as two or three dozen, the productive base includes several different types of agricultural holdings. Since, prior to the outbreak of full-scale war – that is, in 2021 – the statistical data and results of various surveys were published with due regard to their reliability, later – in 2022 and subsequent years, due to the occupation of parts of Ukraine’s territory, they were published with significant caveats and were very incomplete, ‘truncated’ or not carried out at all. Therefore, for our further research, we will utilise the existing statistical database and, where possible, supplement it with the results of new sample surveys in territories under Ukraine’s jurisdiction.

It should be noted that the existing productive base of rural areas is extremely diverse. At the same time, in accordance with the new Law of Ukraine “On the Procedure for Resolving Certain Issues of the Administrative-Territorial Structure of Ukraine” (No. 3285-IX of 28 July 2023, which came into force on 26 January 2024), these include both rural and settlement localities [1, Art. 1, para. 6] and, accordingly, territorial communities. Thus, for the vast majority of rural and settlement communities, the productive base includes labor and land resources, means of production of industrial manufacture and biological origin (reproduction), farm buildings and engineering networks, internal farm roads and land improvement systems, etc. For a more comprehensive understanding of the essence of a rural area, it should be noted that it comprises three key components: the spatial basis of production, the natural environment and the human habitat. Their continuous renewal will contribute to the rational use of rural resources, raising standards and improving the quality of life of the rural population.

For the purposes of further research, we will draw on official statistical data (Table 1) [2; 3] and national labor force surveys (Tables 2–6) [4]. As for rural areas, these were represented by 464 strata (administrative rural districts), whilst urban areas were represented by 49 strata (large and small towns) [4, p. 22]. It should be noted that the share of the labor force aged 15 and over in rural areas in 2021 accounted for 31.3% of the total population (5,456,300 and 17,405,000 people respectively) [4, p. 43], whilst the share of the rural population in the total was 30.6% [2, p. 15]. Thus, the reliability of statistical data varies across different sources.

Table 1

Structure and trends of key indicators of Ukraine's agricultural sector*

Indicators	Unit of measurement	2015	2019	2020	2021	2022	2023	2024	2024:2015 =%
1	2	3	4	5	6	7	8	9	10
Population (excluding temporarily occupied territories), (as of January 1)	thousand people	42,759.7	41,983.6	41,732.8	41,418.7	40,997.7	35,000	33,200	77.6
- rural population (excluding the temporarily occupied territories)	thousands	13,325.3	12,965.7	12,832.2	12,698.0	12,542.9	in/in	in/in	94.1
- % of total population	%	31.2	30.9	30.7	30.7	30.6	in/in	in/in	-0.6
Population aged 16–59 (excluding the temporarily occupied territories), (as of January 1)	thousand people	26,613.3	25,293.7	24,968.1	24,618.9	24,294.9	in/in	in/in	91.3
- rural population aged 16–59 (excluding the temporarily occupied territories)	thousand people	7,911.9	7,605.9	7,495.4	7,386.7	7,281.8	in/in	in/in	92.0
- share of the rural population aged 16–59	%	29.7	30.0	30.0	30.0	30.0	IV	IV	0.3
Active entities in agriculture, forestry, and fisheries	units	79,284	75,450	73,368	79,803	53,281	41,678	intra-venous	52.6
- of which sole proprietorships	units	32,540	25,211	23,916	23,050	20,437	intra-venous	in/in	62.8
- including in agriculture	units	70,721	68,675	67,121	64,960	48,378	40,294	intra-venous	57.0
- of which sole proprietorships	units	25,824	20,350	19,369	18,890	16,638	in/in	n/a	64.4
Employees in agriculture, forestry, and fisheries	thousand people	569.4	535.0	506.5	502.9	434.8	in/in	in/in	76.4
- including in agriculture	thousand people	502.7	473.8	451.4	448.4	in/in	in/in	n/a	89.2
Fixed assets in agriculture, forestry, and fisheries (as of 12/31)	million UAH	210,169	469,383	540,463	595,909	intra-venous	in/in	in/in	283.5

Continuation of Table 1

1	2	3	4	5	6	7	8	9	10
- including in agriculture	million UAH	205,575	460,475	530,721	583,508	intra-venous	in/in	in/in	283.8
Capital investments in agriculture, forestry, and fisheries	million UAH	30,155	59,130	50,680	69,950	51,439	in/in	in/in	170.6
- including in agriculture	million UAH	29,310	58,555	50,189	67,993	49,612	in/in	in/in	169.3
Population employed in agriculture, forestry, and fisheries	thousand people	2,870.6	3,010.4	2,721.2	2,692.7	in/in	in/in	n/a	93.8
Characteristics of rural areas as a place of residence for the labor force									
Number of workers aged 15–70	thousands of people	5,667.5	5,656.4	5,504.8	5,414.9 5,456.3**	<i>Of these: married – 3,404.8 (62.9%); never married – 1,225.2 (22.6%); divorced – 589.8 (10.9%); widowed – 195.1 (3.6%).</i>			95.5
- labor force participation rate	%	60.8	61.5	60.4	60.0				-0.8
Number of employed persons - 15–70 years old - in the formal sector - informal sector	thousand people	5,134.2	5,163.5	4,931.6	4,835.5 4,876.8** 3,124.3** 1,752.6**	<i>Informally employed population: total - 1,715.3 (100%); of which: - employed - 321.4 (18.7%); - self-employed - 1,393.9 (81.3%).</i>			94.2
- employment rate	%	55.1	56.2	54.1	53.6	IV	i.v.	in/in	-1.5
Number of unemployed persons aged 15–70	thousand people	533.3	492.89	573.2	579.4	<i>Of these: 15–34 years old – 216.0 (37.3%); 35–49 years old – 222.6 (38.4%); 50 years and older – 140.8 (24.3%).</i>			108.7
= unemployment rate	%	9.4	8.7	10.4	10.7				1.3
Number of people not in the labor force, aged 15–70	thousand people	3,647.7	3,537.4	3,613.2	3,611.4	<i>Total – 4,978.1**; of which: 15–34 years old – 1,310.3 (26.3%); 35–49 years old – 478.2 (9.6*); 50 years and older – 3,189.6** (64.1%). Potential labor force: 78,800 people, of whom 53,800 were previously employed.</i>			99.0
- the share of people not in the labor force among the population aged 15–70	%	39.2	38.5	39.6	40.0				0.8
Youth aged 15–24 who are not working, not in school, and not acquiring professional skills	thousand people	348.9	286.5	287.5	250.9	in/in	in/in	in/in	71.9

End of Table 1

1	2	3	4	5	6	7	8	9	10
- Percentage of youth aged 15–24 who are not in employment, education, or training, relative to the population aged 15–24	%	21.6	21.0	21.7	19.2	IV	i.v.	in/in	-2.4
Persons who were temporarily not working - ages 15–70	thousands of people	in/out	in/in	n/a	138.2	<i>Reasons: vacation – 41.5%, fulfilling maternal duties – 31.5%, seasonality – 8.7%</i>			

Source: systematized, compiled, and calculated based on: [2, pp. 15–19; 3, pp. 39–40, 43; 4, pp. 4, 14–16, 43, 44, 48, 49, 53, 58, 112, 115, 127, 128, 138, 165–197]

Data for 2012–2021 are presented excluding the temporarily occupied territory of the Autonomous Republic of Crimea and the city of Sevastopol; since 2015, they also exclude parts of the temporarily occupied territories of Donetsk and Luhansk regions.

**** Number of employed persons aged 15 and older** (total employed population aged 15 and older = 15–70 years + over 70 years).

Legend: - n/a – data not available; - TOT – temporarily occupied territories.

It should be noted that the compendium “Labor Force of Ukraine” provides information on the labor force and its characteristics in the Ukrainian labor market for 2021. At the same time, the statistical and estimated data for 2015–2021 are presented without taking into account the temporarily occupied territory (TOT) of the Autonomous Republic of Crimea, the city of Sevastopol and parts of the TOT in the Donetsk and Luhansk regions [4, p. 3]. Given that, due to the war, no other labor force surveys have been conducted so far, it would be logical to focus our own research precisely on this material available to us.

The statistical and calculated data presented in Table 1 provide a sufficiently important characterisation of the dynamics and structure of the rural population and labor force, the development of entrepreneurial activity and employment, and trends in fixed assets and capital investment in the key sector of the rural economy – agriculture, forestry and fisheries.

In particular, for virtually all key indicators, even in the pre-war period, downward trends of varying intensity are observed, with the exception of fixed assets and capital investment; the years of full-scale Russian aggression proved particularly disastrous. This is explained by the fact that one part of Ukraine has been in the status of temporarily occupied territories (TOT) for a long time, another consists of territories liberated after temporary occupation, and a third comprises regions where intense and protracted hostilities are taking place. At the same time, most of the country’s regions

have not experienced Russian occupation. Consequently, the relationship between these groups of territories is in a state of flux, and national statistics are unable to respond promptly to this across all components of periodic and annual reporting. This is why, for some reporting categories, the series of statistical indicators end with the pre-war year of 2021, whilst for others they extend to the wartime years of 2022–2024, albeit in a ‘truncated’ form, rendering these series of indicators incomparable in their dynamics.

In our view, one important pattern has emerged: according to official statistical data for the period 2015–2021, the downward trend in the number of employees in primary production (agriculture, forestry and fisheries) was more pronounced (88.3%: a decrease in the number of employees from 569,400 to 502,900 people) than that of the employed population (93.8%: a decrease in the employed from 2,870,600 to 2,692,700 people), and the proportion of employees among the employed (the employed include employees) fell from 19.8% to 17.5%, i.e. by one-ninth (for comparison: in 2010, the ratio of wage earners to the employed was 25.7%, i.e. 794,700 to 3,094,500 people). This indicates that there is an ongoing process of a steady decline in the number of wage earners and their transition into the larger group of pensioners and/or the employed population, which acts as a kind of ‘buffer’ that mitigates rural unemployment. If, over the specified period (six years), the number of wage earners fell by 66,500, but the employed population fell by 178,000 – that is, by more than a third (37.3%) – this was due to the reduction in the number of wage earners. This indicates the agricultural sector’s extremely limited capacity to even preserve existing permanent jobs for the rural population and the urgent need to expand their scope of employment through other types of economic activity.

Of particular interest are the changes in the business environment resulting from the Russian aggression in 2022. In particular, by the end of 2021, the number of active business entities in primary production stood at 70,803, of which 23,050 were sole traders, and in 2022, these figures were 53,281 and 20,437 respectively; in the processing sector (food industry), the figures were 16,206 and 9,855, and 13,937 and 9,129 respectively [5]. Thus, in primary production, there was a reduction of a quarter (to 75.2%) and 13.3% respectively, and in the processing sector – by 14% and 7.4% respectively. Thus, even under martial law, sole traders proved to be more viable and resilient than large, medium and small enterprises registered as legal entities.

At the same time, we have the opportunity to compare the structures of entrepreneurship that emerged in the second year of the war (2023) with the corresponding structure of the first year of the war (2022). In particular, as of 1 November 2023, primary production comprised 41,678 active enterprises, the vast majority of which are located in rural areas; and the processing sector comprised 5,584 active enterprises, a significant proportion of which are also located in rural areas [6]. Thus, there was a decrease in the number of active enterprises in the

second year of the war in primary production by almost 22% and in the processing sector by 60%. The main reasons are linked to the relocation of enterprises from temporarily occupied territories or the cessation of their operations, a reduction in the volume of cultivation and procurement of food raw materials, the migration of significant numbers of workers abroad, a reduction in the area of agricultural land under cultivation due to the expansion of the temporarily occupied territories, their mining and contamination, and other factors.

Thus, in the pre-war year, there were on average around fifty active businesses per local community, of which more than fifteen were sole traders. Later, as a result of the occupation of part of Ukraine's territory, the relocation of enterprises and the cessation of their operations for various reasons in the unoccupied regions, the situation changed significantly: in primary production, the number of active enterprises fell by 41%, and in the processing sector – by almost two-thirds (65.5%). Accordingly, between 2010 and 2022, the number of employees in the formal sector within business entities in primary production fell by 39.2% (from 811,700 to 488,600 people) and in the processing sector by 32.8% (from 457,900 to 307,600 people) [7]. At the same time, the number of employees in primary production fell by 40.0% (from 724,800 to 434,800 people), and in the processing sector by 34.1% (from 417,900 to 275,500 people) [2, p. 16]. Thus, both the number of active economic entities and the number of employed persons, and even more so the number of wage earners, decreased significantly.

It is important to note that fixed assets in primary production were constantly increasing in the pre-war period and decreased as a result of military operations in parts of Ukrainian territory and the inability to obtain the necessary reports from business entities. Their increase over the six pre-war years was 2.8-fold, whilst capital investment rose by only 2.3-fold. The steeper upward trend in fixed assets is due to delays in the write-off of depreciated means of production and their accumulation within the structure of fixed capital in primary production. It should be noted that the decline in the number of economic entities in primary production was more pronounced than that of fixed assets (33% and 27% fewer, respectively).

However, the analysis of statistical data on primary production covers only key types of economic activity; a complete picture of the labor force in rural areas is provided solely by the national survey conducted in 2021 (the lower part of Table 1 and Tables 2–6). We shall begin our analysis by noting that *the labor force* aged 15–70 stood at 5,414,900 people in 2021, whilst the labor force aged 15 and over stood at 5,456,300 people. The difference between these figures is 41.4 thousand people (i.e., the labor force aged 70 and over) and accounts for only 0.759% of the total. Accordingly, the number of employed people aged over 70 is 41.3 thousand (difference = 4,876.8 – 4,835.5) or 0.847%. In other words, the size of the labor force and the employed population were practically equal (a difference of 0.1 thousand people or 0.088%) and

accounted for less than 1% of the total population, which is significantly less than the statistical margin of error. And the labor force, as defined by statistics [4, p. 14], is the population of both sexes aged 15 and over (until 2019 – 15–70 years) who, during the reference week, were available for work in the labor market. It should be noted that the rural population aged 15 and over stood at 9,094,000 in 2021 (the total rural population at that date was 12,543,000, and the total population of Ukraine in July 2024 was 35.8 million).

One of the key indicators is *the labor force participation rate*, which fell by 0.8 percentage points (from 60.8% to 60%) during the period under review. This indicates a deterioration in the state of the labor force and a relative increase in the number of people not included in it. At the same time, the marital status of the labor force is also an important indicator. Of the more than 5.4 million people, almost 63% (3.4 million) were married; however, a third – over 1.8 million people (33.5%) – had never been married or were divorced, of whom 589,800 were divorced. There were 195,100 widowers (3.6%). One of the key reasons for this critical situation is the extreme scarcity of jobs for rural women, particularly those who are just entering the labour market after leaving educational institutions – the vast majority of them migrate to cities or abroad by various means.

Table 2

Employed population by duration of standard and actual weekly working hours and type of locality

Rural areas	Employed population aged 15–70		including by duration of actual weekly working hours (in percent)					Average number of hours actually worked per week
	thousands of people	%	up to 20 hours	20–29 hours	30–39 hours	40 hours	over 40 hours	
	4,697.3	100	3.2	9.0	11.9	63.3	12.6	38
including by length of the standard workweek:								
up to 20 hours	132.3	2.8	98.7	1.2	0.1	-	-	15
20–29 hours	379.3	8.1	2.3	96.8	0.7	0.1	0.1	22
30–39 hours	478.5	10.2	0.7	1.4	97.6	0.2	0.1	32
40 hours	3,135.4	66.7	0.2	1.5	2.5	94.7	1.1	40
over 40 hours	571.9	12.2	0.1	0.8	1.2	0.7	97.2	49

Source: compiled and calculated based on: [4, p. 117]

Legend:

The **labor force** (until 2019 – the economically active population) is the population of both sexes aged 15 and older (until 2019 – 15–70 years) who, during the reference week, were available for work in the labor market. **The employed and the unemployed together constitute the labor force.** The entire population aged 15 and older is classified by labor force participation status into the following categories: 1) **employed**; 2) **unemployed**; 3) **persons not in the labor force** (including those classified as potential labor force).

The labor force participation rate (until 2019—the economic activity rate) is defined as the ratio (in percentages) of the labor force aged 15 and older (until 2019—15–70 years) to the total population of that age or the population of the corresponding socio-demographic group.

Persons aged 15 and older (prior to 2019: 15–70 years) are considered **employed** if they:

- worked for at least one hour during the reference week in a paid capacity for remuneration in cash or in kind, either independently (on their own), for private individuals, or in their own (family) business; worked without pay at a business, in their own enterprise owned by any member of the household, or on a personal farm with the aim of selling the products produced as a result of this activity;
- were temporarily absent from work, i.e., formally had a job or their own enterprise (business) but did not work during the survey period for specific reasons.

Informal employment covers informal jobs at enterprises in both the formal and informal sectors. The following categories of the employed population are considered informally employed:

- those employed at enterprises in the informal sector (unregistered self-employed individuals, employers and their hired workers, family members working without pay, etc.);
- family members working without pay at enterprises in the formal sector;
- employees working in informal jobs within the formal sector (individuals who worked under verbal agreements or lacked any social guarantees, specifically: no single contribution was paid on their behalf for compulsory state social insurance; they did not receive annual leave or paid sick leave).

Persons not included in the labor force (until 2019 – economically inactive population)

– persons aged 15 and older (until 2019 – 15–70 years old) who, during the survey week, were neither employed nor unemployed. This category can be classified by level of connection to the labor market as follows:

- those seeking work but not ready to start within the next two weeks (due to incapacity for work, education (pupils, students), household duties, or other reasons);
- wish to work and are ready to start work, but are not looking for a job (for example, individuals who have given up on their job search; did not know where or how to look for a job; believed there was no suitable job for them, etc.);
- do not wish to work because they have no need to.

The first two categories belong to **the potential labor force**—the non-employed population that was not part of the labor force during the survey week but, in various ways, expressed a desire to find work.

Employed persons (wage earners) – individuals who have entered into a written (or oral) employment agreement (contract) with the administration of an enterprise, institution, organization, or individual regarding the terms and compensation for their work.

Self-employed persons – individuals who, unlike employees, independently carry out their work activities within the framework of the economic activities of a natural or legal person, are responsible for the results and efficiency of these activities, as well as for fulfilling obligations toward others, including compliance with the terms of employment contracts with employees, etc. Such persons include: 1) **employers**; 2) **the self-employed**; 3) **family members working without pay**.

Unemployed persons (according to ILO methodology) – individuals aged 15 and older (until 2019 – 15–70 years old) who simultaneously meet three basic conditions:

- were without a job (gainful employment);
- actively sought work or tried to start their own business during the 4 weeks preceding the survey, that is, took concrete steps during that period to find paid employment or work in their own business;

– were ready to start work within the next two weeks, i.e., to begin working as an employee or in their own business for the purpose of receiving pay or income. The category of unemployed also includes persons who are starting work within the next two weeks; have found a job, are awaiting a response, etc.

The unemployment rate (according to ILO methodology) is calculated as the ratio (in percent) of the number of unemployed persons aged 15 and older (until 2019—15–70 years) to the labor force of that age or the corresponding socio-demographic group.

Labor underutilization is the mismatch between labor supply and demand, resulting in a shortage of jobs for the population. Underutilized labor is defined as the sum of the number of people with underemployment related to working hours, the unemployed population, and the potential labor force.

When forming the territorial sample, strata are identified that, within each region, correspond to cities and city councils with a population of 100,000 or more (hereinafter **the “large cities” stratum** of the region), cities, urban-type settlements, city councils, and settlement councils with a population of less than 100,000 (hereinafter referred to as **the “small cities” stratum** of the region), and administrative districts in rural areas (hereinafter referred to as the “districts” stratum of the region). Thus, **49 strata have been formed for urban areas and 464 strata for rural areas across Ukraine.**

An important characteristic of the labor force is the actual number of hours worked per week (Table 2). Of the total number of people employed in rural areas, over three-quarters (75.9%) worked 40 hours or more (an average of 49 hours) per week, meaning that almost a quarter of workers worked fewer hours than the officially established norm. In effect, this is an underutilized workforce which, if provided with permanent jobs, could significantly boost labor productivity.

Official statistics typically *divide the employed population into those in the formal and informal sectors*, but this distinction is particularly important for employment in rural areas, as a significant proportion of rural residents do not have an official permanent job. It should be noted that the number of people employed in the formal and informal sectors in rural areas during the period under review (Table 1) decreased relatively slightly: by 5.8% between 2015 and 2021, i.e. less than 1% per year ($5,134.2 - 4,835.5 = 298.7$ thousand people).

However, it is important to publish and analyses employment statistics for these sectors. Of the total employed population in rural areas aged 15 and over, i.e. 4,876.8 thousand people, 64% (3,124.3 thousand people) worked in the formal sector, and 1,752.6 thousand people (36%) – in the informal sector, of whom worked in enterprises: a) the informal sector – 1,431,000 people (or 0.82), b) the formal sector – 321,600 people (0.18), (aged 15–70, 1,393,900 people and 321,400 people respectively). For comparison, it should be noted that overall, the share of the informally employed population in 2021 across Ukraine stood at 19.5% (almost half that of rural areas – 36%), whilst in urban areas it was 12.1% (i.e. almost three times lower).

There is another classification of the labor force. In particular, *the employed population* aged 15–70 in rural areas of Ukraine in 2021 stood at 4,835,500 people [4,

p. 105], and was distributed *by employment status* as follows: a) employees – 69.8% (3,375,200 people); b) employers – 1.0% (48.3 thousand people); c) self-employed – 28.7% (1,387.8 thousand people); d) unpaid family workers – 0.5% (24.2 thousand people), (Table 1). The discrepancy between those working in the formal sector (3,124,300 people) and those in paid employment (3,375,200 people), estimated at 250,900 people, is explained by the additional high number of employed persons aged over 70 (41,300 people), the separate inclusion of employers (48.3 thousand people) and unpaid family members (24.2 thousand people), as well as individual approaches to the assessment and classification of the self-employed across different employment sectors.

It is also important to analyse employment by actual weekly working hours (Table 3) for different groups of workers. In particular, in terms of employment status, the busiest working week is found among employers (70% of employees work a 40-hour week, and a further 22.1% work over 40 hours) and among employees (76.2% and 11.1% respectively). However, their share of the total workforce is 1% and 69.1% respectively. For the remaining groups of workers – the self-employed and unpaid family workers – working hours are very irregular, with 33.5% and 15.3% working 40 hours a week, and 20.5% and 22.8% working more than 40 hours a week, respectively. Together, they account for almost 30% of workers and represent *an underutilised labor force* that could, in principle, be utilised more effectively.

Table 3

Employed population by employment status, type of area, and actual weekly hours worked

Rural areas	Employed population aged 15–70,		Including by duration of actual weekly working hours (in percent)					Average duration of actual working hours, hours per week
	thousands of people	%	up to 20 hours	20–29 hours	30–39 hours	40 hours	over 40 hours	
	4,697.3	100	3.2	9.0	11.9	63.3	12.6	38
including by employment status:								
employees	3,248.3	69.1	2.5	4.1	6.1	76.2	11.1	39
employers	47.6	1.0	-	2.1	5.8	70.0	22.1	41
self-employed	1,375.5	29.3	5.5	20.4	25.3	33.5	15.3	34
unpaid family members	25.9	0.6	8.1	24.3	24.3	20.5	22.8	34

Source: compiled and calculated based on: [4, p. 119]

At the same time, it is important to assess *the role of primary production in providing informal employment for the rural population*. In particular, according to the results of a national survey, agriculture, forestry and fisheries were the main activities of the informally employed population (45.5%) [4, p. 62]. It should be noted that the total informally employed population in Ukraine in 2021 stood at 3,018,400 people [4, p. 127], of whom 1,373,400 people (i.e. 45.5%) were informally employed in agriculture, forestry and fisheries, or 51.0% of the total workforce (i.e. including both formal and informal workers) in primary production (2,692,700 people [3, p. 43]). This is an extremely important indicator, revealing the ratio between formal and informal employment in primary production, i.e. 49 : 51. The nature of informal employment and other indicators characterising the labor force is explained in the footnotes to Table 2.

Table 4

**Employment of the population aged 15 and older
in the formal and informal sectors by age group and type
of employment by type of job, thousand people**

	Employed population aged 15–70 and older			Of which worked at enterprises			
				formal sector			informal sector
	Total		of which informally employed	total	formal employment	informal employment	
thousands of people	%						
1	2	3	4	5	6	7	8
Rural areas	4,876.9	100	1,752.6	3,445.9	3,124.3	321.6	1,431.0
in %	100	X	35.9	70.7	64.1	6.6	29.3
of which 15–70 years	4,835.5	100	1,715.3	3,441.6	3,120.2	321.4	1,393.9
by age group							
15–24 years	375.2	7.7	151.3	269.1	223.6	45.2	106.1
25–29 years	548.4	11.2	193.5	403.6	354.9	48.7	144.8
30–34 years	704.5	14.5	231.0	534.1	473.5	60.6	170.4
35–39 years	618.3	12.7	202.3	458.1	416.0	42.1	160.2
40–49 years	1,235.3	25.3	402.2	904.0	833.1	70.9	331.3
50–59 years	1,123.3	23.0	401.1	772.6	722.2	50.4	350.7
60–70 years	230.5	4.7	133.9	100.0	96.6	3.4	130.5
71 and older	41.4	0.9	37.3	4.4	4.1	0.3	37.0
Employed population aged 15–70							
Rural areas	4,835.5	100	1,715.3	3,441.6	3,120.2	321.4	1,393.9
employed	3,377.3	69.8	414.4	3,277.9	2,962.9	315.0	99.4
not employed	1,458.2	30.2	1,300.9	163.7	157.3	6.4	1,294.5

Source: compiled and calculated based on: [4, pp. 126, 128]

It is also important to assess the employment of the rural population aged 15 and over in the formal and informal sectors by age group and type of job (Table 4). The figures indicate that of the total number of employed persons aged 15 and over (4,876,900), almost 36% (1,752,600) are informally employed. Moreover, informal employment is divided into informal employment in the formal sector, which accounts for 321.6 thousand people (6.6%), and informal employment in the informal sector – 1,431.0 thousand people (29.3%), of whom 850 thousand are aged 40 and over, i.e. almost 60%.

The other type of employment is divided into two categories: *employed persons* (69.8%) and *self-employed persons* (30.2%). The informally employed population aged 15–70 is also divided into employed persons, numbering 414,400, and self-employed persons – 1,300,900. Thus, even in the informal sector, there exists a kind of *‘formal employment’ which lacks official recognition* but constitutes a special form of ‘gentlemen’s agreement’. Among the formally employed population, the proportion of workers aged 40 and over stood at 53%, indicating that the number of employed people aged 15–39 is steadily decreasing, particularly among those under 30. In other words, the younger generation is replacing older workers, but in quantitative terms, their numbers are smaller than those of their predecessors.

The next key indicator is the *unemployed population* (Table 1), which increased by 46,100 people over the period under review – to 108,700 – and stood at 579,400 in rural areas, (of whom 480,500, or 82.9%, had previously been in employment), of whom, by economic sector, specifically: agriculture, forestry and fisheries – 29.2% (169,200 people); manufacturing – 11.8% (68,400 people); construction – 10.2% (59,100 people); wholesale and retail trade; repair of motor vehicles and motorcycles – 11.4% (55,100 people); social insurance – 13.0% (75,300 people); education – 10% (58,000 people) [4, p. 105] and others. The unemployment rate for the period under review rose from 9.4% to 10.7% (Table 1).

The rising trend in rural unemployment indicates that actual employment (both formal and informal) in rural areas is declining, and this exacerbates the problem, which is becoming extremely acute. This is explained by the fact that more than 75% of the rural unemployed (438,600 people) are of working age (15–49 years), of whom 216,000 are aged 15–34 (Table 1). Therefore, resolving this issue requires significant efforts from both the state and corporate entities to expand employment opportunities in rural areas.

From the perspective of labor force analysis, it is important to assess the size *of the population that is not part of the labor force* (Table 1). During the period under review, the size of this group decreased by 1% (36,300 people) and stood at 3,611,400 people (but including the population aged over 70 – 4,978,100 people). At the same time, the population aged 15–49 years amounted to 1,788,500 people, or half (49.5%) of the total population (aged 15–70 years)

not included in the labour force. In terms of connection to the labor market, *the potential labor force* includes the unemployed population who, during the reference week, were not part of the labor force but who, in various ways, expressed a desire to find work, in particular: a) were looking for work but were not ready to start work within the next two weeks; b) wish to work and are ready to start work, but are not looking for work [4, p. 16]. The number of such potential labour force in rural areas in 2021, according to the results of the national survey, is estimated at 78,800 people, of whom 53,800 (or 68.3%) were previously employed. Among those who had previously been in employment, the duration of unemployment was as follows (in per cent): up to 1 month – 14.1; 1 to 3 months – 17.8; 3 to 6 months – 14.1; 6 to 9 months – 5.4; 9 to 12 months – 3.3; 12 months or more – 45.3 [4, p. 165]. Thus, almost half of the workers had been out of work for more than a year at the time of the survey.

Table 5

**Persons not in the labor force, aged 15 and older,
by age group and reason for non-employment in rural areas**

1	Total persons not in the labor force		Of which, by reason:										
			retirees	full-time students	performing household duties	health reasons	disabled	Dependent	do not know where or how to look for work	believe there are no suitable jobs	seasonal nature of work	hope to return to their previous job	other
	thousands of people	%	as a percentage										
2	3	4	5	6	7	8	9	10	11	12	13	14	
Aged 15 and older	4,978.1	100	65.1	13.6	16.6	1.4	0.5	0.5	0.1	0.6	0.2	0.1	1.3
of which aged													
15–70 years	3,611.4	72.5	51.9	18.8	22.8	1.9	0.7	0.7	0.1	0.9	0.2	0.1	1.9
15–34 years	1,310.3	26.3	8.1	51.8	33.2	1.6	0.9	0.8	0.3	1.1	0.3	0.3	1.6
15–64 years	2,906.9	58.4	40.2	23.3	28.3	2.4	0.8	0.9	0.2	1.1	0.3	0.2	2.3
20–64 years	2,327.6	46.7	49.9	5.4	34.9	2.9	1.0	1.1	0.2	1.3	0.3	0.2	2.8
15–59 years	2,241.5	47.0	22.5	30.3	36.8	3.1	1.1	1.2	0.2	1.4	0.3	0.2	2.9
By age group													
15–24 years	851.0	17.1	3.8	79.4	12.7	0.9	0.8	0.4	0.4	0.8	0.0	0.0	0.8
24–29 years	229.3	4.6	14.3	1.0	72.0	3.2	1.1	1.8	0.0	1.7	1.0	0.8	3.1
30–34 years	230.0	4.6	17.7	0.2	70.9	2.7	1.2	1.3	0.3	1.4	0.4	0.6	3.3
35–39 years	164.6	3.3	23.5	-	64.8	2.2	1.4	1.3	0.1	2.4	0.4	0.1	3.8
40–49 years	313.6	6.3	34.0	-	47.2	4.9	1.7	2.3	0.1	2.7	0.6	0.4	6.1
50–59 years	453.0	9.1	56.0	-	29.4	6.3	0.9	1.6	0.1	1.1	0.4	0.1	4.1
60–70 years	1,369.9	27.5	99.9	-	-	-	-	-	-	-	-	-	0.1
71 years and older	1,366.7	27.5	100	-	-	-	-	-	-	-	-	-	-

Source: compiled and calculated based on: [4, p. 155]

It is also important to analyse *the structure of the population not included in the labor force*, based on the main reasons for this situation (Table 5). There are four key reasons, three of which relate to the status of the individual, specifically (percentages):

a) pensioners – 65.1; b) pupils and full-time students – 13.6; c) performing domestic (family) duties – 16.6; d) health status – 1.4. These reasons account for over 96% of the individuals in this subgroup. However, the distribution of these individuals across specific age groups varies considerably. In particular, the ‘pensioners’ subgroup is very clearly distributed across the age pyramid, with the base comprising those of retirement age and the top comprising young people (in percentages): 15–24 years – 3.8; 25–29 years – 14.3; 30–34 years – 17.7; 35–39 years – 23.5; 40–49 years – 34.0; 50–59 years – 56.0; 60–70 years – 99.9; 71 years and over – 100.0. The distribution of the ‘pupils and full-time students’ subgroup follows the opposite pattern, specifically: 15–24 years – 79.4; 25–29 years – 1.0; 30–34 years – 0.2. The subgroup ‘performing domestic (family) duties’ has a clearly defined peak in the age group ‘24–29 years – 72.0’ (on parental leave) and a sharp decline to the age group ‘15–24 years – 12.7’, but a gentle slope towards older age groups: 30–34 years – 70.9; 35–39 years – 64.8; 40–49 years – 47.2; 50–59 years – 29.4. In the remaining subgroups, no clear patterns were identified regarding the reasons for inactivity.

2. Differentiation of the occupational activities of the rural population and mechanisms for stimulating the development and inclusion of employment in rural areas

In conducting research in the field of rural employment, it is worth noting that particular attention should be paid to statistical indicators that provide *a comprehensive description of the workforce* residing in rural areas and *engaged in professional activities across nine occupational groups* (Table 6). This table presents the employed and informally employed population, as well as the unemployed, broken down by occupational and age groups. The unemployed and informally employed population are categorised by occupational groups, which allows for a more objective assessment of their dynamics and potential capacity in relation to the labor market.

The first four occupational groups (all of which constitute **a macro-group**) are in the most ‘comfortable position’: *1) legislators, senior civil servants, executives and managers; 2) professionals; 3) specialists; 4) technical staff*. The actual capacity of their combined labor market is practically 1.1 million workers, or 22.7% of the employed population in rural areas. At the same time, this complex group includes only 17,200 informally employed workers (or 1% of the total number of informally employed workers – 1,715,300 people). This indicates that the vast majority of workers in this complex group are employed

in the public and private sectors under formal employment conditions. However, there are 120,500 unemployed people belonging to this complex group, which accounts for 20.8% of the total number of unemployed, i.e. 579,400 people (or one unemployed person for every 9.2 employed). This relatively high proportion of the unemployed arose mainly through two channels: on the one hand, due to a reduction in the number of employed persons in these occupational groups directly in rural areas, and on the other, due to the relocation to rural areas of former employees in these occupational groups who had been made redundant in urban areas, but who, for various reasons, have not found new employment.

Table 6

Employed and informally employed population and unemployed persons by occupational group, type of locality, and age group (at the level of the Occupational Classification (OC) section)

	Employed population aged 15-70		By age group (years):								Of which informally employed	Unemployed
	thousands of people	%	15-59	15-24	25-29	30-34	35-39	40-49	50-59	60-70	thousands of people	thousands
1	2	3	4	5	6	7	8	9	10	11	12	13
Rural areas	4,835.5	100	4,605.0	375.2	548.4	704.5	618.3	1,235.3	1,123.3	230.5	1,715.3	579.4
including by occupational groups:												
1) legislators, senior government officials, executives, managers (administrators)	205.1	4.3	194.5	4.2	14.1	32.7	28.8	59.5	55.2	10.6	1.2	17.4
2) professionals	401.0	8.3	384.8	25.6	46.5	77.3	56.7	99.6	79.1	16.2	3.3	31.9
3) specialists	403.7	8.3	391.3	36.8	56.0	65.7	53.2	91.9	87.7	12.4	9.5	49.8
4) technical staff	88.2	1.8	85.7	8.9	11.6	10.6	10.1	24.9	19.6	2.5	3.2	21.4
5) Trade and service sector employees	688.5	14.2	672.5	65.4	86.8	92.9	88.1	184.9	154.4	16.0	101.2	103.7

6) skilled workers in agriculture, forestry, fish farming, and fishing	176.4	3.7	156.9	9.4	14.8	19.4	22.5	48.1	42.7	19.5	103.7	20.9
7) skilled workers with tools	499.6	10.3	490.6	49.1	64.8	86.0	75.1	124.2	91.4	9.0	178.5	68.5
8) workers engaged in the maintenance, operation, and monitoring of technological equipment, and the assembly of equipment and machinery	603.8	12.5	585.1	32.8	71.5	86.6	74.7	165.8	153.7	18.7	63.4	98.6
9) unskilled occupations	1,769.2	36.6	1,643.6	143.0	182.3	233.3	209.1	436.4	439.5	125.6	1,251.3	167.2

Source: compiled and calculated based on: [4, pp. 112, 139, 147]

The second, let us call it **the mega-group**, comprises 5 occupational groups and totals 3,737,600 people, or 77.3% of the rural working population (4,835,500 people in total). Among them, occupational group 5) *trade and service workers* numbers 688,200 people (14.2% of all employed, or one in seven), of whom 101,200 belong to the informally employed population. In terms of unemployment, this group comprises

103.7 thousand people, and their share of the total unemployed population is 17.9% (or one unemployed person for every 6.6 employed).

Occupational group 6) *skilled workers in agriculture, forestry, fish farming and fishing* is one of the smallest (even smaller: *technical staff* – 1.8%): it comprises 176,400 people (3.7%), of whom 103,700 are informally employed, or nearly 59% of the total workforce. There are 20.9 thousand unemployed workers in this group, and their share among the unemployed is 3.6% (or one unemployed person for every 8.4 employed). The group is relatively small mainly because the vast majority of workers in primary production belong to group 9) *unskilled occupations*.

Occupational group 7) *skilled workers using tools* comprises 500,000 people (10.3%), of whom 178,500 are informally employed, or nearly 36% of the total group. The number of unemployed workers in this group stands at 68,500, and their share among the unemployed is 11.8% (or one unemployed person for every 7.3 employed).

Occupational group 8) *workers involved in the maintenance, operation and monitoring of technological equipment, and the assembly of equipment and*

machinery comprises 603,800 people (12.5%), of whom 63,400 are informally employed, or 10.5% of the total workforce. The number of unemployed workers in this group stands at 98,600, and their share of the total unemployed is 17.0% (or one unemployed person for every 6.1 employed).

Occupational group 9) (*the simplest occupations*) is the largest (effectively a **macro-group** within the **mega-group**) and comprises 1,769,200 people (36.6% of the total employed population – 4,835,500 people), of whom 1,251,300 are informally employed, or 70.7% of the total group. The number of unemployed workers belonging to this group is 167,200, and their share of the total unemployed is 28.8% (or one unemployed person for every 10.6 employed persons).

Thus, *two polar macro-groups* of the employed population *have emerged*:

– on the one hand, *prestigious professions (legislators, senior civil servants, executives, managers; professionals; specialists; technical staff)*: 1.1 million workers (22.7%), including 17,200 informally employed persons (1%), and one unemployed person for every 9.2 employed persons. Of the total of the employed population, the number of workers aged 40 and over stands at 560,000 people (50.9%);

– secondly, in *the simplest occupations*: 1.77 million people (36.6%), including 1,251,300 people (70.7%) in informal employment, and one unemployed person for every 10.6 employed persons. Of the total employed population, the number of workers aged 40 and over stands at 1,002,000 (56.6%).

These **macro-groups** account for almost 60% of the employed population aged 15–70 in rural areas, but their prospects differ markedly. In particular, if we take the age of 40 as a sort of demographic center for the employed population, then in *the macro-group of prestigious professions*, the younger generation is replacing the older generation almost in equal numbers, whereas in *the macro-group of the simplest professions*, it is only 76.8% of the older generation, or 1.3 times fewer. This indicates that this macro-group will experience accelerated decline in the near future.

As for young people aged 15–24 (Table 1) who are neither in employment, education nor training, this group decreased by 98,000 people (to 71.9%) over the period under review and now stands at 251,000 people (19.2% of young people of the same age). Thus, practically one in five young rural residents is not thinking about their future and has resigned themselves to such a bleak prospect. The survey also found that in 2021, the number of people who were temporarily not in employment stood at 138,200, and almost 82% of those not in employment were justified by formal reasons (holidays, childcare, seasonal work).

We analysed the situation in rural areas regarding labor utilisation and found that there is a significant pool of underutilised workers aged 15–70,

specifically: 579,400 unemployed people, the potential labor force – 78,800 people, as well as the informally employed population – 1,715,300 people, who fall outside the legal framework for employment and the majority of whom wish to regularise (bring into the legal framework) their current situation. Thus, the traditional problem of expanding the scope of employment in rural areas theoretically gives rise to two issues: the inclusion of the rural population in employment and the diversification of rural development under conditions of inclusive growth. Inclusion in the rural labor market in Ukraine is a critically important component of socio-economic recovery, aimed at overcoming disparities in the provision of jobs in villages of different sizes and economic sectors, and ensuring barrier-free access to jobs for veterans, people with disabilities, women and older people. In the context of war and a shortage of even unskilled labor, inclusive hiring is becoming a vital requirement for the agricultural sector and local businesses. It is essential to reduce the gap in living standards, quality of life and employment opportunities between central settlements (the centers of rural and settlement communities) and ordinary settlements, as well as between rural and urban populations.

At the same time, according to the OECD's definition, inclusive growth is economic development that creates opportunities for all segments of the population and ensures the fair distribution of material and non-material benefits within society to enhance its well-being.

We agree with the following view: inclusive growth is a complex, multi-factorial phenomenon of raising living standards and quality of life based on the maximum involvement of the population in sustainable development processes, which requires the identification of explicit and latent factors at the micro-, meso- and macro- levels for its achievement. The aim and guiding principles of inclusive development are to achieve positive changes in the spatial system, based on adherence to a set of principles, provisions and patterns that provide for the involvement of the rural population in socially beneficial activities, the creation of equal opportunities for personal development and the fair distribution of benefits derived from inclusive economic growth [8, pp. 7, 19]. Thus, we accept the concepts of inclusive development and inclusive growth as interchangeable, but inclusive growth serves as an indicator of the spatial system's ability to meet growing needs and contribute to improving the well-being of the population in rural areas.

It was noted above that rural areas comprise: the spatial basis of production, the natural environment and the living environment of people. Ensuring their balanced development will contribute to the effective use of rural resources, and to raising the standard of living and improving the quality of life of the rural population. It is therefore necessary to analyse their current state (Table 7) and the directions of inclusive growth amidst the ongoing deterioration of the economic, social and demographic situation (Table 8).

Table 7

Structure and status of the components of rural areas in Ukraine

Components of rural areas	Characteristics of rural territory components
1	2
Area and territorial communities	<p>Territorial communities – 1,438 (380 urban, 433 settlement, 625 rural), (as of January 1, 2022) area – 553,816 (area of Ukraine – 603,628, outside territorial communities – 49,812) km².</p> <p>Rural territories = area of territorial communities – area of cities = 553,816 – 16,132 = 537,684 (excluding Kyiv) km²</p>
Settlements and Population	<p>Total number of settlements – 29,715, of which: cities – 461, urban-type settlements – 882, rural settlements – 27,049, villages – 1,323 (as of January 1, 2022) [9], TG population – 38,109,071 (urban – 26,837,178, rural – 11,271,893) people.</p> <p>As of early 2026, due to the war and migration, estimates of Ukraine’s population vary significantly: the actual population in government-controlled territories ranges from 29 to 33.5 million people. According to 2026 data, the rural population lives in 28,369 settlements, and approximately 24.5% (7.1–8.2 million people) of the population is rural</p>
Land Resources	<p>Total area – 57,057.69 thousand hectares, of which: agricultural land – 39,509.68 thousand hectares, including: arable land and fallow land – 31,551.55 thousand hectares, hayfields and pastures – 6,202.972 thousand hectares, as well as forests and forested lands – 10,120.78 thousand hectares (as of December 31, 2021).</p> <p>The share of Ukraine’s territory affected by occupation, mining, and hostilities accounted for 31.74% of its total area (as of the end of 2022)</p>
Labor Force	<p>The employment rate in rural areas among people aged 15–70 was 54.2% (2021), employment in the informal sector in rural areas was 35.9%, and informal employment was most prevalent in agriculture, forestry, and fisheries—46%.</p> <p>The unemployment rate in rural areas (according to ILO methodology) is 10.4% [10].</p> <p>A total of 2,692,700 people are employed in agriculture, forestry, and fisheries [11], of whom 502,900 are wage earners in primary production</p>
The rural production sector	<p>Agricultural sector: primary production—agriculture, forestry, and fisheries—41,678 active enterprises, the vast majority of which are located in rural areas (as of November 1, 2023);</p> <p>food, beverage, and tobacco production – 5,584 active enterprises, a significant portion of which are also located in rural areas [12].</p> <p>Non-agricultural production sector: a certain portion of enterprises in manufacturing, wholesale and retail trade; repair of motor vehicles and motorcycles; transportation; accommodation and food services; construction; and certain other economic activities are located in rural areas</p>
The social sector of rural areas	<p>The social sector includes the following activities and sectors: education, healthcare, housing and utilities, passenger transport and communications, culture and the arts, trade and public catering, physical culture and sports, and consumer services.</p> <p>Significant negative changes, associated with the deterioration of social services for the rural population and the emergence of trends toward the curtailment of social sector facilities—including the temporary suspension</p>

1	2
	of their operations—are largely due to the imposition of martial law and the conscription of their employees to repel the unprovoked aggression of the Russian Federation, a reduction in spending on social needs, and a decrease in opportunities for residents of non-central villages and settlements to travel to territorial community centers and cities to address daily and other needs
Note:	<i>Trends in changes in indicators of living conditions</i>
Poverty and impoverishment	<p><i>Poverty rate dynamics</i> (those living below the subsistence minimum in current prices): 2001 – 69%, 2021 – 39%, 2022 – 60%, 2023 – 60% (figures for 2022–2023 were modeled and later confirmed by the Ptukha Institute for Demography and Social Studies); we estimate that 20 million Ukrainians out of the 30–31 million people living in government-controlled territory in Ukraine have fallen below the poverty line [13]</p> <p><i>The World Bank estimates</i> Ukraine’s population at 32 million people, of whom 29% meet the poverty criteria, amounting to 9 million people. Were it not for ongoing financial assistance from partners, Ukraine would have 3 million more citizens living below the poverty line (as of May 31, 2024) [14]</p>

Source: systematized and summarized from: [9–14]

The statistical data presented in Table 7 mainly characterize the state of rural areas prior to the start of 2022, and there is a clear explanation for this. The later statistical data pertain only to those sectors for which a relevant survey was conducted and relate to territories under the permanent administration of Ukraine, but exclude the temporarily occupied territories (TOT). They show that, as a result of Russian aggression, the poverty rate among the population has risen by one and a half times – to 60% – compared to 2021, but this figure is even higher for the rural population, who have very limited opportunities to earn an income through permanent or temporary employment, from personal farming, or through social benefits. With the end of hostilities and the liberation of the TOT, it will be necessary to conduct surveys of rural areas to assess their actual condition.

It should be noted that diversification involves broadening the scope of the research subject and giving it a multi-sectoral, combined character, which is achieved

by expanding the spheres of activity of an enterprise, organization, sector or territory [8, p. 160]. Under current conditions in rural areas, this factor is becoming key due to the emergence and spread of a number of ambiguous and even contradictory trends, in particular:

- a permanent decline in the number of people employed in traditional forms of agricultural activity;
- the elimination of subsidiary trades and production in the agricultural sector, a significant reduction in enterprises, workshops and departments engaged in industrial activities, and, as a result, a substantial decrease in the number of people employed in the non-agricultural production sector;

Table 8

**Directions, mechanisms, instruments, means, and measures
for the diversification of rural development***

Directions of diversification	Mechanisms, tools, means, and measures for the diversification of rural development
1	2
Agricultural production	<p><i>Development of labor-intensive initiatives:</i> expanding the scale of organic crop and livestock production; supporting the cultivation of niche crops and the production of finished goods from them (canned goods, frozen mixes); increasing the volume of cultivation and processing of vegetables, fruits, berries, and nuts; organizing and providing active state support for the mass restocking of cattle, pigs, sheep, and goats; scaling up rabbit breeding; reviving the breeding of the five main horse breeds; and rebuilding livestock facilities (family dairy farms, farm dairy operations, dairy complexes, pig, horse, sheep, and rabbit farms); increasing biogas production from agricultural waste (animal manure, urine, chicken manure, straw pellets and bales, sunflower husks, plant residues, sawdust); scaling up the circular bioeconomy (renewable bio-resource waste: agricultural resources, forestry waste, and organic waste are returned to the technosphere—either in an open cycle or through closed-loop processing: bioplastics, biopolymers, plastic recycling); expanding the scale of agritourism (promotes the development of personal rural and farming activities, the conservation of natural resources, and cultural heritage); stimulating the development of personal peasant farms by transforming them into highly productive family farms of the European type (with a small landholding, but with a high level of gross output per hectare of agricultural land) [17]; establishing carbon farms to transform abandoned lands and poor pastures into efficient land use based on reducing CO₂ in the atmosphere and increasing the production of food crops (wheat, corn, peas, barley, oats)—this is a biological method of decarbonization (potatoes convert CO₂ into starch, sugar beets into sugar; that is, plants actively absorb carbon from the air through photosynthesis). Carbon (carbon-based) farms have already been established in Ukraine based on agricultural enterprises that implement regenerative practices, including: no-till—zero or minimal tillage, the adoption of scientifically sound crop rotations, reduced application of mineral fertilizers, the use of cover crops, and others, to sequester carbon in the soil, reduce soil erosion, and increase crop yields. Carbon farming is a set of agricultural practices aimed at removing carbon from the atmosphere and securely storing it in the soil, while simultaneously reducing greenhouse gas emissions.</p>
Non-agricultural activities	<p><i>Development of industrial activities:</i> restoration, reconstruction, or new construction of enterprises, workshops, facilities, and sites for the storage and processing of crop and livestock products; opening of workshops, branches, and service points, and the organization of remote workplaces related to industrial activities in those towns and villages where they previously operated; support for the development of folk crafts and artistic industries.</p>
Activities in the social sphere	<p><i>Development of mobile services</i> and/or organization of remote workplaces to ensure high-quality and comprehensive social services for the population of those towns and villages where there are no permanent social service facilities, institutions, or sites.</p>

Source: systematized and summarized from: [17]

- a noticeable decline in the number of consumers of various services in rural areas, and consequently – a significant reduction in the number of people employed in the social sector in rural areas;
- a deterioration in transport services for the rural population, accompanied by a decrease in the number of people participating in daily commuting patterns along the ‘village-town-village’ route;
- internal and external migration of the rural population, the localization of internally displaced persons (IDPs) and the relocation of enterprises to rural areas, etc.

As a result of the spread of contradictory and varied trends across different sectors of rural employment and the intensification of migration processes in rural areas, the scale of rural employment has narrowed significantly; in particular: the number of employees in the period 2010–2022 in agriculture, forestry and fisheries fell by 40.0% (from 724,800 to 434,800 people), and in the manufacture of food products, beverages and tobacco products – by 34.1% (from 417,900 to 275,500 people) [15, p. 16], the number of employees in economic entities fell by 39.2% (from 811,700 to 488,600 people) and by 32.8% (from 457,900 to 307,600 people) respectively [16]. The average monthly wage in agriculture for 2019–2022 fell from 84.0% to 82.5% (by 2.5 percentage points) compared with the average monthly nominal wage of full-time employees across the economy as a whole, and in the production of food, beverages and tobacco products even more – from 92.8% to 85.4% [15, p. 17] (a decrease of 7.4 percentage points). This indicates that the real incomes of the rural population are

falling both in absolute and relative terms. This trend is exacerbated by rising prices for everyday and durable goods and an increase in virtually all expenditure due to military operations. This is an extremely alarming conclusion, and to mitigate it, significant efforts are required both to raise the level of wages for the employed population and to increase social benefits per non-working person.

Table 8 sets out the main directions, instruments, means and measures for diversifying the development of rural areas, the implementation of which, on the one hand, can be achieved through a series of organisational measures supplemented by modest investment (fruit and vegetables, biogas, the bioeconomy, and the restoration of social infrastructure), and on the other hand, through the adoption of national programmes and the channelling of state capital investment (livestock farming, land reclamation, non-agricultural industry). And whilst low-cost issues are being actively addressed even in wartime conditions, investment-intensive programs can only be successfully implemented in the post-war period.

Consequently, agriculture, in the context of the concentration of arable land and the volumes of grain, oilseed and maize production, must stabilize and expand employment through the territorial dispersal of labor-intensive types of

agricultural activity. That is, it is necessary to intensify small-scale production in peasant households (currently, of the 4.7 million rural households, more than half are semi- commercial and commercial with a land area exceeding 0.7 hectares) by introducing high-margin and labor-intensive crops (amaranth, pulses, cereals, potatoes, root crops, microgreens, vegetables, spices, berries) and by reversing declining trends and stepping up efforts to develop livestock farming (in particular, there are plans to establish 5,000 family-run dairy farms providing 20,000 jobs, but so far we have only 151 farms). This will enable the effective utilization of the remaining working capacity of people of retirement age and the full working capacity of those of pre-retirement, middle and younger ages who do not have permanent employment or are engaged in seasonal work, and this will contribute to an increase in income from private farming and an improvement in the standard and quality of life of the rural population.

With the end of hostilities and the liberation of the occupied territories, the main efforts will be directed towards the reconstruction of settlements, the productive and social spheres, and the improvement of the standard of living and quality of life of the population. Inclusive growth in the quality of life for the rural population will, first and foremost, be achieved, on the one hand, by creating the necessary conditions to ensure that residents of villages and settlements have access to permanent and seasonal employment through the development of all forms of agricultural and non-agricultural production and the qualitative diversification of the social sphere, and on the other hand, by increasing the level of all forms of social benefits (pensions, unemployment and child benefits, etc.) in order to substantially raise the overall standard of living of rural residents. This task is becoming increasingly urgent and pressing due to the real prospect of Ukraine's accession to the EU coming onto the agenda. And practically all indicators of living standards in the member states of the Community currently differ significantly from the Ukrainian reality, being considerably higher. Hence, there is a pressing need to understand the effective mechanisms and instruments of state and local regulation of the standard of living of EU citizens, and to develop and adapt them to Ukrainian conditions. This task is extremely complex and multifaceted, and its practical implementation will require significant economic and financial resources, but will be time-bound (approximately until 2030).

Conclusion

In the course of this study, elements of scientific novelty were identified, consisting of the following: the economic essence of rural employment has been revealed in the context of a permanent decline in their employment in the formal and informal sectors; methods for analyzing employment and directions and measures for diversifying the development of rural areas have been identified, based on diversifying and expanding the scope of labor application through the

implementation of labor-intensive initiatives; a systematic characterization of the rural population's employment has been carried out as an element of the prospective development of rural areas in the context of declining employment in the informal sector; two macro-groups of the employed population have been identified, whose development prospects differ significantly.

At the same time, attention should be drawn to the following scientific propositions, in particular.

The labor force is an economic category on which the operations of enterprises and their economic efficiency depend. An analysis of the dynamics and structure of rural employment since 2015 has shown that the labor force is steadily declining due to a reduction in permanent jobs in traditional sectors (primary production and processing activities within the food industry, the social sector, and non-agricultural production), but this downward trend is to some extent 'mitigated' by the expansion of informal employment sectors. In this regard, the key direction for expanding formal employment is the diversification of the prospective development of rural areas based on the diversification and expansion of the scope of labor application through the implementation of labor-intensive initiatives in the agricultural, social and non-agricultural sectors. Implementation of this direction through organizational measures and low-budget projects (fruit and vegetables, biogas, bioeconomy, restoration of social infrastructure) is possible even under continued martial law, but national and state programs (livestock farming, land reclamation, non-agricultural activities) – only after the lifting of martial law. In the context of post-war restoration of the material infrastructure of the productive and social spheres in rural areas, the question of their priority and urgency will arise, both for the conditions of specific local communities and for regions liberated from occupation. Here, various implementation options are possible, and their development and justification constitute a fairly broad range of practical tasks requiring the involvement of both qualified theorists in rural area restoration and experienced project designers.

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