

O. Lodova, The Academy of Public Administration
under the aegis of the President of the Republic of Belarus
Dr. William H. Meyers, Professor of Agricultural
and Applied Economics, University of Missouri

RURAL LABOR MARKET DEVELOPMENT IN THE REPUBLIC OF BELARUS ON THE BASIS OF RURAL DIVERSIFICATION

Abstract The complex of priority directions of rural diversification in the Republic of Belarus is worked out on the basis of the revealed regional features of rural labor market development, the methodology of the improvement of evaluation of rural diversification is justified and recommendations are developed.

Key words: rural labor market, rural employment, rural diversification.

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Анотація. На підставі виявлених регіональних особливостей розвитку сільського ринку праці висвітлено комплекс пріоритетних напрямів диверсифікації сільської зайнятості в Республіці Білорусь, наведено методологію та розроблено рекомендації щодо удосконалення оцінки диверсифікації сільської зайнятості.

Ключові слова: сільський ринок праці, сільська зайнятість, диверсифікація сільської зайнятості.

Аннотация. На основании обнаруженных региональных особенностей развития сельского рынка труда отражен комплекс приоритетных направлений диверсификации сельской занятости в Республике Беларусь, приведена методология и разработаны рекомендации относительно усовершенствования оценки диверсификации сельской занятости.

Ключевые слова: сельский рынок труда, сельская занятость, диверсификация сельской занятости.

Problem formulation. In modern conditions the development of the rural labor market in the Republic of Belarus is evolving under the influence of many factors negatively influencing it, including the financial-economic crisis, imbalance of supply and demand for labor, a dissatisfaction of the rural population with the rural social infrastructure, and the declining incomes of rural population. That is

why, the development of rural labor market on the basis of rural diversification become very important today.

On the basis of formation of the socially oriented economy of the Republic of Belarus such reference points as support of effective employment of the population, improvement of quality and competitiveness of labor are supported. The all-around development of the individual is possible when his or her certain social role in the society is improved, when the person can make the best use of his or her knowledge, abilities and skills. Currently the serious imbalance in the rural labor market happens in many respects at the expense of changes in vocational-educational structure of employment. The level of adaptation of the rural labor market to changing conditions is immediately connected with the development of rural diversification. This is a link between the development of the rural labor market and the formation of rural infrastructure.

Analysis of existing research on this problem. Despite the considerable number of publications and program developments concerning rural labor market developments, they remain less researched and still debatable questions regarding the complex approach to the decision of the given problem, which is focused on rural diversification.

Rural diversification in spheres of agro-industrial complex was considered in the research of M. Alekseenko, A. Balandin, A. Butyrkina, M. Gradinarova, O. Rodionova, E. Hudjakova and other authors and is part of the background for this research.

Selection of the unsolved problem. Recognizing the scientific and practical significance of the past research about rural labor market problems, it is necessary to note that at present the regional aspects of rural development and the mechanisms for the improvement of rural diversification still need further analysis.

The aims of the article:

1. to reveal regional features for the development of rural diversification in the Republic of Belarus;

2. to work out the complex of priority directions of rural diversification, to justify the methodology of the improvement of evaluation of rural diversification;

3. to develop the recommendations for rural labor market development on the basis of rural diversification in the Republic of Belarus.

Summary of basic material: Researches have shown that rural labor market development is defined by a complex of the factors characterizing the modern situation on the rural labor market [1]. It is

such factors as: low economic efficiency of employment; imbalance of supply and demand for labor; growth of the number of economically inactive population; unsatisfactory vocational-educational level of workers; an amplifying regionalization of labor markets; and low mobility of labor.

Today 26,2 % of the total population of the Republic of Belarus lives in rural areas (figure 1) and this has not changed much in recent years.

Another important demographic fact is the changing structure of rural population. It has resulted from the imbalance between the birth rate and death rate and the outmigration of rural population, especially the younger ones. The annual rate of the reduction of rural population in Belarus is more than 76 thousand people.

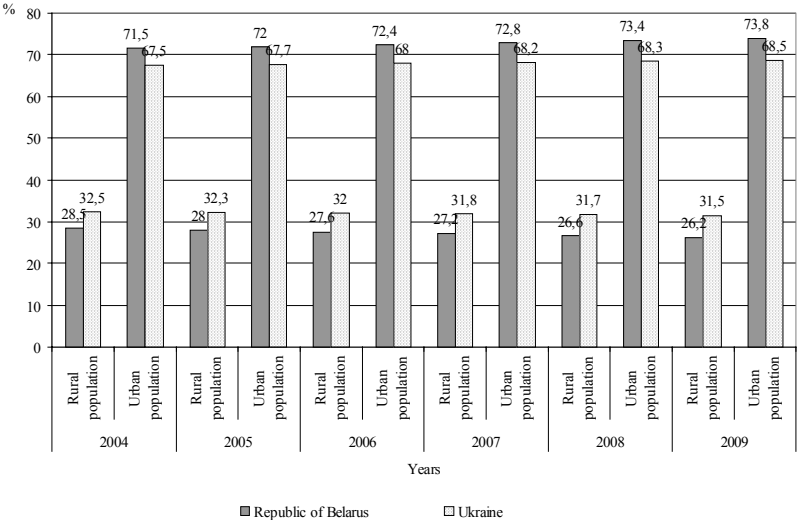


Figure 1 — The dynamic of rural and urban population in Belarus and Ukraine

Source: [3, 4].

It is necessary to note this negative tendency in the rural labor market development of Belarus, which reflects the aging of the rural population and is accompanied by growth of number of persons in over working age. Rural areas gradually lose working potential and increase the dependency ratio (figure 2). In Grodno the dependency ratio is 1.0, which means there is only one person of working age to

support the remaining population. Even the best of these regions, Minsk, has a dependency ratio of 78.3. This is quite high by comparison with Ukraine, where the highest regional rural dependency ratio (in Chernigiv region which borders on Belarus) is 77.5 in 2009, while most of them are in the 50s and 60s.

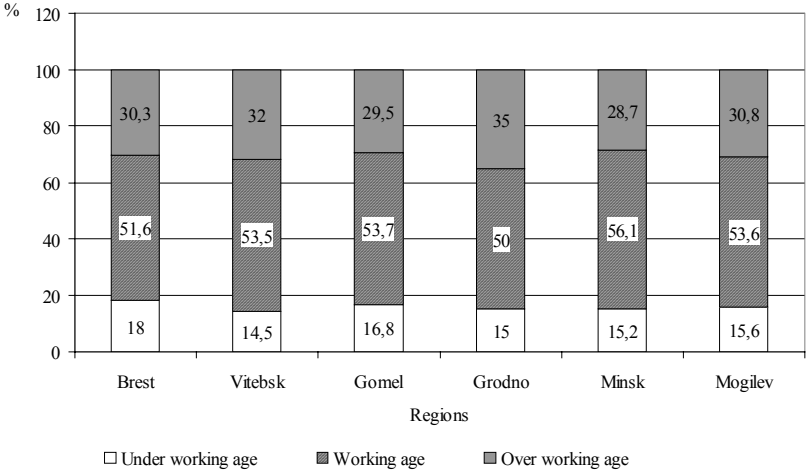


Figure 2 — Rural population of the selected age group in Belarus by the region, 2009

Source: [3].

In 36 rural districts the share of persons in working age corresponds to the average republican level (45—50 %). The majority of rural districts (64) have less than 45 % of able-bodied population. It has the affect of lowering the economic activity of the rural population and the level of rural incomes. The percent of the population with incomes below a living level considerably fluctuates depending on the district, from 10,4 % in Minsk to 45,6 % in rural areas of the Mogilev region, thus, making a difference more than in 4 times [2].

Thus, rural labor market development on the basis of rural diversification for the Republic of Belarus is an especially important task. The importance of these problems is the focus of the Government program of revival and rural development for 2005—2010. However, from all the complex of nonagricultural activities in Belarus, the state policy is focused on the formal sector of the social capital of rural areas — education, culture, public health services, — employment in which are rigidly connected to population, the size and allocation of rural settlements.

Economic activities in rural areas in the core are reduced to the departmental approach of the various ministries implementing the programs in rural areas where the main directions of development of rural labor market are:

- production and processing of agricultural raw materials;
- trading-purchasing activity and public catering in rural areas (including roadside cafes and shops);
- rural population consumer services;
- building construction and industrial constructions;
- transport services and so forth.

Considering the specificity of the country, first of all the variety of regional and local conditions in Belarus, the strategy of rural labor market development shouldn't be reduced to a mono industrial direction (model). It should include a number of perspective models for the conditions of Belarus and in different regions could be applied as basic — depending on those purposes which are put in a specific case. Therefore rural diversification (figure 3) should become the main direction of the rural labor market development.

The developed complex of priority directions of rural diversification reflects the main directions of the formation in rural areas of new workplaces in nonagricultural spheres. From our point of view it is expedient to select two main directions of rural diversification in the Republic of Belarus: a *manufacturing activity* diversification and *commercial business (service) activity* diversification.

The development of nonagricultural activity leads to an increase of the employment level of the rural population, characterizes the content of the process of rural diversification and the possibility of its measurement. For the analysis of the rural labor market development we propose usage of the indexes providing in more details to study levels, sources and structure of rural incomes. The first index allows clarifies how rural diversification influences the increase of rural incomes and it is represented as follows:

$$D_i = \frac{\sum NAI}{\sum TI} \times 100, \quad (1)$$

where D_i — the index of rural diversification (by income);

$\sum NAI$ — the sum of nonagricultural rural income;

$\sum TI$ — the total sum of rural incomes.

The maximum value of the index of rural diversification (by income) D_i specifies that the rural income is formed outside of

agriculture (i.e. the agricultural income will be close or equal 0). And null value D_i specifies that the income is formed only in agriculture.

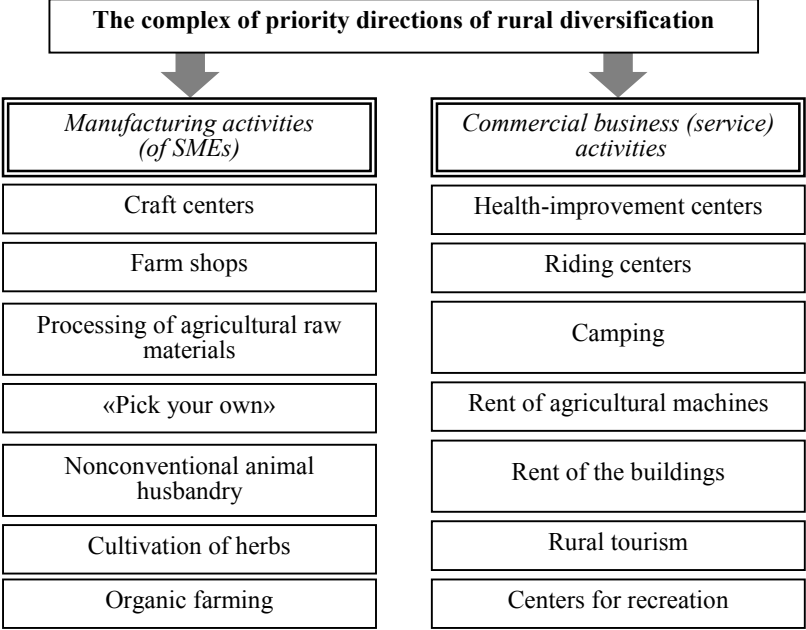


Figure 3 — The priority directions of rural diversification

Source: developed by author.

The second index — the index of rural diversification (by the form of employment) DIA allows to define the level of diversification by the form of rural employment and can be shown as:

$$D_{IA} = \frac{\sum AP_{nf}}{\sum AP} \times 100, \tag{2}$$

where DIA — the index of rural diversification (by the form of employment);

$\sum AP_{nf}$ — the number of nonagricultural employment;

$\sum AP$ — the total number of rural economically active rural population.

Thus to the nonagricultural employment we include the employment in trade and public catering sphere, transport, consumer services for the rural population.

If $DIA = 100$, it means that all rural economically active population is occupied in nonagricultural spheres. And if $DIA = 0$ — all rural economically active population is occupied in agriculture.

The results of calculations of the given indexes are shown in the table 1. As the base for their calculation the Mogilev region official statistical data been used.

Table 1

THE LEVEL OF RURAL DIVERSIFICATION AND FORMS OF RURAL EMPLOYMENT IN MOGILEV REGION

Indicators		2002	2003	2004	2005	2006	2007	2008	2009
Total rural incomes, billions of rubles, from which	ΣTI	1662	2153	2861	3755	5024	6008	7667	9784
nonagricultural income	ΣNAI	291	399	440	598	787	1067	1380	1790
The index of rural diversification (by income)	Di	17,5	18,5	15,4	15,9	15,7	17,7	18,0	18,3
The total number of rural economically active rural population, thousands of people, from which	ΣAP	244,7	232,0	219,3	210,0	205,4	200,1	199,8	200
The number of non-agricultural employment	ΣAP_{nf}	13,1	13,8	14,0	14,3	14,5	14,7	15,9	17
The index of rural diversification (by the form of employment)	DIA	5,3	5,9	6,4	6,8	7,0	7,3	8,0	8,5

Source: calculations of the author from [3].

Calculations show that the index of rural diversification (by income) Di has changed slightly. Its value confirms that nonagricultural sources of incomes for rural population have a rather small value. It declined for a few years than increased again, so it would be important to investigate the reasons for these changes. It justifies necessity of the further research of the questions connected to the development of alternative spheres of work in rural areas and increase of nonagricultural incomes of rural population.

The value of the index of rural diversification (by the form of employment) DIA has illustrated insufficient development and weak reaction of rural labor market on the changes taking place in the Belarussian economy. For the analysed period the given index varied from 5,3 in 2002 to 8,5 in 2009. It specifies that the main part of economically active rural population is still occupied in the agricultural sphere, but the share of nonagricultural employment actually increased by 60 percent over this period.

Clearly, more effort is needed to further enhance non agricultural employment in rural areas. In 2002, rural development experts from around the world met in Siena, Italy, at the invitation of the Organization

for Economic Cooperation and Development, to discuss «The Future of Rural Policy.» Some of these results could be applicable in Belarus. They summarized the emerging best-practices as [5, p. 20]:

- enhancing «competitiveness» of rural regions by targeting local collective goods (amenities, clusters, etc.) as a means of generating new competitive advantages;
- shifting from an approach based on subsidising declining sectors to one based on strategic investments in order to develop new enterprises in new activities (including agri-tourism or eco-tourism) and diversify the local economy;
- shifting from a sectoral to a place-based approach, including attempts to improve co-ordination and to integrate the various sectoral policies at regional and local levels;
- promoting framework conditions in fields such as logistics and business infrastructures for upgrading product standards and promoting labelling in order to support or attract enterprises indirectly;
- enhancing business assistance and networks of knowledge and expertise to diffuse new technologies;
- developing human resources through vocational training, including an important emphasis on entrepreneurial skills, and «capacity building» for policy actors at local levels;
- ensuring new ways of providing public services in scarcely populated areas, combining service centres and distance learning through information and communications technologies.

Conclusions. The main focus in the development of the rural labor market should be directed on the expansion of the spheres of application of work taking into account regional conditions. In that development the main conditions of the practical decision appear to be:

- the change of priorities in the development of rural employment — transfer from mono-industrial structure of employment to the development of rural diversification;
- the formation of a favorable administrative-legal environment, i.e. development and implementation of comprehensive plans of action for improving the rural enterprise climate, in tight correlation with State programs for development;
- the stimulation of the development of intellectual and financial rural potential on the basis of perfection of forms of public-private partnership;
- the creation of effective credit-financial infrastructure stimulating interest of businessmen in creation of new rural workplaces, on the basis of organization and carrying out of competitions of investment projects in priority directions.

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В. Г. Андрійчук, д-о екон.наук, професор, академік УААН, професор кафедри економіки агропромислових формувань, ДВНЗ “Київський національний економічний університет імені Вадима Гетьмана”

АНАЛІТИЧНА ОЦІНКА МЕТОДОЛОГІЇ ФОРМУВАННЯ ПРИБУТКУ ДЛЯ ОПОДАТКУВАННЯ В УМОВАХ ДІЇ ПОДАТКОВОГО КОДЕКСУ УКРАЇНИ

Анотація. У статті проаналізовано розбіжності в методологічних підходах до визначення доходів, витрат, собівартості продукції та об'єкта оподаткування підприємств в системі податкового і бухгалтерського обліку та обґрунтовано пропозиції щодо їх можливого усунення.

Ключові слова: об'єкт оподаткування, дохід, витрати, амортизація, «ремонтний» ліміт, податковий облік, бухгалтерський облік.

Annotation: divergences in methodological approaches to determination of revenues, costs, production cost and taxation object in system of tax accounting and book-keeping are analyzed in the article and propositions of their removal are grounded.

Key words: taxation object, revenue, cost, amortization, «repair» limit, tax accounting, book-keeping.