

## THE SOCIAL CHARACTERISTICS OF RURAL ENTREPRENEURS IN TRANSCARPATHIA: COMPARATIVE ASPECT

**Roman Závadyak**

*Lecturer of Economics, Management and Marketing Division  
Uzhhorod National University,*

Transition of regional economy to market conditions is connected with complicated and contradictory processes in Ukraine. Major changes, particularly the reformation of property rights, occurred in the Transcarpathian agrarian sector. New agrarian companies, based on private and collective property, were created on the basis of former collective farms. Recently there is the process of creation of farmer sites, agrarian productive co-operatives and private companies.

Although the development of different forms of ownership has led to the possibility of entrepreneurship development in rural areas, the quantitative indexes of agrarian companies' increase have not kept pace with real qualitative changes in rural areas.

From 1990 - 1999 the average number of employees working in the agricultural sector (without subsidiary farms of agriculture companies and companies from other industries) decreased by 5,3 times, with the number of unemployed in mountainous villages being much higher than in towns and subregional-centres of Transcarpathia. There is the great differentiation of income and living standards between rural and urban population, non-equal conditions for starting own business.

The above-mentioned factors raise an interest for scientific analysis of the effectiveness of economic reforms, the creation of different entrepreneurial forms in rural areas, and the employment of rural populations and its living standards.

Gender analysis showed that approximately one third of all respondents-entrepreneurs surveyed were women, primarily involved in business in low-land areas (37%) and somewhat less (24%) in semi-mountainous areas. This information corresponds with survey, due to which about 30% of all small businesses (businesses with up to 50 employees) are owned/controlled by women.

All businesswomen surveyed are operating in two spheres - the majority is involved in trade 84,8%, while 15,2% provide different services to the population (bakery, private lessons, consumer services). Most of businesswomen employ up to 10 workers (90,9%), of these businesswomen 27,2% employ only family members, 54,5% employ only waged employees and 18,3% employ both waged employees and family members.

The age distribution indicates a middle-aged sample of inhabitants who are 31-50 years old (60% of population sampled and 76% of entrepreneurs sampled).

<sup>1</sup> The survey was conducted within the activities of project "Rural Entrepreneurship and Employment in Transition" INTAS-99-00965

**Table 1. The age distribution of rural inhabitants**

Age	Rural population, % of sample	Rural entrepreneurs, % of sample
Up to 30 years	24,92	18
31-40 years	28,53	36
41-50 years	31,53	40
51 years and older	15,02	6

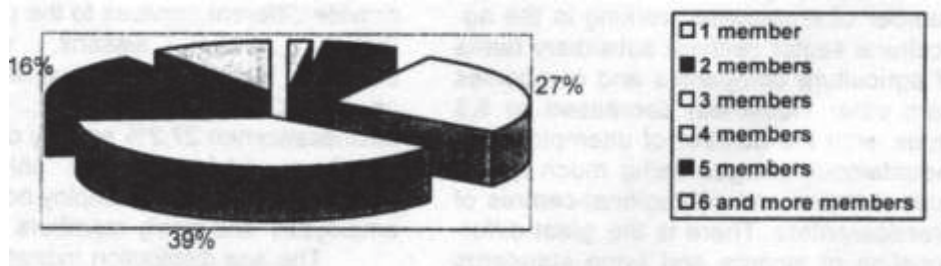
Analysis of marital status indicates that the majority of respondents are married - 79,58% of rural population and 86% rural entrepreneurs, corresponding, not married 11,11% and 9%, widowed - 4,2% and 1%, divorced - 4,5% and 4%. Therefore rural inhabitants have a traditional orientation towards marriage as only 0,6% of rural population follow a "modern" style, arrangement of living together without marriage.

The gender structure of rural entrepreneurs' families is characterised by prevailing of the same number of men and women - by two - corresponding 42% and 45%, one man have 36% families, three men - 17% families of rural entrepreneurs,

while the number of families with one woman is somewhat less - 27%, and with three women - somewhat more (19%) comparing to men. Therefore, the average rural entrepreneur family includes a working age couple with one or two children.

Results indicate that families of rural entrepreneurs have average number of members, including 50% cases with two working age members and 39% with three members of working age. The number of families with one member not of working age is 41%, two members - 23% and in 21% of the cases all the family members are of working age. This is in direct correlation with the age characteristics and family status of the sample.

**Graph 1. The structure of entrepreneurs families**



A gender analysis of family structure indicates that rural population families in most cases are characterised by an equal number of male and female members, 42,6% of families report 2 male members while 40,8% report 2 females. Other respondents report only one male (38,7%) or one female (39,3%) or three male (17,7%) or three female (18,9%) members. In addition, 42,9% of rural population families have two working age members, 29,1% report three family members of working age, while 19,2% mention four and more family members of working age.

Families with four members prevail among rural populations - 34,2%, 27,9% of families have three members, 14,1% of families consist of two members, five members - 10,8%, while 9,9% of rural population families have six and more members.

Most of the rural entrepreneurs identify as Ukrainian (85%) while 5 % of businessmen are Hungarian, other businessmen identify as Slovak (1%) and German (1%) and 8% of businessmen are from mixed families. Due to the predomination of some nationalities (Hungarian, Slovak) in certain low-land villages the most

diversified structure of entrepreneurs by nationality is in the low-land areas - Ukrainians make up 74,3% of respondents, Hungarians - 8,57%, mixed -14,3%, and German - 2,86%. In semi-mountain and mountain areas respectively

92% and 90% of entrepreneurs are Ukrainians.

Population structure by nationality criteria also shows prevailing of Ukrainians in all zones and presented in the table 2.

**Table 2. Population structure by nationality criteria**

	Low-land areas	Semi-mountain areas	Mountain areas	General
Ukrainian	80,49	97,14	97,14	90,99
Hungarian	7,32	0	0	2,7
Russian	0,81	0	0,95	0,6
Slovak	3,23	0	0	1,2
German	0	0,95	0	0,3
Mixed	8.13	1,9	1,9	4,2

According to survey's results the dominant nationality of the labour division is Ukrainians due to several factors, basic of them are the historical labour traditions, social-psychological characteristics of population, and propensity to mobility and business.

By educational and professional level rural businessmen belong to a highly skilled group. 83% of respondents have higher education and technical school/college, or vocational training (prevailing economists, engineers, teachers, technicians, doctors.) while only 17% have a secondary education. This data corresponds with findings of [11] who analysed entrepreneurship processes in Ukraine, Moldova and Belarus and stressed the higher education level of Ukrainian entrepreneurs as compared to Western countries.

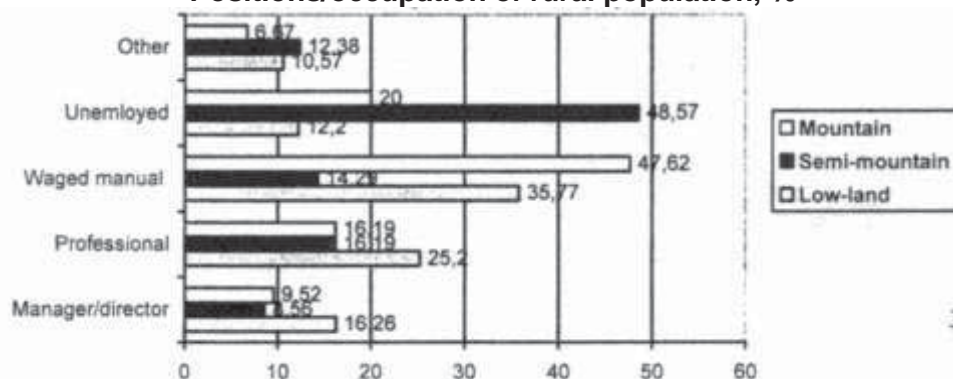
The educational level of respondents from the rural population is not so high, as only 23,4% have higher education (prevailing teachers, accountants, doctors), almost 28% graduated technical school/college, and almost 39% have completed secondary education. 9,6%

finished only primary school.

Thus, the educational/professional level of rural entrepreneurs is much higher than the rural population in general, that proves the statement about the relatively high professional background and knowledge for people involved in business in rural areas. Rural business is based on significant intellectual potential that creates the basics for its development. The economic collapse in the mid 1990s led to the reduction of the demand for highly skilled labour and forced people to look for other sources of income and start their own business.

The majority of the rural population (32,7%) are waged manual, 19,5% are professionals (doctors, teachers, economists, librarian), 11,7% are managers/directors, about one fourth (26,1%) were unemployed at the time of survey. Majority of unemployed (48,6%) are living in semi-mountain areas, significantly less (20%) in mountain areas, and the smallest number of unemployed was observed in low-land areas (12,2%) due to higher economic development, and the proximity of large centres (Uzhhorod, Mukachevo) with

**Positions/occupation of rural population, %**



more institutions, organisations and businesses where inhabitants of neighbouring villages may work.

The majority of "qualified" jobs - managers, officials, technicians - can also be found in low-land regions. Inhabitants of these regions have the highest professional and qualification level - 56,9% have higher education and technical college, that is more comparable to the average in Transcarpathia. Therefore, economic zoning due to natural peculiarities of Transcarpathia influences the number and type of rural jobs and their availability.

The majority of unemployed persons have not worked in more than three years - 47%, while 27,2% have never worked, 13,8% have not had job for two or three years. Main reasons of job losses were closing/liquidation of enterprises - 41,3%, staff reduction - 22%, voluntary termination - 23,8% (low salary and delays in payment were reasons for leaving). Prior to losing their jobs the majority - 74% were waged manual, mostly employed in manufacturing (42,8%) or service provision (22%). Only 3,2% of managers/directors and 15,9% of officials/technician lost their jobs and couldn't find other work at the time of the survey. Thus, during times of economic reformation the population groups most impacted are workers of middle-level qualification (waged manual), who can't find new jobs due to the general economic recession in the country.

During forced unemployment, 26,9% of the rural population was looking for any relevant work, while 17,5% looked for jobs in their speciality. The survey results showed a certain passivity or lack of desire on the part of the rural population to actively change their lives. Only 52,4% of

unemployed responded that they would like to participate in training to change their qualification, only 3,2% of unemployed respondents tried to be involved in business, 1,5% received training to get new speciality, and 15,9% of unemployed did nothing. The results indicate that the majority of the population doesn't want to take responsibility and instead hopes that somebody else (state, other people) will solve their problems.

The majority of businessmen are native inhabitants of villages although many have spent short period of time living in the cities either for studies (57%) or army service (14%). Some entrepreneurs stayed for 6 or more years, which is in direct correlation with their period of studies.

The majority of entrepreneurs start to be profitable during their 1st year of operations since they are operating mostly in industries that bring quick return of capital, don't have significant entering barriers, don't require specific knowledge, take advantage of special taxes (fixed and unified), and operate in an environment characterised by relatively stable demand, either in trade/commerce or provision of services.

The majority (83%) of rural entrepreneurs surveyed do not belong to the group of so-called soviet/party leaders ("nomenclature") and previously didn't occupy managerial positions due to following reasons:

- the target group surveyed is rural small business while businesspeople from "nomenclature" groups work mainly in the cities;

- "nomenclature" business is mostly based on medium or large scaled companies, and not on small business or private entrepreneurship activities.

### **Соціальний портрет сільського підприємця: соціологічний аналіз**

У даній статті здійснено дослідження соціальних характеристик підприємців та населення сільських районів Закарпатської області. Проаналізовано вікову структуру, національний склад, попередній досвід роботи, кваліфікаційні ознаки підприємців, сучасний стан зайнятості сільського населення.