

FACTORS INFLUENCING THE FORMATION AND DEVELOPMENT OF THE LABOR MARKET

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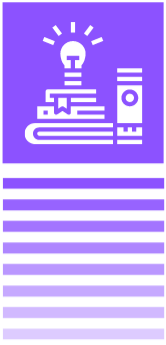
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Abstract:

In the article, the authors consider one of the main elements of the national economy - the labor market. They show that the functioning and development of the national economy depends on the labor market. Pay attention to the factors on which changes in the labor market depend. They conclude that the labor market is an economic indicator of the development of society. The article can be useful for teachers of economics, students of economic specialties, managers of enterprises of all forms of ownership.

Key Words: labor market, national economy, population, wages, labor resources, demand, supply, skilled workers, labor potential

In modern conditions, the development of the national economy requires the availability of untapped and untapped resources. These include labor resources. The development of the economy can take place in the presence of free labor resources. If there is universal employment of the labor force in the market, development may stop completely or have a slow pace of development. However, the state of full employment of the population cannot be achieved. Consider the following categories of the population in the labor market: - the first group - the economically inactive part of the population. This group cannot perform economic functions for some reason. For example, those of an incapacitating age, unable to work due to their physical condition, are disabled. This group does not participate in the functioning of the economy, therefore it is not part of the labor market. - the second group - the economically active part of the population. This group takes an active part in economic activity. These



are people of working age who have the physical ability to carry out economic activities.

The second group is distinguished by employment and unemployment in the national economy. The second group is the population involved in the labor market and determines its functioning. Let us name the factors that influence the functioning of the labor market:

- the general state of the national economy;
- growth of wages;
- priority for some professions, or vice versa, a decrease in the prestige of any profession;
- changes in the demographic situation in the country;
- transformation in the field of leisure of the population.

Wages are formed in a specific labor market depending on the quality of the labor force. In a competitive labor market, the equilibrium wage price will be the intersection of two curves: supply and demand. This intersection will be the optimal point for both sides - buyers and sellers of labor.

Let's highlight the main features of a competitive labor market:

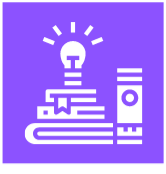
- the presence of firms that provide the same services, produce the same products, which compete with each other and offer the same conditions for highly qualified workers of a certain type of work;
- a significant number of employees who offer a certain type of work, independently of each other, and have the same qualifications;
- The wage rate in such a market cannot be dictated by anyone, and no one exercises control over it.

The next labor market model is monopsony. Monopsony is a situation in the market when only one buyer cooperates in the market with many sellers, which dictates the price and volume of sales.

Monopsony is characterized by the following features:

- ❖ it is impossible for employees to find another place of work due to the peculiarities of the profession, living conditions or geographic factors;
- ❖ employees of a certain type of work are employed in one firm;
- ❖ the firm exercises control over wages.

The curve of demand and supply of labor in such a market will have an uplifting form, all points on this graph will show the wage rate per worker for any given number of workers employed.

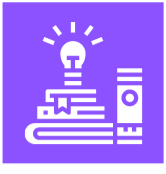


One of the most important concepts currently in a market economy is the labor market. It is a multipolar component of the political and economic sphere in the life of society. The cost of labor is estimated and determined in the labor market depending on the conditions of employment, working conditions, job security, qualifications, etc. The labor market is a certain economic environment where, in a competitive environment, with the help of supply and demand mechanisms, the employment indicator and the level of wages are formed. There are factors that affect the labor market, namely supply and demand. The factors that influence supply and demand are identified. It should be borne in mind that the price of labor is influenced and shaped by its supply and demand factors.

In most countries, the state has an active labor market policy. The state is interested in the predominance of skilled labor in the labor market, because it directly affects the quality of manufactured products and increases its technological component, and as a result - to increase the competitiveness of manufactured products. Therefore, first of all, an active policy is characterized by an increase in the competitiveness of a person in the labor market through training, advanced training, assistance in employment, and the development of individual labor activity.

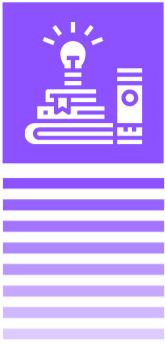
The policy is carried out with the help of legal measures, economic, organizational to regulate relations between those who entered into labor relations. This policy implements the principle that every member of society must earn a living. Let us name the goals of state policy on the labor market: the prompt inclusion of the unemployed in the labor process, the provision of jobs for each member of society, the stimulation of development, and the acceleration of the process of redistribution of released workers. The state attaches great importance to social support of the population, the development of the plasticity of the labor market, observance of the rules of law, the right of everyone to work, education, training, advanced training, and retraining of personnel.

One of the main elements of the national economy is the labor market. The functioning and development of the national economy depends on it. It should be noted that the labor market is subject to change due to the influence on it of many different factors.



To carry out life, the population is forced to sell their labor, while receiving remuneration in the form of wages. This mechanism is the basis for the functioning of the labor market. Labor acts as a special commodity, which is a combination of spiritual, physical, intellectual abilities of a person, representing the labor potential of an individual. Employed workers are paid by employers. At any price for labor resources, there is a demand for labor, as well as a supply in the labor market. Labor remuneration belongs to the main indicators of the labor market. It is determined from the totality of goods that are necessary for a person's life. This indicator forms the wage rate below which it cannot be. The final indicator of wages is formed under the influence of various factors. One of the main factors is supply and demand in the labor market.

There are a number of factors influencing the formation of the value of wages. These include the standard of living of the population, the state of the socio-economic development of the economy, the scientific and technological development of the country's economy, the allocation of labor resources, the structure of the labor market by gender, the age structure of the population, etc. With a change in supply and demand in the labor market, there is a change in the level and size of wages [4]. The next factor, no less important, which directly affects the functioning of the labor market, is the demand for skilled labor. It depends on the production structure, forms and volumes of social production, scientific and technological progress, the rate of development of the country's economy [5]. Let's name the factors that shape the supply in the labor market. This is the demographic component, the minimum wage, the priority of certain professions, population migration, characteristics of the population by religious, ethnic, psychological affiliation. The state and business are subjects of demand in the labor market. Households are the subjects of the proposal. The following factors affecting the labor market include external and internal factors. Consider external factors. These are the activities of the state in the field of finance, changes in the structure, as well as a decline in production, the state of the army, etc. Internal factors are population migration, demographic crises or surges in the birth rate, the level of professional competence of workers, the level of education. The factors considered demonstrate a direct relationship between the above factors and the current situation in the labor market. The existence of the labor market is impossible without active government intervention. The state applies certain measures of direct and indirect impact



on the development and functioning of the labor market. In this case, the role of the state can be both active and passive.

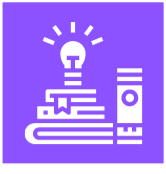
The active policy of the state in the labor market is manifested primarily in the adoption of organizational, legal and economic measures to regulate the interaction of participants in labor relations. This is the financing of various programs aimed at the development of individual labor activity, the creation of employment centers for the unemployed population, and the promotion of self-employment. State policy is actively manifested in the ability of the employee to increase his competitiveness in the labor market. Organization of training, retraining and advanced training, assistance in employment, counseling, etc.

At the same time, the state sets certain goals in its activities in the labor market. The priority is the provision of work to each employee who wants to work, assistance in accelerating the process of redistribution of released workers. In the labor market, the state provides employment, training and retraining to improve the competitiveness of personnel, and provides social support to the population. When pursuing an active policy on the labor market, it is necessary to take into account the following: - gender of the employed, unemployed, unemployed population; - the age component of the employed, unemployed, unemployed population; - the level of family income in the aggregate; - the scale of formal and informal employment of the population; - the level of international competition in the labor market, the level of investment; - use of the legal framework, etc.

The implementation of an active state policy on the labor market is inextricably linked with changes and transformations in the structure of the regional economy. Let's move on to considering the passive policy of the state in the labor market. It consists in registering the unemployed, allocating and determining benefits, as well as in providing non-monetary forms to support unemployed citizens and their family members.

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