

УДК 331.5:33

Nur Qistina Alisha Binti Mohd Syazwan, student of International Medical Institute, Kursk State Medical University, Kursk , Russia.

e-mail: qistinalisha2@gmail.com

Science tutor: Vlasova Olga Vladimirovna, head of Economics and Management department of Kursk State Medical University

THE IMPACT OF LABOR FORCE LEVELS ON THE COUNTRY'S ECONOMY

Abstract: a key measure of economic health is labour force participation (LFP), which shows the proportion of people of working age who are either employed or actively looking for work. Economies flourish when more individuals participate in the labour market because of increased production, more tax receipts, and better financial health. On the other hand, low participation rates could be a sign of structural problems including insufficient employment possibilities, a lack of skills, or social and legal restrictions that deter people from entering the workforce. Policymakers and economists must comprehend the dynamics of labour force participation and how it affects the economy and national budgets. This paper examines how LFP affects fiscal stability, government budgets, and economic growth, illuminating how shifts in worker involvement impact economic environments.

Keywords: labor force, economic growth, productivity, fiscal policy

Нур Кистина Алиша Бинти Мохд Сиазван, студентка Международного медицинского института Курского государственного медицинского университета, Курск, Россия

e-mail: qistinalisha2@gmail.com

Научный руководитель: Власова Ольга Владимировна, и.о.заведующего кафедрой экономики и менеджмента ФГБОУ ВО «Курский государственный медицинский университет»

ВЛИЯНИЕ УРОВНЯ РАБОЧЕЙ СИЛЫ НА ЭКОНОМИКУ СТРАНЫ

Аннотация: ключевым показателем экономического здоровья является участие в рабочей силе (LFP), которое показывает долю людей трудоспособного возраста, которые либо работают, либо активно ищут работу. Экономика процветает, когда все больше людей участвуют в рынке труда из-за увеличения производства, увеличения налоговых поступлений и улучшения финансового состояния. С другой стороны, низкий уровень участия может быть признаком структурных проблем, включая недостаточные возможности трудоустройства, отсутствие навыков или социальные и правовые ограничения, которые удерживают людей от трудоустройства. Политики и экономисты должны понимать динамику участия рабочей силы и то, как это влияет на экономику и национальные бюджеты. В этом документе рассматривается, как LFP влияет на финансовую стабильность, государственные бюджеты и экономический рост, освещая, как изменения в участии работников влияют на экономическую среду.

Ключевые слова: рабочая сила, экономический рост, производительность, фискальная политика.

People who are 15 years of age or older and either employed or actively seeking employment are considered to be part of the labour force. This does not include people who are not working, including homemakers, full-time students, or retirees. An indication of workforce engagement in a nation, the labour force participation rate (LFPR) calculates the percentage of the working-age population that is actively engaged in the labour market.

LFP depends on a number of variables, such as social policy, economic situations, and demographics. For example, as older people retire, participation rates decline in an ageing population. On the other hand, policies that promote parental leave and child care may encourage more parents—especially women—to participate. Who enters the workforce and in what capacity is also influenced by cultural norms and educational attainment [1].

Labor force participation is a critical driver of economic growth and fiscal stability. This research explores the relationship between labor force participation and its impacts on the economy and government budget. Higher participation rates can increase productivity, GDP growth, and tax revenues, while lower rates may strain public resources due to higher dependency on social welfare. The study examines both micro and macroeconomic effects, offering policy recommendations to maximize economic outcomes.

Labor force participation, defined as the proportion of the working-age population engaged in employment or actively seeking work, plays a significant role in shaping a nation's economic trajectory. Changes in labor force dynamics can influence key economic indicators, including GDP, government revenues, and social welfare expenditures. Understanding these relationships is crucial for policymakers aiming to foster economic development and maintain fiscal health [2].

The participation of the labor force affects economic outcomes through several channels:

1. **Productivity and Output:** A higher labor force participation rate increases the available workforce, boosting overall productivity and economic output.
2. **Government Revenue:** An active workforce contributes to higher tax revenues, strengthening the government's budget and enabling more public investments.
3. **Welfare Dependency:** Lower participation rates can lead to increased dependency on social welfare programs, putting a strain on the budget and reducing funds for other critical sectors [1].

The research employs a mixed-methods approach:

- **Quantitative Analysis:** Econometric models using data from the World Bank and International Labor Organization to assess the impact of labor force participation on GDP growth and budgetary outcomes.
- **Qualitative Analysis:** Case studies from countries with varying participation rates to explore contextual factors and policy effectiveness.

Empirical analysis indicates a positive correlation between labor force participation and GDP growth. Countries with higher participation rates tend to experience stronger economic performance due to increased labor inputs and higher consumer spending.

Fiscal Implications:

1. **Revenue Generation:** Increased workforce participation raises income tax collections and reduces fiscal deficits. The research highlights examples from Scandinavian countries, where high participation rates have supported robust social welfare systems.

2. **Expenditure Management:** Conversely, lower participation rates increase government spending on unemployment benefits and social assistance, impacting budget allocations for infrastructure, education, and health.

Labor force participation varies significantly by gender and age, affecting economic outcomes differently. Policies aimed at increasing female and older worker participation have shown promise in countries like Japan and Germany, contributing to economic stability.

The research suggests several policy measures to enhance labor force participation:

1. **Workforce Training and Education:** Investment in skills development can increase employability and productivity.
2. **Childcare and Family Support:** Providing affordable childcare can encourage higher female labor force participation.
3. **Flexible Work Arrangements:** Encouraging part-time and remote work can engage segments of the population currently underrepresented in the workforce.

Labor force participation is a crucial factor influencing economic growth and fiscal sustainability. Governments must implement policies that foster workforce engagement to maximize economic benefits and maintain a balanced budget. Continued research is needed to understand the evolving nature of work and its implications for future labor force participation trends.

References

1. World Bank Data on Labor Force Participation // <https://databank.worldbank.org/metadataglossary/world-development-indicators/series/SL.TLF.CACT.ZS>
2. International Labor Organization Reports // <https://www.ilo.org/research-and-publications>