Section: Economic Cybernetics

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MODELING THE INFLUENCE OF THE SHADOW LABOUR MARKET ON INATNGIBLE CAPITAL OF COUNTRY

Shadow activity is an economic activity that is not taken into account and is not controlled by official bodies and aimed at income generation by violating the existing legislation [1]. For the labor market, the following forms of staying in the shadows are typical: informal activity (legal activity that is not taken into account by official statistics due to imperfection of statistical observations); hidden activity (permitted by law and implemented by citizens, but hidden from taxation); illegal activity. The shadow labor market negatively affects the country's economic development.

The problem of the staying in the shadows of the labor market is relevant to Ukraine and, therefore, it is the subject of research by many scholars, such as Bazilevich V.S. [1], Gumenyuk V.V., Mazur I.I. [2], Mandibur V.A. [3], Prysnyakova V.F. [4], Reutova V.G., Turchinova A.V., Cherevko A.V. and others. However, the question of the influence of the shadow labor market on the level of intangible capital of the country is not covered in the scientific literature, which determines the relevance of the chosen topic.

Intangible capital, in a broad sense, is usually understood as the resources of society, which are personified in objects that do not have material existence [5]. Hired workers are carriers of intangible capital, so they have knowledge, social relations, information, skills, etc., and, therefore, have intangible capital (HK_i). If an hired worker is involved in the shadow labor market, his intangible capital will be determined as (1):

$$HK_i = HK_i^{\Pi} + HK_i^{T} = \alpha HK_i + (1 - \alpha)HK_i, \qquad (1)$$

where HK_i^{Π} – intangible capital of the i-th employee on the official labor market (i = 1, ... N);

HK_i^{T} – intangible capital of the i-th employee in the shadow labor market;

α – the share of the activity of the i-th employee on the official labor market;

$(1 - \alpha)$ – the share of activity of the i-th employee in the shadow labor market.

Consequently, the greater the contribution of the employee to the shadow sector, the less his contribution to the official sector of the economy.

At the macroeconomic level, this trend is preserved, that is, the intangible capital of the country (HKK) is determined as (2):

$$HKK = \sum_{i=1}^{N} HK_i \qquad (2)$$

The prospect of further research by the author is to test the hypothesis of the nonlinear impact of the level of labor market shadowing on the level of intangible capital of the country and the quantitative assessment of such impact.

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