FACTORS OF PRODUCTION

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Factors of production are the resources utilized in various goods and services (Fernando, 2021). The factors of production consist of entrepreneurship, land, capital and labor. Relevant factors of production enable better quality and quantity of goods in the market at a reduced cost, leading to the economic growth of a country (Fernando, 2021). Besides, enhancement in labor skills results in a productive production level, and technological advancement leads to capital development, which increases the national output level, thus indicating economic growth.

Additionally, a nation's financial system comprises all the institutes that enable the exchange of resources in the economy (CFI, 2019). Also, entrepreneurs receive the capital to endorse projects and profit from their investment through the financial system. The financial system involves investment banks, insurance companies, and stock exchanges. The financial system also channels funds from the investors to the debtors (CFI, 2019). Debtors borrow money for their personal use or for investing in a business for the tenacity of self-consumption. However, financial systems are synchronized since their processes impact and contribute to the growth of numerous assets (CFI, 2019).

On the other hand, the unemployment rate is the percentage of unemployed people in the overall workforce. Individuals are regarded as unemployed if they are not working because they have the ability and willingness to work (Anderson, 2021). The unemployment rate gives insights into a country's economy spare capacity and unexploited resources. Besides, an economy's unemployment rate indicates the labor resources of an economy that are not appropriately utilized. Consequently, if there is a high unemployment rate in an economy, it leads to lower economic levels since the resources are not appropriately used to produce various goods and services (Anderson, 2021).

The relationship between these factors adversely affects me at my workplace. If there is a high unemployment rate in the economy, it results in the low bargaining power of the workforce in the economy (Fernando, 2021). Consequently, low bargaining power will cause a decrease in the number of wages and thus reducing the amount of savings in the economy. Low savings implies a low supply of funds in the market, and a reduction of resources in the market lowers the economic growth in the market.

References

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