
EconWorld2019@Seville

Added worker effect and reasons of wife's inactivity

Jan Gromadzki¹

¹Warsaw School of Economics, Poland

ABSTRACT

The recent works provide compelling evidence on the existence of the significant added worker effect, yet little is known about the heterogeneity of the effect with respect to reasons of husband's work displacement and wife's inactivity. I use data from Polish Labour Force Survey to analyse the added worker effect in a post-communist country. I find that work displacement of a husband was associated with an increase in probability of a wife's transition to labour force. The effect was homogenous with respect to the reasons of a husband's job loss. Added worker effect was characterised by the high degree of heterogeneity with respect to reasons of wife's inactivity. The response of discouraged wives was twice as strong as the response of wives, who were inactive due to family and health reasons.

KEYWORDS added worker effect; labor supply; discouraged worker effect

JEL J22, J64