

We can divide the population in the labour market into active and inactive workers. Active workers are those who either work or are unemployed. The person is unemployed when she actively seeks work and is ready to start working within some short period of time. The inactive persons fully or partially violate the definition of unemployment. Here, for example, we can think of the workers who do not seek work, or they seek work but cannot start working within short period of time. According to probability of finding work these workers change their status in the labour market (they are active or inactive).

In the research project we focus on the discouraged workers and added workers. The discouraged workers are workers who have refrained from active job search due to certain reasons, either job market related (they believe no job is available to them in their line of work or area, or they had previously been unable to find work) or personal ones (they lack the necessary schooling, training, skills, or experience, employers think they are too young or too old or they face some other type of discrimination). The added workers are the members of a household which main breadwinner has experienced a job loss or a wage cut. They increase their labour supply in response to this income loss. In this project, we want to analyse which fractions of the population (in age-sex breakdown) experience added/discouraged worker effect. We will perform the analysis by referring to the overall activity of the economy (business cycle) and taking into account potential determinants of the labour force participation, asymmetry (in size and duration of these effects) or non-linearities in the studied relationships. These research tasks will allow determining factors that affect and directions of changes of the labour force participation during the business cycle. The empirical research will be conducted using quantitative methods in the macroeconomic perspective (econometric modelling).

We are interested in the cyclical behaviour of the labour force participation rates as certain fractions of the population differently respond to macroeconomic incentives for the labour supply. Particular factors (demography, preferences, culture) determine labour force participation in the long-run, but there are factors that cause cyclical changes in the labour force participation (between the phases of the given business cycle and between the business cycles). We want to identify which of the studied effects: added/discouraged workers prevails for particular socio-economic groups. This will broaden our knowledge on the determinants of the labour force participation. The project findings will allow formulating policy recommendations aimed at increasing the labour force participation and labour market attachment of the particular fractions of the population.