

La serie Borradores de Economía es una publicación de la Subgerencia de Estudios Económicos del Banco de la República. Los trabajos son de carácter provisional, las opiniones y posibles errores son responsabilidad exclusiva del autor y sus contenidos no comprometen al Banco de la República ni a su Junta Directiva.

Autor o Editor

Lina Cardona

Luz Adriana Flórez

Leonardo Morales

In this paper we explore one of the oldest labour market phenomena documented in the literature: the added worker effect, which refers to the labour supply response of secondary workers to main earners' job losses. To do so we take advantage of the panel data survey conducted by a Colombian Foundation, Fedesarrollo between 2007 and 2010, using a fixed effects model to account for household's specific time invariant unobserved heterogeneity. Our results suggest that when the head of the household becomes unemployed, the labour force participation rate of their female partner increases between 9 and 20 percentage points. Such response appears during the first six months of household head's unemployment. In addition, within one year of the head of the family becoming unemployed, their children are more likely to enter the labour market and less likely to be in tertiary education.

The series Borradores de Economía is published by the Economic Studies Department at the Banco de la República (Central Bank of Colombia). The works published are provisional, and their authors are fully responsible for the opinions expressed in them, as well as for possible mistakes. The opinions expressed herein are those of the authors and do not necessarily reflect the views of Banco de la República or its Board of Directors.