

Should I stay or should I go. Why Poles became inactive.¹

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Poland is among the EU countries with the highest share of inactive population which makes the analysis of flows in and out of inactivity particularly important. For this reason, flows that involve the state of inactivity constitute a large share of total flows. Large direct flows between employment and inactivity seem to be an idiosyncratic phenomenon of the Polish labour market.

In this study we examine factors that stimulate the decision to leave the labour market. We intend to separate exits caused by external factors regulated by law (for instance, retirement and serious health problems), those directed by economic conditions (job destruction) and those caused by individual decisions. We concentrate on determinants of voluntary flow into the state of inactivity. Most of the macroeconomic literature related to flows does not consider these factors separately.

We use data from the Labour Force Survey for years 2015-2019. We start with descriptive statistics of the phenomenon, then estimate multinomial model for labour market exit determinant as a base for more advanced model that allows to include characteristics of labour market, that is random parameter logit.

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