

Labor Fluidity and Performance of Labor Outcomes in Colombia: Evidence from Employer-Employee Linked Panel

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In this paper, we compute standard measures of fluidity for the Colombian urban labor market: worker and job reallocation rates and the excess of worker reallocation over job reallocation. We analyze the period between the second semester of 2008 and the second semester of 2014, finding evidence of an increase of fluidity in the labor market, especially after 2010. We test the hypothesis of a positive effect of fluidity on different employment and occupation indexes using instrumental variables regression models that exploit the variation of labor results and fluidity measures between metropolitan areas and over time. We find robust and positive effects of fluidity on some labor market result indexes related to employment and occupation. To the best of our knowledge, a positive causal effect of fluidity on the performance of the labor market has not been documented for a developing economy.

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