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Abstract

The objective of this paper is to analyze the impact of skill mismatch on labour turnover for the case of Colombia. Our work follows the of the job matching theory of Jovanovic (1979a, 1979b, 1984). In line with this theory we find a positive relationship between skill mismatch and labour turnover (measured as the worker reallocation rate) using a panel of 23 cities for the period 2009-2017. Our results suggest that cities with a higher proportion of mismatched workers present higher worker reallocation rates. In this case one standard deviation of increment in the proportion of mismatch workers increases the *WR* rate around 0.12 standard deviations. This result is explained mainly by the increase on separations as is suggested by the theory.