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Changes in Daytime Hours of Work and Employment in Colombia

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We estimate the effect on hourly wages and hours of work, of an increase in the number of hours of work, defined by law as daytime hours of work. To identify the parameter of interest, we estimate difference in difference models. Although we do not know the working hour schedule; we exploit the necessary conditions for the intervention to affect them, to define treatment and comparison groups. We find that wages of males older than 25 working in industry in metropolitan areas decreased more than 11% due to the reform, while females older than 25 working in industry in metropolitan areas reduced their hours of work per week in 3.6 hours. There is evidence, although weaker, of increases in hourly wages for male workers in the other sectors of the economy. This suggests that employers increased labor demand in those sectors. Overall, the reform would have had positive effects on all workers but those in industry.

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