Labour flows across firm´s size, economic sectors and wages in Colombia: evidence from employer-employee linked panel

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This paper explores the behavior of Colombia labour market flows. We focus on job creation and job destruction from the plant´s perspective, and on hiring and separations from the worker´s point of view. We show how these labour flows change across different dimensions such as, firm's size, economic sectors, as well as wages and present the dynamic of tenure across these dimensions. Our results are in line with those of Birch (1981) and more recently Neumark et al. (2008), who found that small firms are the ones who created jobs in the economy. We found that small firms have higher job and worker reallocation rates; and firms especially those with less than 50 employees, are the ones with a higher employment growth rates compared to the larger ones. Moreover, we found that construction presents the highest labour flows, while manufacture the lowest. Finally, we found a negative relation between firm´s average wages and labour flows.

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