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Abstract

This paper assesses whether the expansion of online job vacancies leads to a more efficient labor market. We provide compelling evidence that the increase in online job vacancy penetration in Colombia has had an enhancing effect on the labor market's efficiency by making it easier for firms to find workers to fill their job openings. An estimation of the Beveridge Curve (unemployment to vacancies relationship), a well-established theoretical development from search models, concludes that policies that increase online vacancy posting enhance efficiency. We implement a differences in differences design to take advantage of a regulation, which mandates that all authorized online vacancy providers report any online vacancy to the Public Employment Service in Colombia. We find that sub-segments of the labor market with a relevant fraction of their vacancies posted online, presented on average nearly 15% lower vacancy rate for a given unemployment rate. Therefore, for these sub-segments, the Beveridge curve shifted inwards due to efficiency enhancements. These findings support active search policies to reduce information barriers, which reduce the odds of firms and workers finding one other in the labor market. Policies as those implemented by the Public Employment Service in Colombia seem to be beneficial.