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The Labor Market Effects of Part-Time Contributions to Social Security: Evidence from Colombia

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Publication Date: Wednesday, 20 of October 2021 Abstract
In 2014, Colombia implemented a policy that added flexibilization to labor contracts for part-time workers that reduced the quasi-fixed costs of employing formal workers. We find that the reform increased the probability of entering the formal sector within the targeted population: low-wage, part-time workers. We use administrative employer-employee matched data and leverage variation across cities and industries in demand for part-time work before the reform. We find that, after the tax reform, the change in the total number of formal workers is 6 percentage points higher at firms that use the new contracts relative to their counterparts that choose not to hire low-wage, formal, part-time workers under the new tax form. Mean daily wages temporarily declined after the reform.

Fuente: https://www.banrep.gov.co/en/labor-market-effects-part-time-contributions-social-security-evidence-colombia