

(0.04)–0.95***
 (0.04)0.33***
 (0.04)–2.01***
 (0.05)**B. Annual effect of a 1.0% real increase in the SM**0.44***
 (0.02)–0.56***
 (0.02)0.52***
 (0.02)–0.47***
 (0.02)0.17***
 (0.02)–1.00***
 (0.03)**C. Number of Jobs**20,414.6***
 (941.51)–25,713.6***
 (862.27)24,258.1***
 (994.80)–21,870.1***
 (962.21)7,687.1***
 (805.20)46,128.2***
 (1,205.39)**Observations**3,070,2543,070,2543,070,2543,070,2543,070,2543,070,2543,070,254**Number of firms**
 155,065155,066155,067155,068155,069155,070

In addition, the authors explore the effects of changes in the real minimum wage, depending on firm’s characteristics such as size and age. For example, the authors find that, as a result of the increase in the real minimum wage, the smallest firms have the largest proportional drops in employment compared to the largest firms (more than 250 employees). Similarly, younger firms (less than four years old) are the most affected by the increase in the minimum wage. In general, larger and older firms have a different adjustment mechanism to increases in the real minimum wage. In particular, when there is an increase in the real minimum wage, these firms respond with an increase in labor turnover (increased churning) rather than a reduction of jobs.

It is important to clarify that this analysis is limited to the study of formal employment, as it is based on social security data (PILA). The minimum wage has broader effects on the labor market, as well as important effects on fiscal accounts and economic activity, which are explored in other sections of the previously mentioned ESPE document.

¹ *Churning* rate corresponds, more precisely, to the sum of separations and hires net of payroll changes, divided by the number of jobs per firm. A high churning rate implies that there is a high employee turnover, given a payroll size.

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Jorge Toro

Editor

blog@banrep.gov.co

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