# The Heterogeneous Effect of Minimum Wage on Labor Market Flows in Colombia

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Publication Date: Friday, 21 of October 2022 Abstract
We provide evidence of the negative effect of the minimum wage on labor market flows, such as job creation, job destruction, hiring, and separations in Colombia. Depicting firms' minimum wage (MW) compliance cost, we find evidence of an adverse effect of increases on MW compliance cost on employment. This negative effect is explained mainly by a reduction in job creation and hiring rate and the rise in job destruction and separations. In contrast to the evidence for developed economies, our results are in line with the predictions of the standard search model. We also explore this differential effect by firm size and age. We found that an increase in the MW compliance cost has relatively critical negative impacts on small and medium-sized firms (with less than 250 employees); and new and young firms (lower than six years old).

Fuente: https://www.banrep.gov.co/en/heterogeneous-effect-minimum-wage-labor-market-flows-colombia