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Technical Appendices

Entrepreneurship among California's Low-skilled Workers

Magnus Lofstrom

with research support from Qian Li and Jay Liao

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Appendix A. Data

In this section we give a brief description of data used in our discussion in the Introduction, as well as definitions of key terms. “Low-skilled” is defined as attainment of a high school diploma or less, in all sections.

Self-Employment Trends

The self-employment trends are generated using the 1980, 1990, and 2000 U.S. Census 5 percent Public Use Microdata Samples (PUMS). We rely on the 2005, 2006, and 2007 American Community Surveys (ACS) for more recent reliable California statistics. Individuals are defined to be self-employed if they report, in the class of worker question, being self-employed in an incorporated or not-incorporated establishment. In our descriptive analysis, we restrict the sample to individuals between the ages of 16 and 67, but impose no further restriction in generating the counts of self-employed individuals. However, for calculation of the self-employment rates we impose the restriction that individuals are in the labor force.

Self-Employment Entry, Exit, and Earnings Analysis

We use individual longitudinal data from the 1996, 2001, and 2004 panels of the U.S. Census Bureau’s Survey of Income and Program Participation (SIPP) in our analysis of self-employment entry, exits, and earnings. SIPP contains individual demographic information as well as detailed information on labor market activities, business ownership, and business characteristics. The surveys are conducted every four months (called a “wave”) for, depending on the panel, roughly 37,000 to 47,000 U.S. households in each panel. The length of the panel is four years for the 1996 and 2004 panels while the 2001 panel followed individuals for only three years. Importantly, given the focus on disadvantaged groups, SIPP panels oversampled low-income households. The data are nationally representative when the provided sampling weights are used. Each wave in the SIPP panels contain both core questions, common to each wave, and topical questions that are not updated in each wave. In addition to the key variables found in the core modules, we use information from two topical modules: immigration (which includes information on country of origin, citizenship status, and year of arrival, collected in the second wave in each panel), and assets and liabilities (containing wealth and asset data, including business equity, collected once a year in each panel).

The sample in use is restricted to low-skilled individuals, men and women, between the ages of 18 and 64 in the survey period. We do not restrict our sample to only full-time working individuals because a significant proportion of business entries are from non-employment. We do, however, exclude individuals who were enrolled in school, in all periods observed. Furthermore, we restrict our sample to individuals for whom immigration status and wealth information are available and who are observed at least over a one-year period. The latter restriction is necessary for our analysis of transitions in and out of self-employment, which is based on changes in year-over-year labor market state. The sample restrictions yield a total sample of 55,608 individuals.

We define an individual to be self-employed if she/he reported owning a business in the sample month and usually working at least 15 hours per week in that business. Similarly, individuals are defined to be wage/salary workers, or employees, if they do not report owning a business but work at least 15 hours per week in their current job. In addition to these labor market groups, we define additional workforce status groups which are

used in lagged form in the empirical earnings models. Individuals reporting owning a business but devoting less than 15 hours per week to it are defined to be part-time self-employed. Part-time wage/salary workers are those not owning a business reporting working for less than 15 hours per week in the reference month. We define a person to be unemployed if they reported experiencing at least one week of unemployment during the month and did not satisfy the criteria for being classified as self-employed or a wage/salary worker. A person is defined to be a welfare recipient if they received Supplemental Security Income (SSI), Aid to Families with Dependent Children (AFDC)/Temporary Assistance for Needy Families (TANF) or food stamps and if they did not satisfy the criteria for self-employment, wage/salary work or unemployment. Lastly, survey respondents who do not meet these criteria are defined to be not in the labor force.

Appendix B. Empirical Models

To identify relevant entrepreneurship determinants, we build on the entrepreneurship literature addressing the business ownership choice. Given the high proportion of individuals of ethnic minority, we also review research addressing minority-white self-employment gaps.

A major focus of the literature is on the role of access to financial capital in business creation and whether liquidity constraints are binding. This is often assessed by investigating whether individual's own financial wealth impacts the decision to become a business owner, holding other relevant factors constant. These studies typically find evidence of binding liquidity constraints in business start-ups (e.g. Evans and Leighton 1989, Evans and Jovanovic 1989, Lindh and Ohlsson 1996). An exception is Hurst and Lusardi (2004) who find a positive relationship between wealth and business entry only at the top of the wealth distribution. Furthermore, Holtz-Eakin, Joulfaian, and Rosen (1994a) find that greater assets, measured as inheritances, lead to a higher probability of business survival, again suggesting that liquidity constraints are binding and not only affect business start-ups. Moreover, Bates (1990) finds that owner educational background is a major determinant of both business survival and the financial capital structure of small business start-ups. Other factors linked to the self-employment entry decision include managerial ability (e.g. Jovanovic 1982), risk aversion (e.g. Kihlstrom and Laffont 1979), non-pecuniary benefits of owning one's business (e.g. Blanchflower and Oswald 1998), and intergenerational links, including parental wealth (Dunn and Holtz-Eakin 2000).

These factors have also been linked to explaining low self-employment rates among minority groups, particularly African-Americans. Although differences in household net worth, education, and family structure across groups have been found to partly explain differences in self-employment entry and exit rates (Fairlie 1999; Hout and Rosen 2000), differences in parental entrepreneurship and intergenerational self-employment links appear to explain a significant proportion of the gap (Fairlie 1999; Hout and Rosen 2000).

Annual Earnings

Our objective is to assess the relative success of low-skilled entrepreneurs compared to low-skilled wage/salary workers. The measure of success used in this chapter is annual earnings because it closely reflects the overall economic well-being of individuals. Issues and problems regarding a comparison of earnings between business owners and wage/salary earners are discussed in the report.

The sample is restricted to individuals who are defined to be self-employed or wage/salary workers at time t and for whom we have information on the labor market status at time $t-1$ (i.e. individuals have to be observed at least for 12 months). We impose this sample restriction to be better able to assess how viable of an economic option self-employment is and whether unemployed or welfare-receiving individuals are more likely to reach sufficient earnings by choosing self-employment or wage/salary work.

We use ordinary least squares (OLS) to estimate the following regression models, separately for the self-employed and wage/salary workers by nativity and gender, of the log of total annual earnings y_{it} , in state i at time t . This measure is defined as the log of the sum of wage/salary earnings and self-employment earnings.

The model specification is:

$$y_{it} = \mathbf{X}_{it}\boldsymbol{\beta} + \mathbf{LFS}_{it-1}\boldsymbol{\delta} + \varepsilon_{it}$$

where

- \mathbf{X}_{it} = Matrix containing individual characteristics such as age, educational attainment, gender, marital status, family composition, metropolitan residents, immigrants, Hispanics, African-Americans, Asians, other ethnic groups, and state dummy variables.
- \mathbf{LFS}_{it-1} = Matrix containing controls for lagged labor force status; wage/salary work, part-time self-employment, part-time self-employment, unemployed, welfare participation, or not in the labor force. The matrix also includes controls for number of years at job for wage/salary workers.

The use of lagged labor force status in our earnings model deserves some justification. These controls are included to reduce omitted variable bias of key policy-relevant parameters. That is, these controls are intended to purge the data of the impact of previous labor market outcomes or decisions on earnings. Last, because repeated individual observations are not assumed to be independent, all estimates are clustered on individuals.

We also estimate individual fixed effects models to obtain estimates of the impact of years in business or years at current job. In this specification, we do not include lagged labor force status, since it is time invariant for certain sub-groups, including all individuals who stayed in business or remained in the same job for the full sample period. We do however include a control for hours worked per week. It is also possible to include additional controls for variables that may change over time, such as family composition and geographic location. However, the estimated coefficients of these variables are unlikely to represent causal impacts since they are identified through variation in the arguably selective sub-sample for whom these variable values change. Furthermore, including these variables does not appreciably affect the years in business or job parameters. Hence, we opted for presenting the results for the more parsimonious specification.

Self-Employment Entry and Exit

The self-employment entry probability is defined to be the probability of entering self-employment at time t , conditional on non-business ownership at time $t-1$, where time t is measured in years. Similarly, self-employment exit rates are conditional movements from business ownership at time $t-1$ to non-business ownership at time t . We utilize only one observation per year for each individual. There are a number of reasons for this, including the fact that many independent variables are time invariant, or close to being so. Also of great interest in our analysis is the role of financial capital, here represented by wealth and asset information, which is only collected once a year, in waves 3, 6, 9, and 12 (if applicable).

To model the decision to enter and/or exit a business venture we assume that individuals choose to enter or exit self-employment based on expected utility in each state (e.g. self-employment, wage/salary work, unemployment or to not participate in the labor force), as well as constraints faced by the individual.

Let us assume that the utility function is a function of expected income, or earnings if working, y_{it}^{s-e} for self-employment work and y_{it}^J for participating in state J (defined here as wage/salary work, unemployment or not participating in the labor force and where i and t are indices for individual i at time t). Furthermore, earnings, or income, in each state will depend on a vector of observable characteristics, \mathbf{X}_{it} , possible

constraints faced by the individual, \mathbf{v}_{it} , and unobserved characteristics ε_{it} , which may represent random shocks to earnings or income opportunities and/or information known to the individual but not to the econometrician. Assuming that individuals maximize expected utility, a person will choose self-employment if the expected utility from self-employment, denoted $E(u_{it}^{s-e})$, is greater than the expected utility in any of the other J states, represented here by $E(u_{it}^J)$. Expected utility in the J+1 states can be defined as:

$$E(u_{it}^J) = y_{it}^J + \mathbf{v}_{it}^J \delta^J + \varepsilon_{it}^J = \mathbf{X}_{it} \beta^J + \mathbf{v}_{it}^J \delta^J + \varepsilon_{it}^J \quad (1)$$

$$E(u_{it}^{s-e}) = y_{it}^{s-e} + \mathbf{v}_{it}^{s-e} \delta^{s-e} + \varepsilon_{it}^{s-e} = \mathbf{X}_{it} \beta^{s-e} + \mathbf{v}_{it}^{s-e} \delta^{s-e} + \varepsilon_{it}^{s-e} \quad (2)$$

where ε^J and ε^{s-e} may be assumed to be jointly normally distributed with mean zero and variances σ_J^2 and σ_{s-e}^2 . Alternatively, as is done in our analysis, the disturbances may be assumed to follow a logistics distribution. An individual chooses self-employment at time t if:

$$I_{it}^* = E(u_{it}^{s-e}) - E(u_{it}^J) > 0, \text{ for any state J} \quad (3)$$

Clearly the index function I_{it}^* is unobservable. However, from equations (1), (2) and (3) I_{it}^* can be defined as:

$$\begin{aligned} I_{it}^* &= E(u_{it}^{s-e}) - E(u_{it}^J) \\ &= \mathbf{X}_{it} \beta^{s-e} - \mathbf{X}_{it} \beta^J + \mathbf{v}_{it}^{s-e} \delta^{s-e} - \mathbf{v}_{it}^J \delta^J + \varepsilon_{it}^{s-e} - \varepsilon_{it}^J \\ &= \mathbf{W}_{it} \pi + e_{it} \end{aligned} \quad (4)$$

If we set $I=1$ if $I_{it}^* > 0$, if the individual is observed to have entered self-employment at time t , and $I=0$ if $I_{it}^* \leq 0$, if the person decides not to start up a new business, then equation (4) can simply be seen as a probability model of entry into self-employment. In other words, the model can be seen as a conditional probability model where the person is observed to be not self-employed in the previous time period, i.e. at $t-1$. Similarly, conditioning on observing the person to be in self-employment at time $t-1$, the model can represent the business ownership exit decision.

The entry and exit models estimated can then be represented by the following, where $I_{it}=1$ represents an observed transition, i.e. a decision to enter or exit self-employment:

$$\text{Prob}[I_{it} = 1] = \mathbf{X}_{it} \beta + \mathbf{v}_{it} \delta + e_{it} \quad (5)$$

where

- \mathbf{X}_{it} = Matrix containing observable characteristics such as age, educational attainment, gender, marital status, number of children, ethnic origin, immigrant status, years in residence in the U.S., geographic location
- \mathbf{v}_{it} = Matrix containing controls for potential business ownership constraints, or barriers, such as financial assets (and previous year's labor market status in the entry models). We use lagged household net worth (entry) and lagged business equity (exit) as proxies for financial capital constraints

We estimate all models separately for U.S.- and foreign-born by gender. To address possible endogeneity concerns of wealth on self-employment, in the sense that higher wealth levels may be the results of entrepreneurship and not the cause, we utilize one-year lagged wealth information in the estimated models. Since repeated individual observations are not assumed to be independent, all estimates are clustered on individuals.

Appendix C. Sample Statistics and Multivariate Regression Results

TABLE C1
Log total annual earnings, ordinary least squares, men

Variable	U.S.-born		Immigrant	
	Self-employed	Wage/salary	Self-employed	Wage/salary
High school graduate	0.1701** (3.93)	0.22079** (19.35)	0.05399 (0.72)	0.16234** (10.49)
Age	0.11957** (2.1)	0.16288** (14.75)	0.20779* (1.95)	0.23005** (11.9)
Age squared/100	-0.24282* (-1.8)	-0.31811** (-11.33)	-0.44793* (-1.73)	-0.50023** (-10.1)
Age cubed/1000	0.01507 (1.47)	0.01916** (8.49)	0.03028 (1.51)	0.03444** (8.57)
Youngest child younger than 1	0.02499 (0.34)	0.04028** (2.36)	0.1501 (1.05)	-0.04292 (-1.52)
Youngest child aged 1	0.11628 (1.3)	0.04794* (1.95)	0.19878 (1.15)	-0.08225** (-2.11)
Youngest child between ages 2 and 3	-0.03241 (-0.32)	0.04684** (2.47)	0.2061 (1.47)	-0.08504** (-2.73)
Youngest child between ages 4 and 5	0.06059 (0.77)	0.02963 (1.4)	0.29398** (2.04)	-0.07617** (-2.29)
Youngest child between ages 6 and 12	-0.09613 (-1.6)	-0.00109 (-0.07)	0.36796** (3.2)	-0.05823** (-2.15)
Youngest child teenager	-0.03818 (-0.51)	0.03025 (1.46)	0.20479 (1.19)	-0.018 (-0.45)
Single	-0.1572** (-2.81)	-0.18973** (-15.76)	0.00604 (0.05)	-0.12752** (-5.3)
Single*youngest child younger than 1	-0.36706** (-2.26)	0.08103** (2.51)	0.51319** (2.62)	-0.001 (-0.02)
Single*youngest child aged 1	-0.33362 (-1.26)	-0.01186 (-0.19)	-0.25871 (-0.62)	0.06073 (0.91)
Single*youngest child ages 2 and 3	0.02295 (0.12)	0.01552 (0.37)	-0.34978 (-0.86)	-0.07171 (-0.94)
Single*youngest child ages 4 and 5	0.4694** (2.09)	0.01988 (0.4)	0.24795 (0.56)	0.09646 (1.42)
Single*youngest child ages 6 and 12	0.08339 (0.57)	-0.0279 (-1.05)	-0.35353 (-1.53)	0.05337 (1.25)
Single*youngest child teenager	-0.51284* (-1.8)	-0.039 (-1.2)	-0.6462** (-2.03)	-0.03651 (-0.55)
Persons in household	0.0291** (2.12)	-0.01145** (-2.92)	-0.03955* (-1.72)	-0.00514 (-1.15)
Metropolitan resident	0.19498** (5.14)	0.12125** (12.72)	0.29309** (2.91)	0.05817** (2.46)
Hispanic	-0.10979 (-1.54)	-0.11441** (-6.67)	-0.34206** (-3.51)	-0.0977** (-4.65)
African-American	-0.40409** (-5.81)	-0.1644** (-12.82)	-0.16158 (-0.94)	-0.08987** (-2.76)

TABLE C1 (continued)

Variable	U.S.-born		Immigrant	
	Self-employed	Wage/salary	Self-employed	Wage/salary
Asian	-0.16566 (-0.89)	-0.09797 (-1.41)	-0.45227** (-3.65)	-0.14988** (-4.25)
Other ethnic group	-0.1186 (-0.96)	-0.0734** (-2.24)	-0.30695** (-2.27)	-0.08369** (-2.09)
Typical weekly hours worked	0.01096** (14.36)	0.01332** (33.12)	0.01488** (9.23)	0.01268** (17)
Years at job	0.04812** (4.23)	0.05544** (19.65)	0.05998** (2.67)	0.06776** (10.07)
Years at job squared/100	-0.21885** (-2.97)	-0.24186** (-12.73)	-0.27014* (-1.84)	-0.37981** (-6.04)
Years at job cubed/1000	0.02808** (2.29)	0.03587** (10.32)	0.03615 (1.41)	0.06613** (4.5)
Years since migration	N/A	N/A	0.00555 (1.02)	0.00304** (2.81)
Years since migration squared	N/A	N/A	0.04915 (0.3)	0.04211* (1.67)
Years since migration cubed	N/A	N/A	0.01325 (0.11)	-0.03102 (-1.11)
Years since migration missing	N/A	N/A	0.08697 (0.55)	0.00467 (0.16)
California	0.34419** (5.75)	0.16683** (8.44)	0.28377** (2.54)	-0.01022 (-0.41)
Texas	-0.1188 (-1.58)	-0.05186** (-2.8)	-0.00237 (-0.02)	-0.12914** (-4.84)
New York	0.06964 (0.93)	0.02026 (0.93)	0.10803 (0.75)	-0.01361 (-0.43)
Florida	-0.02995 (-0.31)	-0.01583 (-0.85)	0.08177 (0.65)	-0.14422** (-4.3)
Illinois	0.11028 (1.33)	0.07431** (3.6)	-0.03733 (-0.19)	-0.00869 (-0.23)
Pennsylvania	-0.2049** (-2.78)	-0.00063 (-0.04)	-0.26373* (-1.86)	0.07951 (1.54)
Ohio	-0.00512 (-0.07)	-0.01139 (-0.67)	-0.00729 (-0.03)	-0.01637 (-0.29)
Michigan	-0.00488 (-0.05)	0.01435 (0.58)	-0.56364* (-1.75)	-0.08518 (-1.1)
New Jersey	0.40805** (3.3)	0.15394** (5.3)	-0.10583 (-0.72)	-0.01222 (-0.27)
Georgia	0.12252 (1.58)	0.02957 (1.49)	-0.0668 (-0.32)	-0.11302** (-2.6)
Western states	0.29218** (4.27)	0.06537** (4.4)	0.02491 (0.12)	0.00485 (0.16)
Not naturalized citizen	N/A	N/A	0.07855 (0.97)	-0.05315** (-3.1)
Previous year's labor force status				
Wage/salary	0.49227** (4.71)	0.63193** (26.03)	0.48596** (2.23)	0.4941** (11.97)
Self-employed	0.47177** (4.78)	0.47563** (9.28)	0.49752** (2.28)	0.44972** (6.53)

Variable	U.S.-born		Immigrant	
	Self-employed	Wage/salary	Self-employed	Wage/salary
Wage/salary, less than 15 hours/week	-1.55668** (-2.81)	0.07941 (1.4)	N/A	-0.02763 (-0.26)
Self-employed, less than 15 hours/week	0.2267 (1.57)	0.55095** (7.6)	0.16068 (0.52)	0.30062** (2.11)
Unemployed	-0.20397 (-1.1)	0.14304** (3.55)	-0.29606 (-0.96)	0.11788** (1.98)
Welfare	-0.36611 (-1.36)	-0.40321** (-4.48)	-0.76336* (-1.77)	-0.13799 (-1.49)
Constant	6.687** (8.73)	6.14298** (45.71)	5.21897** (3.68)	5.56464** (24.06)
R squared	0.1548	0.4707	0.2664	0.4231
Number of observations	4,620	30,377	1,224	9,466

NOTES: t-statistics are shown in parentheses. Standard errors are adjusted for individual repeated observations, i.e. clusters. The data utilized, SIPP, are described in Appendix A. * significant at 10% level; ** significant at 5% level.

TABLE C2
Log total annual earnings, ordinary least squares, women

Variable	U.S.-born		Immigrant	
	Self-employed	Wage/salary	Self-employed	Wage/salary
High school graduate	0.42022** (5.86)	0.2275** (17.75)	0.08777 (0.92)	0.21011** (10.71)
Age	0.16451** (2.41)	0.0794** (7.13)	0.29929** (2.44)	0.13682** (6.68)
Age squared/100	-0.32322** (-2)	-0.14126** (-4.97)	-0.72382** (-2.46)	-0.29184** (-5.52)
Age cubed/1000	0.01887 (1.55)	0.007** (3.05)	0.05425** (2.39)	0.01883** (4.36)
Youngest child younger than 1	0.02075 (0.15)	-0.01586 (-0.71)	-0.25995 (-1.25)	-0.01182 (-0.28)
Youngest child aged 1	-0.0691 (-0.37)	-0.01874 (-0.58)	-0.0397 (-0.18)	-0.07857 (-1.45)
Youngest child between ages 2 and 3	-0.2449 (-1.23)	0.02619 (0.98)	-0.27223 (-1.34)	-0.01842 (-0.32)
Youngest child between ages 4 and 5	-0.06509 (-0.42)	-0.04726* (-1.75)	-0.07856 (-0.38)	0.0084 (0.21)
Youngest child between ages 6 and 12	-0.12721 (-1.14)	-0.0315* (-1.83)	-0.06009 (-0.38)	-0.00694 (-0.22)
Youngest child teenager	0.06079 (0.37)	-0.04263* (-1.89)	-0.05443 (-0.28)	-0.072 (-1.23)
Single	0.10679 (1.43)	-0.03564** (-2.92)	-0.14065 (-1.1)	0.02279 (0.82)
Single*youngest child younger than 1	-0.22607 (-0.79)	0.01292 (0.44)	0.48543 (1.46)	-0.03143 (-0.55)
Single*youngest child aged 1	-0.26475 (-1.08)	0.03341 (0.74)	0.49855 (0.93)	0.01428 (0.18)
Single*youngest child ages 2 and 3	0.14171 (0.39)	-0.05219 (-1.39)	0.06908 (0.27)	-0.04905 (-0.66)
Single*youngest child ages 4 and 5	0.01264 (0.05)	0.02243 (0.62)	0.43063 (1.27)	-0.10439* (-1.66)
Single*youngest child ages 6 and 12	0.15594 (1.05)	0.01616 (0.71)	-0.22988 (-0.98)	-0.09506** (-2.18)
Single*youngest child teenager	-0.34879 (-1.48)	0.03205 (1.01)	0.13705 (0.34)	-0.0134 (-0.18)
Persons in household	0.00106 (0.04)	-0.02235** (-5.55)	0.00007 (0)	-0.00687 (-1.16)
Metropolitan resident	0.34786** (5.5)	0.17063** (16.4)	0.54102** (3.22)	0.10279** (3.68)

TABLE C2 (continued)

Variable	U.S.-born		Immigrant	
	Self-employed	Wage/salary	Self-employed	Wage/salary
Hispanic	-0.07611 (-0.69)	-0.05531** (-2.97)	-0.29724** (-2.77)	-0.06405** (-2.5)
African-American	-0.44106** (-3.92)	-0.08836** (-7.47)	0.05508 (0.29)	-0.06895** (-2.26)
Asian	0.05269 (0.24)	0.13266** (2.01)	-0.17298 (-1.27)	0.00234 (0.07)
Other ethnic group	0.07741 (0.5)	-0.05834* (-1.74)	-0.06169 (-0.35)	-0.08118* (-1.68)
Typical weekly hours worked	0.01052** (7.28)	0.02117** (44.74)	0.01334** (5.38)	0.01956** (21.49)
Years at job	0.04933** (2.5)	0.07787** (24.21)	0.0527* (1.73)	0.0994** (14.27)
Years at job squared/100	-0.19778 (-1.55)	-0.32152** (-13.58)	-0.16324 (-0.74)	-0.49835** (-8.89)
Years at job cubed/1000	0.0245 (1.11)	0.04398** (9.23)	0.00838 (0.21)	0.07915** (6.6)
Years since migration	N/A	N/A	0.00511 (0.82)	0.00296** (2.35)
Years since migration squared	N/A	N/A	-0.08642 (-0.54)	0.01628 (0.45)
Years since migration cubed	N/A	N/A	-0.34334** (-2.7)	-0.00951 (-0.36)
Years since migration missing	N/A	N/A	0.02638 (0.16)	0.06833* (1.94)
California	0.15577 (1.45)	0.16557** (7.94)	0.20629* (1.95)	0.00416 (0.16)
Texas	-0.08305 (-0.75)	-0.06257** (-3.35)	-0.26421 (-1.51)	-0.13293** (-4.18)
New York	-0.37003** (-2.91)	0.03342* (1.67)	-0.31127* (-1.84)	-0.0433 (-1.11)
Florida	0.16688 (1.5)	0.02085 (1.04)	0.27236 (1.46)	-0.05902* (-1.84)
Illinois	0.02735 (0.21)	0.07047** (3.66)	0.11987 (0.43)	-0.03042 (-0.78)
Pennsylvania	0.01693 (0.13)	-0.02347 (-1.38)	-0.07785 (-0.35)	0.01491 (0.32)
Ohio	0.10237 (0.98)	-0.05685** (-2.6)	-0.53281** (-2.03)	-0.01959 (-0.4)
Michigan	-0.10912 (-0.86)	0.00201 (0.07)	1.26265** (3.33)	-0.09898 (-0.93)

TABLE C2 (continued)

Variable	U.S.-born		Immigrant	
	Self-employed	Wage/salary	Self-employed	Wage/salary
New Jersey	-0.0824 (-0.41)	0.13707** (5.29)	0.1826 (0.75)	0.02752 (0.63)
Georgia	-0.07074 (-0.39)	0.04656** (2.38)	-0.21682 (-0.83)	-0.09548 (-1.59)
Western states	0.08446 (0.87)	0.06149** (3.89)	0.21793 (1.21)	0.02933 (0.85)
Not naturalized citizen	N/A	N/A	-0.09385 (-0.94)	-0.04835** (-2.28)
Previous year's labor force status				
Wage/salary	0.87241** (6.17)	0.70602** (27.35)	0.92871** (4.52)	0.578** (16.95)
Self-employed	0.88404** (6.8)	0.54** (7.71)	1.09228** (6.28)	0.33951** (2.54)
Wage/salary, less than 15 hours/week	0.42041 (1.37)	0.13781** (3.24)	-0.64615 (-0.96)	0.13505* (1.78)
Self-employed, less than 15 hours/week	0.62188** (3.39)	0.51075** (6.92)	0.93818** (3.41)	0.20752 (0.7)
Unemployed	0.10547 (0.37)	0.22097** (5.52)	0.56595* (1.66)	0.08841 (1.44)
Welfare	-0.39265 (-1.22)	-0.20739** (-4.69)	0.14547 (0.4)	-0.11906* (-1.78)
Constant	4.86301** (5.27)	6.52221** (49.69)	3.57399** (2.25)	5.99562** (24.67)
R squared	0.2191	0.4813	0.3999	0.4968
Number of observations	2,011	27,888	604	6,807

NOTES: t-statistics are shown in parentheses. Standard errors are adjusted for individual repeated observations, i.e. clusters. The data utilized, SIPP, are described in Appendix A. * significant at 10% level; ** significant at 5% level.

TABLE C3
Oaxaca decomposition of log total annual earnings,
self-employment and wage/salary employment

	Men		Women	
	U.S.-born	Immigrant	U.S.-born	Immigrant
Observed mean wage/salary advantage, total annual earnings	3.8%	4.3%	39.4%	15.0%
Contribution due to:				
Education	-0.01%	-0.4%	0.3%	-0.1%
Age	-3.3%	-5.7%	-3.0%	-3.1%
Household composition	-3.7%	-2.5%	0.9%	-0.9%
Geographic location	1.7%	2.2%	0.5%	-5.6%
Ethnic composition	-3.4%	-1.7%	-3.6%	1.5%
Hours work per week	-7.7%	-8.5%	-4.9%	0.5%
Years in business/job	-4.4%	-4.5%	-3.7%	-0.6%
Previous labor market status	-3.3%	-3.9%	-3.3%	-4.3%
Year effects	-0.01%	-0.3%	-0.3%	-5.0%
Not naturalized	N/A	0.5%	N/A	-18.4%
Years in the U.S.	N/A	-0.8%	N/A	-0.5%
Total due to characteristics	-24.1%	-25.7%	-17.2%	-36.5%

NOTE: Based on sample means and regressions results presented in Tables 4–5 and Tables C1–C2.

TABLE C4
Fixed effects log annual earnings models, men

	U.S.-born		Immigrant	
	Self-employed	Wage/salary	Self-employed	Wage/salary
Typical weekly hours worked	0.0059** (4.27)	0.0055** (13.99)	0.0098** (2.87)	0.0066** (8.73)
Years in business/at job	0.0701** (3.05)	0.0778** (17.48)	0.0653* (1.75)	0.098** (10.15)
Years in business/at job ² /100	-0.3032** (-2.04)	-0.4858** (-13.85)	-0.337* (-1.74)	-0.7242** (-8.09)
Years in business/at job ³ /1000	0.034 (1.27)	0.0806** (11.6)	0.056 (1.48)	0.1388** (6.31)
Constant	9.5505** (75.73)	9.6865** (444.68)	9.0906** (44.79)	9.256** (226.58)
R squared within	0.0180	0.0559	0.0380	0.1002
R squared between	0.0784	0.2780	0.0933	0.0507
R squared overall	0.0596	0.2039	0.0972	0.0722
Number of observations	7124	46334	2123	17455

NOTES: t-statistics are shown in parentheses. The data utilized, SIPP, are described in Appendix A. * significant at 10% level; ** significant at 5% level.

TABLE C5
Fixed effects log annual earnings models, women

	U.S.-born		Immigrant	
	Self-employed	Wage/salary	Self-employed	Wage/salary
Typical Weekly Hours Worked	0.0075** (3.34)	0.0091** (19.67)	0.0105** (3.57)	0.0105** (9.27)
Years in Business/at Job	0.1146** (2.52)	0.1081** (21.17)	0.0713* (1.74)	0.1151** (9.47)
Years in Business/at Job ² /100	-0.6583** (-1.96)	-0.7356** (-15.87)	-0.343* (-1.68)	-0.7831** (-6.6)
Years in Business/at Job ³ /1000	0.102 (1.45)	0.1274** (12.12)	N/A	0.1348** (4.91)
Constant	8.7411** (49.47)	9.0955** (397.64)	8.6986** (41.23)	8.7275** (165.91)
R squared within	0.0273	0.0932	0.0627	0.1415
R squared between	0.1354	0.2711	0.0274	0.0918
R squared overall	0.0940	0.2149	0.0378	0.1217
Number of Observations	3046	42017	1013	11872

NOTES: t-statistics are shown in parentheses. The data utilized, SIPP, are described in Appendix A. * significant at 10% level; ** significant at 5% level.

TABLE C6
Log total annual earnings, ordinary least squares, previously unemployed

Variable	Men		Women	
	U.S.-born	Immigrant	U.S.-born	Immigrant
Self-employed	-0.31871** (-2.1)	-0.61015** (-2.9)	-0.57842** (-2.11)	-0.11609 (-0.34)
High school graduate	0.15992** (2.23)	0.27775** (3)	0.37507** (4.83)	0.41872** (3.32)
Age	0.2652** (2.84)	0.49137** (3.92)	-0.07281 (-0.79)	0.20854* (1.7)
Age squared/100	-0.63955** (-2.51)	-1.2807** (-3.78)	0.2743 (1.08)	-0.64672* (-1.92)
Age cubed/1000	0.04968** (2.26)	0.10683** (3.71)	-0.02791 (-1.26)	0.06036** (2.1)
Youngest child younger than 1	-0.22909 (-1.54)	-0.40351** (-1.99)	-0.15491 (-0.82)	-0.41216 (-0.9)
Youngest child aged 1	-0.09031 (-0.33)	-0.69111* (-1.83)	-0.37134 (-1.54)	0.11427 (0.34)
Youngest child between ages 2 and 3	0.01665 (0.08)	-0.61978** (-2.07)	-0.25705 (-1.34)	-0.51927 (-1.32)

TABLE C6 (continued)

Variable	Men		Women	
	U.S-born	Immigrant	U.S-born	Immigrant
Youngest child between ages 4 and 5	0.14262 (0.73)	-0.36469* (-1.8)	0.01648 (0.09)	-0.16237 (-0.45)
Youngest child between ages 6 and 12	-0.03172 (-0.21)	-0.50356** (-2.64)	-0.2296 (-1.53)	-0.09027 (-0.31)
Youngest child teenager	0.01924 (0.12)	0.01127 (0.05)	-0.24226 (-1.03)	0.00189 (0.01)
Single	-0.24962** (-2.08)	-0.43046** (-2.72)	-0.13319 (-1.16)	-0.19328 (-0.75)
Single*youngest child younger than 1	0.20882 (0.88)	0.48939 (1.58)	-0.07934 (-0.35)	0.32691 (0.69)
Single*youngest child aged 1	-0.06035 (-0.2)	0.38105 (0.88)	0.58219** (2.12)	-0.32954 (-0.82)
Single*youngest child ages 2 and 3	0.05138 (0.18)	0.34961 (0.91)	0.03728 (0.15)	0.34506 (0.69)
Single*youngest child ages 4 and 5	0.26222 (0.85)	0.53402 (1.57)	0.07567 (0.35)	-0.7718* (-1.77)
Single*youngest child ages 6 and 12	0.02642 (0.14)	0.40076 (1.59)	0.08923 (0.51)	0.12767 (0.39)
Single*youngest child teenager	0.00549 (0.03)	0.17391 (0.54)	0.25219 (0.88)	0.06274 (0.16)
Persons in household	0.06293* (1.81)	0.03483 (1.26)	-0.02208 (-0.82)	0.03318 (1.00)
Metropolitan resident	0.20076** (2.56)	0.11229 (0.74)	0.27293** (3.63)	0.28683 (1.46)
California	-0.14267 (-1)	0.02201 (0.17)	-0.06703 (-0.48)	0.06256 (0.41)
Texas	0.05204 (0.35)	-0.05557 (-0.36)	-0.24246* (-1.66)	0.03087 (0.15)
New York	-0.27292* (-1.75)	-0.15922 (-0.71)	-0.3383* (-1.95)	0.57763** (2.61)
Florida	-0.00602 (-0.05)	0.31702* (1.92)	0.08737 (0.72)	0.11982 (0.47)
Illinois	0.00921 (0.08)	0.24315 (0.98)	0.31889** (2.13)	0.29028 (0.89)
Pennsylvania	-0.10217 (-0.88)	0.79233* (1.72)	-0.12913 (-0.93)	0.53185 (1.46)
Ohio	0.11391 (1.14)	0.06122 (0.25)	0.34113** (2.83)	-0.03553 (-0.1)
Michigan	0.09448 (0.58)	0.22177 (0.84)	0.16858 (1.16)	0.5352 (1.26)

TABLE C6 (continued)

Variable	Men		Women	
	U.S-born	Immigrant	U.S.-born	Immigrant
New Jersey	-0.21234 (-1.2)	-0.0165 (-0.07)	0.23681 (1.27)	0.61767** (2.21)
Georgia	-0.02501 (-0.16)	0.28959 (1.5)	0.25265* (1.69)	0.26517 (1.42)
Western states	-0.03204 (-0.28)	0.26622* (1.84)	-0.13056 (-0.99)	0.15472 (0.6)
Hispanic	-0.13095 (-1.19)	-0.02642 (-0.22)	0.02955 (0.25)	0.08342 (0.53)
African-American	-0.14754* (-1.94)	-0.14978 (-0.87)	-0.19491** (-2.23)	-0.25495 (-1.53)
Asian	-0.31906 (-0.73)	0.34602 (1.34)	-0.20264 (-0.48)	0.19941 (1.09)
Other ethnic group	-0.20517 (-0.99)	0.07096 (0.33)	-0.03817 (-0.16)	-0.40199 (-1.14)
Not naturalized citizen	N/A	0.02165 (0.19)	N/A	-0.08527 (-0.54)
Years since migration	N/A	-0.00938 (-1.36)	N/A	0.00133 (0.14)
Years since migration squared	N/A	-0.06572 (-0.37)	N/A	0.09584 (0.38)
Years since migration cubed	N/A	-0.06267 (-0.36)	N/A	0.18074 (0.99)
Years since migration missing	N/A	-0.01199 (-0.07)	N/A	0.19113 (0.88)
Typical weekly hours worked	0.01938** (7.53)	0.01192** (2.93)	0.02371** (9.6)	0.02134** (3.96)
Constant	4.83554** (4.23)	3.2055** (2.17)	8.0816** (7.74)	5.41656** (3.88)
R squared	0.2124	0.2667	0.306	0.3162
Number of observations	1,124	414	855	279

NOTES: t-statistics are shown in parentheses. Standard errors are adjusted for individual repeated observations, i.e. clusters. The data utilized, SIPP, are described in Appendix A. * significant at 10% level; ** significant at 5% level.

TABLE C7

Log total annual earnings, ordinary least squares, previously non-employed
(unemployed, welfare or not in the labor force)

Variable	Men		Women	
	U.S.-born	Immigrant	U.S.-born	Immigrant
Self-employed	-0.26926** (-3.3)	-0.48209** (-2.99)	-0.56427** (-5.1)	-0.67492** (-4.75)
High school graduate	0.1804** (4.15)	0.25312** (4.05)	0.32022** (7.5)	0.27583** (4.74)
Age	0.35764** (7.34)	0.35237** (3.98)	0.09399** (2.02)	0.18176** (2.61)
Age squared/100	-0.82342** (-6.17)	-0.79745** (-3.21)	-0.19609 (-1.53)	-0.41519** (-2.2)
Age cubed/1000	0.05993** (5.25)	0.05777** (2.65)	0.01289 (1.17)	0.02988* (1.87)
Youngest child younger than 1	-0.04173 (-0.42)	-0.17368 (-0.97)	-0.26839** (-2.68)	-0.14381 (-1.01)
Youngest child aged 1	-0.06934 (-0.43)	-0.23758 (-0.99)	-0.19937 (-1.62)	-0.33046* (-1.68)
Youngest child between ages 2 and 3	0.00575 (0.04)	-0.0652 (-0.35)	-0.19894* (-1.66)	-0.23457 (-1.42)
Youngest child between ages 4 and 5	0.13623 (1.1)	-0.28681* (-1.79)	-0.38828** (-3.02)	-0.01173 (-0.08)
Youngest child between ages 6 and 12	-0.08903 (-0.94)	-0.20627 (-1.51)	-0.21753** (-2.29)	-0.13211 (-0.99)
Youngest child teenager	0.22225* (1.86)	-0.19299 (-0.71)	-0.11625 (-0.94)	0.05392 (0.31)
Single	-0.24073** (-3.33)	-0.29494** (-2.43)	-0.04698 (-0.66)	-0.1295 (-1.06)
Single*youngest child younger than 1	-0.00234 (-0.02)	0.30226 (1.39)	0.08376 (0.74)	0.11469 (0.7)
Single*youngest child aged 1	-0.05222 (-0.25)	0.1973 (0.7)	-0.0554 (-0.34)	0.27811 (1.25)
Single*youngest child ages 2 and 3	0.00876 (0.05)	-0.03866 (-0.13)	-0.14842 (-1)	0.1007 (0.46)
Single*youngest child ages 4 and 5	-0.09374 (-0.52)	0.25288 (1.06)	0.33855** (2.23)	-0.24191 (-1.05)
Single*youngest child ages 6 and 12	-0.01242 (-0.11)	0.18945 (1.1)	0.13143 (1.23)	0.08693 (0.51)
Single*youngest child teenager	-0.23011 (-1.61)	0.19998 (0.68)	0.1488 (1)	-0.08024 (-0.29)
Persons in household	0.02758 (1.42)	0.0067 (0.36)	0.00996 (0.68)	0.0177 (1.08)

TABLE C7 (continued)

Variable	Men		Women	
	U.S.-born	Immigrant	U.S.-born	Immigrant
Metropolitan resident	0.07563 (1.55)	0.17431** (2.09)	0.20844** (4.48)	0.14476 (1.58)
California	0.08075 (0.87)	-0.04187 (-0.38)	0.08945 (1.21)	-0.00905 (-0.11)
Texas	-0.07395 (-0.89)	-0.06271 (-0.6)	-0.12892 (-1.57)	-0.08896 (-0.88)
New York	-0.00602 (-0.07)	-0.0735 (-0.54)	-0.1212 (-1.31)	0.09288 (0.7)
Florida	0.10726 (1.33)	0.05868 (0.5)	0.18345** (2.21)	0.13082 (1.1)
Illinois	0.04293 (0.52)	-0.12419 (-0.9)	0.10013 (1.03)	0.10826 (0.68)
Pennsylvania	0.1134 (1.61)	0.62551** (3.57)	0.00079 (0.01)	0.36762** (2.17)
Ohio	0.04328 (0.5)	0.03218 (0.15)	-0.139 (-1.28)	-0.07642 (-0.42)
Michigan	0.08664 (0.8)	-0.00704 (-0.02)	-0.06305 (-0.7)	0.21048 (1)
New Jersey	-0.01301 (-0.12)	0.09385 (0.49)	0.29544** (2.91)	0.22901 (1.43)
Georgia	0.10376 (1.14)	0.19424 (1.44)	0.05893 (0.65)	-0.09261 (-0.53)
Western states	0.06729 (0.96)	0.23199* (1.75)	-0.04238 (-0.63)	0.08115 (0.7)
Hispanic	-0.0134 (-0.21)	-0.09156 (-1.03)	0.00036 (0.01)	-0.10014 (-1.18)
African-American	-0.18445** (-3.5)	-0.28426** (-2.52)	-0.09614* (-1.95)	-0.09352 (-0.87)
Asian	-0.30013 (-1.16)	-0.29061 (-1.5)	0.114 (0.56)	0.11139 (1)
Other ethnic group	-0.14113 (-1.34)	-0.18607 (-1.13)	0.02527 (0.23)	-0.11998 (-0.74)
Not naturalized citizen	N/A	0.09947 (1.04)	N/A	0.05861 (0.77)
Years since migration	N/A	-0.00436 (-0.87)	N/A	0.00302 (0.63)
Years since migration squared	N/A	0.08844 (0.78)	N/A	0.08793 (0.84)
Years since migration cubed	N/A	0.0234 (0.14)	N/A	0.1034 (1.24)

TABLE C7 (continued)

Variable	Men		Women	
	U.S.-born	Immigrant	U.S.-born	Immigrant
Years since migration missing	N/A	0.00425 (0.03)	N/A	0.21748* (1.89)
Typical weekly hours worked	0.02178** (15.28)	0.01535** (6.68)	0.02822** (20.21)	0.02548** (11.47)
Constant	3.62533** (6.57)	4.00927** (4.05)	6.05172** (11.39)	5.06834** (6.32)
R squared	0.2814	0.2719	0.2079	0.2295
Number of observations	3,099	1,080	3,482	1,190

NOTES: t-statistics are shown in parentheses. Standard errors are adjusted for individual repeated observations, i.e. clusters. The data utilized, SIPP, are described in Appendix A. * significant at 10% level; ** significant at 5% level.

TABLE C8
Logit models of exit probability, marginal effects

Variable	U.S.-born		Immigrant	
	Men	Women	Men	Women
High school graduate	-0.01278 (-0.78)	-0.03309 (-1.00)	-0.02171 (-0.65)	-0.07182 (-1.36)
Age	-0.2314** (-5.32)	-0.04856** (-5.85)	-0.03105** (-3.28)	-0.0358** (-2.16)
Age squared/100	0.02551** (5.1)	0.05357** (5.69)	0.03503** (3.14)	0.03873** (2.01)
Youngest child younger than 1	-0.05211** (-2.37)	-0.06139 (-1.24)	0.067 (1.11)	0.21851 (1.62)
Youngest child aged 1	-0.04972 (-1.59)	-0.01204 (-0.16)	0.00586 (0.08)	-0.11245 (-1.48)
Youngest child between ages 2 and 3	-0.06206** (-2.09)	-0.00644 (-0.09)	-0.00845 (-0.13)	0.22761* (1.86)
Youngest child between ages 4 and 5	-0.02721 (-0.84)	-0.02425 (-0.41)	0.0297 (0.39)	-0.0479 (-0.49)
Youngest child between ages 6 and 12	-0.04183* (-1.87)	0.04073 (0.84)	0.00223 (0.04)	-0.0973 (-1.56)
Youngest child teenager	0.00553 (0.17)	-0.00163 (-0.03)	0.04163 (0.51)	-0.05434 (-0.48)
Single	0.02058 (1.07)	0.02661 (0.7)	0.08374 (1.46)	0.02027 (0.3)
*Youngest child younger than 1	-0.02956 (-0.51)	0.19268 (1.58)	-0.07448 (-1.27)	0.01588 (0.12)
*Youngest child aged 1	0.14132 (0.9)	-0.10746 (-1.12)	-0.10745 (-1.48)	0.21134 (0.78)

TABLE C8 (continued)

Variable	U.S.-born		Immigrant	
	Men	Women	Men	Women
*Youngest child ages 2 and 3	0.07564 (0.56)	-0.11538 (-1.37)	-0.03324 (-0.21)	-0.12315 (-1.4)
*Youngest child ages 4 and 5	0.09974 (0.85)	0.01865 (0.13)	0.12247 (0.62)	-0.13816 (-1.45)
*Youngest child ages 6 and 12	-0.03058 (-0.64)	-0.07466 (-1.34)	0.1986 (0.92)	0.13427 (0.85)
*Youngest child teenager	0.00943 (0.12)	0.00461 (0.05)	0.01015 (0.07)	0.14092 (0.56)
Persons in household	0.0007 (0.13)	0.01433 (1.4)	0.00351 (0.38)	-0.01392 (-0.84)
Metropolitan resident	-0.00332 (-0.23)	-0.00596 (-0.21)	0.04632 (1.39)	-0.21593** (-2.08)
California	-0.02011 (-0.7)	-0.03597 (-0.76)	-0.08241** (-2.46)	-0.00102 (-0.02)
Texas	0.05253 (1.51)	-0.02618 (-0.54)	-0.05309 (-1.43)	0.03437 (0.41)
New York	0.01247 (0.35)	0.05387 (0.89)	0.0158 (0.26)	0.02909 (0.3)
Florida	0.02243 (0.69)	0.03954 (0.75)	-0.07257** (-2.08)	0.10638 (0.93)
Illinois	-0.04206 (-1.53)	-0.01718 (-0.29)	-0.09156** (-2.3)	0.09705 (0.54)
Pennsylvania	0.02534 (0.79)	-0.0627 (-1.01)	-0.06055 (-1.04)	-0.06504 (-0.59)
Ohio	0.02979 (0.96)	0.09694 (1.57)	-0.03454 (-0.38)	0.26646 (1.44)
Michigan	-0.02391 (-0.67)	-0.03172 (-0.56)	-0.0679 (-0.99)	N/A
New Jersey	0.05184 (0.96)	-0.01637 (-0.22)	-0.1234** (-4.03)	-0.0497 (-0.57)
Georgia	0.01353 (0.38)	0.07194 (0.98)	-0.03749 (-0.44)	-0.1772** (-3.89)
Western states	0.06939** (2.17)	0.04553 (1.02)	-0.08089** (-1.99)	-0.00701 (-0.08)
Hispanic	0.08428** (2.01)	0.09355 (1.56)	0.02381 (0.59)	-0.00489 (-0.08)
African-American	0.12015** (3.19)	0.06416 (1.39)	0.02923 (0.41)	-0.08865 (-1.19)
Asian	-0.05314 (-0.71)	N/A	0.00857 (0.16)	0.03872 (0.51)

TABLE C8 (continued)

Variable	U.S.-born		Immigrant	
	Men	Women	Men	Women
Other ethnic group	0.14028* (1.76)	-0.01254 (-0.15)	-0.03011 (-0.43)	-0.09421 (-0.97)
Not naturalized citizen			-0.0361 (-1.11)	0.05403 (1.02)
Years since migration	N/A	N/A	0.00319 (1.39)	-0.00093 (-0.3)
Years since migration squared	N/A	N/A	0.07606 (1.04)	-0.11946** (-2.26)
Years since migration cubed	N/A	N/A	0.02489 (0.43)	-0.08737 (-1.59)
Years since migration missing	N/A	N/A	0.10379 (1.45)	-0.02922 (-0.35)
Business equity	-0.00783* (-1.92)	-0.01628* (-1.69)	-0.00046 (-0.04)	0.01842 (0.72)
Business equity squared	0.00013 (0.38)	0.0008 (1.04)	-0.00016 (-0.22)	-0.00036 (-0.1)
Years in business	-0.00685** (-3.27)	-0.00824* (-1.81)	-0.00737 (-1.54)	-0.01722** (-2.13)
Years in business squared/100	0.01024* (1.85)	0.01054 (0.74)	0.00776 (0.59)	0.04745* (1.77)
New business	0.08997** (3.09)	0.22344** (4.71)	0.01122 (0.23)	0.11545 (1.44)
Pseudo R squared	0.6074	0.0833	0.0964	0.1672
Number of observations	4,353	1,057	1,892	557

NOTES: z-statistics are shown in parentheses. Standard errors are adjusted for individual repeated observations, i.e. clusters. The data utilized, SIPP, are described in Appendix A. * significant at 10% level; ** significant at 5% level.

TABLE C9

Logit models of successful transition (remaining in self-employment, moving to full-time wage/salary employment or part-time work), marginal effects

Variable	U.S.-born		Immigrant	
	Men	Women	Men	Women
High school graduate	0.00527 (0.6)	0.01532 (0.76)	-0.00442 (-0.28)	0.01824 (0.7)
Age	0.00843** (4.27)	0.02038** (4.05)	-0.0034 (-0.69)	0.01311 (1.61)
Age squared/100	-0.01055** (-4.55)	-0.02548** (-4.49)	0.003 (0.52)	-0.01512 (-1.53)
Youngest child younger than 1	0.01999** (2.04)	-0.02114 (-0.54)	0.01727 (0.81)	-0.1511 (-1.33)
Youngest child between ages 1 and 5	0.00624 (0.45)	-0.02398 (-0.68)	0.02005 (0.95)	-0.04952 (-0.84)
Youngest child older than 5	0.00976 (0.91)	-0.03374 (-1.13)	0.02192 (1.26)	0.00676 (0.15)
Single	-0.03217** (-2.6)	-0.00394 (-0.17)	0.00469 (0.21)	0.02338 (0.55)
Single*youngest child younger than 1	-0.00788 (-0.23)	-0.01574 (-0.26)	-0.13924 (-0.99)	-0.0259 (-0.28)
Single*youngest child ages 1 and 5	0.01349 (0.7)	-0.0074 (-0.16)	N/A	0.01332 (0.23)
Single*youngest child older than 5	0.02291* (1.93)	0.03966 (1.62)	0.00175 (0.03)	-0.01486 (-0.18)
Persons in household	-0.00297 (-1.2)	-0.00283 (-0.45)	0.00317 (0.55)	-0.00125 (-0.16)
Metropolitan resident	0.00143 (0.19)	0.00956 (0.57)	-0.01935 (-1.1)	0.03822 (0.67)
California	0.01277 (1.05)	0.0071 (0.26)	0.02599* (1.73)	-0.00301 (-0.09)
Texas	0.0005 (0.03)	0.02231 (0.88)	0.03218** (2.44)	-0.09607 (-1.34)
New York	0.00268 (0.18)	-0.03322 (-0.78)	-0.02116 (-0.65)	0.00371 (0.08)
Florida	-0.00358 (-0.22)	-0.03401 (-0.94)	0.02896* (1.84)	-0.07452 (-0.98)
Illinois	0.01958 (1.54)	0.05665** (2.86)	0.0416** (2.74)	-0.08171 (-0.59)
Western states	-0.00883 (-0.62)	-0.00699 (-0.28)	0.0028 (0.1)	-0.00685 (-0.16)

TABLE C9 (continued)

Variable	U.S.-born		Immigrant	
	Men	Women	Men	Women
Hispanic	0.00304 (0.18)	-0.06112 (-1.49)	-0.04217* (-1.95)	0.00596 (0.19)
African-American	-0.02738 (-1.31)	-0.02459 (-0.79)	-0.09457 (-1.43)	0.00975 (0.19)
Asian	0.00148 (0.03)	N/A	-0.0487 (-1.14)	0.00461 (0.13)
Other ethnic group	-0.03485 (-0.96)	-0.0583 (-0.97)	0.00089 (0.02)	0.06726** (4.03)
Not naturalized citizen	N/A	N/A	0.01633 (0.94)	-0.02041 (-0.73)
Years since migration	N/A	N/A	-0.00154 (-1.46)	0.00265 (1.12)
Years since migration squared	N/A	N/A	-0.01139 (-0.27)	0.04479* (1.77)
Years since migration cubed	N/A	N/A	-0.01152 (-0.35)	0.07504** (4.16)
Years since migration missing	N/A	N/A	-0.04797 (-1.21)	0.05604 (1.36)
Business equity	-0.00113 (-0.49)	0.00561 (1.06)	-0.00061 (-0.08)	-0.00916 (-0.74)
Business equity squared	0.00016 (1.13)	-0.00036 (-1.22)	-0.00007 (-0.14)	0.00014 (0.21)
Years in business	0.00171 (1.64)	0.00951** (2.7)	0.00085 (0.33)	-0.00136 (-0.26)
Years in business squared/100	-0.00218 (-0.87)	-0.01321 (-1.01)	0.00133 (0.2)	0.00507 (0.25)
New business	-0.03175* (-1.8)	-0.07512** (-2.32)	-0.0146 (-0.46)	-0.06778 (-1.28)
Pseudo R squared	0.0693	0.1035	0.1125	0.152
Number of observations	4,168	1,010	1,766	541

NOTE: z-statistics are shown in parentheses. Standard errors are adjusted for individual repeated observations, i.e. clusters. The data utilized, SIPP, are described in Appendix A.

TABLE C10
Logit models of business start-up probability, marginal effects

Variable	U.S.-born		Immigrant	
	Men	Women	Men	Women
High school graduate	-0.00233 (-1.2)	-0.00216 (-1.35)	0.00411 (1.34)	-0.00119 (-0.42)
Age	0.01488** (7.61)	0.00102 (0.69)	0.01638** (4)	0.00112 (0.33)
Age squared/100	-.03462** (-6.95)	-0.0013 (-0.35)	-0.03638** (-3.46)	0.00019 (0.02)
Age cubed/1000	0.00257** (6.41)	0.00006 (0.18)	0.00261** (3.03)	-0.00016 (-0.22)
Youngest child younger than 1	-0.00077 (-0.26)	0.00656* (1.67)	0.00812 (1.12)	0.00082 (0.16)
Youngest child aged 1	-0.00478 (-1.48)	0.00878 (1.32)	0.00823 (0.74)	0.00474 (0.49)
Youngest child between ages 2 and 3	-0.00096 (-0.28)	-0.0014 (-0.47)	0.00769 (0.86)	0.01065 (1.23)
Youngest child between ages 4 and 5	-0.00094 (-0.28)	0.0003 (0.1)	0.01544 (1.44)	-0.00785** (-2.39)
Youngest child between ages 6 and 12	-0.00298 (-1.3)	0.0015 (0.63)	0.0009 (0.16)	0.00049 (0.12)
Youngest child teenager	0.00475 (1.15)	-0.002 (-0.97)	0.01838 (1.4)	0.00307 (0.39)
Single	-0.00279 (-1.38)	-0.00103 (-0.64)	0.00054 (0.11)	-0.00429 (-1.1)
Single*youngest child younger than 1	-0.00217 (-0.47)	-0.00501** (-2.81)	-0.00443 (-0.57)	-0.00228 (-0.35)
Single*youngest child aged 1	0.04064 (1.54)	-0.0065** (-3.2)	-0.01201* (-1.85)	-0.00407 (-0.62)
Single*youngest child ages 2 and 3	0.00224 (0.28)	0.00278 (0.42)	-0.00699 (-0.94)	0.01198 (0.81)
Single*youngest child ages 4 and 5	0.01004 (0.69)	-0.00277 (-0.83)	-0.01039* (-1.9)	0.07629 (1.1)
Single*youngest child ages 6 and 12	0.00629 (1.11)	-0.00348 (-1.55)	0.01017 (0.7)	0.00145 (0.19)
Single*youngest child teenager	-0.00333 (-0.65)	0.00016 (0.04)	-0.01566** (-4.36)	-0.00555 (-1.1)
Persons in household	0.00023 (0.37)	0.00027 (0.59)	-0.00092 (-0.97)	0.0005 (0.61)
Metropolitan resident	-0.00133 (-0.84)	0.00064 (0.54)	-0.00064 (-0.17)	-0.00022 (-0.07)

TABLE C10 (continued)

Variable	U.S.-born		Immigrant	
	Men	Women	Men	Women
California	0.00238 (0.82)	0.00115 (0.48)	-0.00327 (-0.86)	-0.00065 (-0.2)
Texas	-0.0016 (-0.62)	0.00156 (0.66)	0.00907 (1.48)	-0.00026 (-0.06)
New York	-0.00428* (-1.67)	0.00125 (0.48)	0.003 (0.45)	-0.00731** (-2.59)
Florida	-0.0001 (-0.03)	0.00142 (0.49)	0.00544 (0.86)	-0.003 (-0.98)
Illinois	-0.00435* (-1.74)	-0.00191 (-0.83)	-0.00996** (-2.25)	-0.00458 (-1.09)
Pennsylvania	-0.0059** (-2.6)	-0.00624** (-4.52)	-0.00619 (-0.82)	-0.00329 (-0.64)
Ohio	-0.00194 (-0.81)	-0.0007 (-0.33)	-0.0023 (-0.26)	-0.00645* (-1.67)
Michigan	-0.0003 (-0.07)	-0.00241 (-1.05)	-0.00581 (-0.82)	-0.00961** (-4.01)
New Jersey	-0.01089** (-4.57)	-0.00196 (-0.63)	-0.00497 (-0.87)	-0.0082** (-3.1)
Georgia	0.0063 (1.28)	0.00211 (0.68)	-0.00968* (-1.93)	-0.01028** (-5.02)
Western states	-0.00045 (-0.19)	0.00185 (0.86)	0.00222 (0.35)	-0.00589** (-2.27)
Hispanic	-0.00065 (-0.26)	-0.00055 (-0.29)	-0.00128 (-0.33)	-0.00076 (-0.25)
African-American	-0.00535** (-3.12)	-0.00198 (-1.29)	-0.00317 (-0.65)	-0.0032 (-0.85)
Asian	-0.00204 (-0.28)	N/A	0.00307 (0.47)	-0.00317 (-0.99)
Other ethnic group	-0.00364 (-1.11)	0.0026 (0.75)	-0.00023 (-0.03)	-0.00288 (-0.67)
Not naturalized citizen	N/A	N/A	-0.00422 (-1.3)	-0.00103 (-0.35)
Years since migration	N/A	N/A	-0.00027 (-1.41)	-0.00016 (-1.2)
Years since migration squared	N/A	N/A	-0.00874** (-2.49)	0.00232 (0.5)
Years since migration cubed	N/A	N/A	-0.00358 (-0.92)	0.00077 (0.19)
Years since migration missing	N/A	N/A	-0.00978** (-2.22)	-0.00072 (-0.17)

TABLE C10 (continued)

Variable	U.S.-born		Immigrant	
	Men	Women	Men	Women
Household net worth, 2nd quintile	-0.00157 (-0.78)	-0.00145 (-0.87)	0.0007 (0.18)	-0.00079 (-0.25)
Household net worth, 3rd quintile	0.00001 (0.01)	0.00342 (1.6)	-0.00161 (-0.37)	-0.00298 (-1.00)
Household net worth, 4th quintile	0.00143 (0.63)	0.00238 (1.19)	0.00085 (0.18)	0.0004 (0.1)
Household net worth, top quintile	0.00377 (1.46)	0.00361* (1.78)	0.00426 (0.75)	0.00249 (0.59)
Years at job	-0.00479** (-7.91)	-0.00231** (-3.96)	-0.00471** (-4.12)	-0.00417** (-3.15)
Years at job squared/100	0.02502** (5.34)	0.01445** (2.96)	0.02415** (2.97)	0.03592** (2.95)
Years at job cubed/1000	-0.00357** (-3.79)	-0.00264** (-2.44)	-0.00281* (-1.83)	-0.00798** (-2.72)
Previous year's labor force status				
Self-employed, less than 15 hours/week	0.59035** (13.69)	0.58475** (12.86)	0.62178** (5.74)	0.81142** (10.82)
Wage/salary, less than 15 hours/week	0.00931 (0.79)	0.01682* (1.9)	N/A	0.01049 (0.76)
Unemployed	0.01471** (2.85)	0.02336** (2.83)	0.02466** (2.22)	0.02082 (1.54)
Welfare	0.04438** (2.97)	0.02762** (3.08)	0.05273* (1.94)	0.03781* (1.87)
Not in the labor force	0.04687** (5.02)	0.04821** (5.54)	0.09584** (4.16)	0.04929** (3.45)
Pseudo R squared	0.2015	0.2389	0.1654	0.2358
Number of observations	27,399	25,016	8,245	5,794

NOTE: z-statistics are shown in parentheses. Standard errors are adjusted for individual repeated observations, i.e. clusters. The data utilized, SIPP, are described in Appendix A.

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San Francisco, CA

PUBLIC POLICY INSTITUTE OF CALIFORNIA

500 Washington Street, Suite 600

San Francisco, California 94111

phone: 415.291.4400

fax: 415.291.4401

www.ppic.org

PPIC SACRAMENTO CENTER

Senator Office Building

1121 L Street, Suite 801

Sacramento, California 95814

phone: 916.440.1120

fax: 916.440.1121