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# What are Entrepreneurs' Objectives When Starting a New Business?

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## Abstract

This paper studies entrepreneurs' objectives when starting a business and the impact of entrepreneurial and firm characteristics on these objectives. Entrepreneurship involves two behaviors that lead to define two types of entrepreneurs: those who start businesses to create and secure their own jobs (protection motive) and those who want to develop their firms in terms of investment and personnel (developing motive). Individuals of the first group are defined as self-protectors and the second as developers.

We show that the compositions of the self-protectors group and the developers group are very similar and differ only in a few characteristics. People with a low degree and low start-up capital are in a greater proportion among self-protectors. We use a French new entrepreneur survey and probit models to identify the determinants of choosing self-protection or development. We find that people who start firms to create their own jobs are those who are the most discriminated against on the labor market and those who have no entrepreneurial network. People with low start-up capital are more likely to become self-protector. Developers are those who have the possibility to be developers.

**Key words:** entrepreneurship, individual objectives, entrepreneurial behavior.

**JEL Classification:** L21, L26.

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# 1 Introduction

In recent years, a growing interest has developed on entrepreneurship and self-employment. The Schumpeterian approach (Aghion and Howitt, 1997) advances the idea that entrepreneurial dynamism is the key to innovation and growth. The entrepreneur is indeed a agent to spread innovation (Schumpeter, 1949); he/she is also a potential employer when he/she decides to grow his/her firm. In that respect "*the Entrepreneur is the single most important player in a modern economy*" (Lazear, 2003, p. 1). However research on entrepreneurship generally faces a lack of information on entrepreneurs themselves. The literature (Blanchflower and Oswald, 1998; Djankov et al., 2005; Berglann et al., 2009) tries to identify entrepreneurs and the self-employed by determining who they are and why they choose to start-up. Research generally focuses on the decision to become an entrepreneur or to become (remain as) a paid worker and consequently establishes entrepreneurs' profiles. In that respect, models of occupational choice (Lazear, 2003; Poschke, 2008) show that the number of individual skills and education are determinants of the decision to start a business. They also point to the fact that entrepreneurs are less risk averse than other people (Kihlstrom and Laffont, 1979) and that social networks play an important role in this decision, in particular many entrepreneurs have relatives and/or friends who are entrepreneurs (Djankov et al., 2005). The decision is also analyzed through earning differentials between the self-employed and paid workers. Self-employed people tend to earn less than paid workers, but they receive non-pecuniary and fringe benefits operating as compensations (Hamilton, 2000): a proportion of entrepreneurs look for independence in becoming their own bosses or autonomy in their schedule flexibility. As opposed to them, another fraction of individuals become entrepreneurs in the Schumpeterian sense (Schumpeter, 1934) that is they want to "build an empire" in largely developing their businesses. These observations show that entrepreneurs have specific profiles in comparison to paid workers and suggest that the objectives when starting a firm are different for each entrepreneur.

The purpose of this paper is to investigate the determinants of entrepreneurs' main objectives when they start their businesses. According to the literature, our database identifies two possible intentions: securing one's own job on the one hand (protection motive), developing the firm in terms of investment and personnel on the other (developing motive). From this distinction, we define two categories of entrepreneurs and we assume that, when starting their firms, firm-specific and entrepreneur-specific characteristics influence the decision between the two objectives. Section 2 presents the literature related to entrepreneurship and self-employment, explaining main findings and differences between choosing self-employment or entrepreneurship and paid employment. This literature examines who wants to become an entrepreneur and what is the main bridle to entrepreneurship *i.e.* liquidity constraints that people have to face. This review allows us to draw four hypotheses related to the entrepreneurial objectives. Section 3 describes the data that include entrepreneur and firm characteristics and presents the first statistical results. The richness of the data in describing human capital and entrepreneurial background allows us to establish how individual characteristics play a role on the entrepreneurial aspiration. Statistically the differences between both objectives are seen through a few variables: status on the labor market before starting, initial amount of capital. Among them, females are in a larger proportion in the subsample "to secure one's own job" than their male counterparts. Differences in start-up capital are also found. At the light of these descriptive statistics, our four hypotheses are detailed. Then an empirical methodology is proposed to test these hypotheses. Section 4 presents and discusses the results and the role of different elements in the decision to secure one's own job or to develop the firm. Females and people with low start-up capital are more likely to start a firm to secure their own jobs. Among personal characteristics, self-protectors are people trying to avoid discrimination on the labor market. Section 5 summarizes conclusions.

## 2 Related Literature

Although the decision related to become an entrepreneur or remain as a paid worker and evidence on self-employment have been analyzed, the entrepreneurial objective and behavior are less documented. An early literature defines the entrepreneur under three main aspects as summed up in Langlois (2005, p. 4): "Kirzner is about *discovery*, about

alertness to new opportunities; Knight is about *evaluation*, about the faculty of judgment in economic organization; and Schumpeter is of course about *exploitation*, about carrying out of the new combinations and the creative destruction that often results therefrom". But the definition of entrepreneurship has been spread to individuals who do not necessarily respond to those criteria and whose objectives are limited to create their own jobs. In that sense, some firms are and remain small (Poschke, 2008). Their creators/managers do not look for a capitalist development and they do not want to become "empire builders". Those points of view correspond to the notions of *employer* and *non-employer* in Davis et al. (2008). This distinction and the heterogeneity of entrants involves that objectives are different among entrepreneurs: some of them yearn for start-up high-growth businesses and others aspire to more restrictive ambitions that is self-employment or micro-enterprises. This paper adopts the French definition of the firm<sup>2</sup> that includes firms with no paid worker and firms employing at least one worker and thus catches employer and non-employer aspirations. The entrepreneurial literature (Blanchflower, 1998; Blanchflower and Oswald, 1998) generally focuses on the decision to enter entrepreneurship or to become/remain as a paid worker and distinguishes entrepreneur-specific profiles. Key determinants to become entrepreneurs have been emphasized: occupational qualifications, family resources, gender, work environment (Berglann, 2009) and entrepreneurial network (Djankov et al., 2005). Dawson et al. (2009, p. 12) suggest that "motivations that might be considered to choose to become self-employed are: the need for self-expression, for independence, for status, or for pecuniary advantage. There are significant differences between different types within the self-employed in terms of gender, ethnicity, educational attainment and housing tenure status". Those factors and profiles have been rarely studied in relation to entrepreneurial objectives themselves while entrepreneurs present different aspirations. Consequently, personal characteristics may have an influence on their objectives.

Among those characteristics, human capital has been received a great deal of attention. Models of occupational choice (Lazear, 2003; Poschke, 2008) study the individual decision to enter entrepreneurship or become/remain as a paid worker and isolate human capital, in particular education, as a key factor to enter entrepreneurship: multi-skilled people are more likely to become entrepreneurs than single skilled people and "a self-employed person needs not have any other employees and the kinds and combinations of skills that are necessary for real entrepreneurship are less important for, say, a self-employed handyman who works alone" (Lazear, 2003, p. 3). Thus the level of human capital and the decision to become entrepreneur or self-employed, that is individual objectives, are correlated; the relation between education and entrepreneurship is U-shaped that is the most and the least educated people are more likely to start a business (Poschke, 2008). This statement assumes that education plays a role in the decision to enter entrepreneurship. Education and the number of skills influence individual entrepreneurial aspirations.

Self-employment appears as an alternative to paid employment (Rees and Shah, 1989) that is employees may decide to enter self-employment or entrepreneurship in order to become their own bosses or to have more flexible schedules (Hamilton, 2000). Self-employment or entrepreneurship is also a possibility for the unemployed: to avoid difficulties on the labor market, an unemployed person may choose to enter entrepreneurship and would have a different objective than people who become entrepreneur to grow a business. In relation to their status on the labor market, individuals have different ability to gather the capital needed to start-up.

Blanchflower et al. (2000) show that a "latent entrepreneurship" exists that is many people want to enter entrepreneurship or self-employment. Among people with an entrepreneurial spirit, why do so few become entrepreneurs? One reason is liquidity and finance constraints (Evans and Jovanovic, 1989, Blanchflower and Oswald, 1998). Because of credit rationing, individuals who decide to become entrepreneurs have to accumulate assets in order to start viable businesses and to be able to support entry costs. They often raise capital thanks to personal or family funds. Blanchflower and Oswald (1998) find that, "all else equal, people with greater family assets are more likely to switch to self-employment from employment" (p. 2). Access to financing binds people's possibilities when entering the market and consequently sometimes limits their aspirations.

People's decisions are thus determined by different entrepreneurial aspects and entrepreneurs do not pursue the same objectives. But little is known about the early objectives. As the entrepreneurial activity in itself is risky and the set-up

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<sup>2</sup>Firms are economic entities that are recorded in the French exhaustive file of firms (FICUS).

of the project is time- and money-costly, an entrepreneur would expect to earn more than a paid-worker and/or get a higher satisfaction (and even self-realization), or to exit unemployment or an insecure occupational situation. The entrepreneurial objective could be viewed as binary: securing one's own job or developing the firm in terms of jobs and investments. The first objective may be considered as a protection motive. The second one could be seen as a development motive. These objectives imply two main logics discussed below (*Definitions*). The protection motive may be the prelude to the other, that is entrepreneurs declare at the beginning that they rather prefer securing their jobs and, as they are well established, they might decide to develop the businesses. The following sections propose simple estimations to show the determinants of each objective.

Following the literature and those remarks, four hypotheses will be tested:

### **Hypotheses:**

1. As entrepreneurs and paid employees differ from one another, people who want to secure their own jobs differ from people who want to develop their firms;
2. Human capital influences individual objectives;
3. Individual statuses on the labor market have an impact on entrepreneurial objectives;
4. Liquidity and credit constraints bind entrepreneurial ambition.

## **3 Sources and Empirical Methodology**

### **3.1 SINE Database**

In this paper, we use an original and rich dataset from a survey of entrepreneurs (SINE).

The SINE ("*système d'information sur les nouvelles entreprises*") survey is a permanent observatory system of start-ups. Its objective is to follow a generation of newly created firms during five years. There are three generations of firms but we concentrate on the 2002 cohort. Firms can enter the market all year long and the year is divided in two semesters for interrogation. All the firms are surveyed three times: the first interrogation occurs in the early entry, the second interrogation occurs three years after birth and the third one occurs five years after birth. The firms of the 2002 first semester received their first questionnaire in September 2002. The second one was given in October 2005. All firms were surveyed again in September 2007. Firms surveyed operate in the manufacturing sector, construction, commerce and services (except financial activities). Agriculture is also excluded. The SINE database consists of 44,321 observations<sup>3</sup> and 771 variables. SINE includes micro-firms, in particular those of the services sector that represent the major part of start-ups, *i.e.* nearly 60% of new firms are created in the commerce and repair sector, and in other services (services to households and to firms).

### **3.2 Definitions**

The literature allows us to identify two main objectives that constitute our variable of interest and is represented in the database as: "What is your main objective?" (SINE survey 2002), the choice they make between two possibilities are given: (i) "Essentially secure your own job" (*i.e.* create one's own job); (ii) "Largely develop your firm in terms of employment and investment". The firm has already been started when entrepreneurs are interviewed while the variable is related to the objective the project bearer had before starting. We assume that objectives do not change in such a little time.

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<sup>3</sup>Weights were applied to statistics (*i.e.* the inverse of poll rate) to any empirical work. Our descriptive following statistics are weighted by the variable provided by the dataset.

Considering two subsamples, *A* denotes people who want to secure their own job and *B* denotes people who want to develop their firms. As they potentially begin their businesses with workers (or maybe they would hire a small number of workers in the future), people in subsample *A* cannot be likened to self-employed people. In fact, a part of self-employment is clearly included in *A*, as self-employed are non-employer and do not necessarily pursue a financial objective. But on the other hand, securing one's job does not exclude to have employees. Thus the tempting combination of self-employed with subsample *A* is not obvious and profiles of both may differ from one another. We define people in subsample *A* as "*self-protectors*". People in *B* should be referred to as "*developers*" as they clearly declare their goal to "largely develop the firm in terms of employment and investment". We find similar proportions in each covariate between self-protectors and developers and also between each one and the general sample. In fact a few covariates present differences. The percentage of CEO or managers is higher among developers than self-protectors and the percentage of paid employees and people with no professional activity is higher among self-protectors rather than developers. Differences are also seen in terms of motivation: individuals among self-protectors are more likely to be without employment, willing to start up and individuals in developers are more likely to have opportunities and a taste for entrepreneurship (Table 6). The starting amount of capital is generally higher among developers than self-protectors. A higher percentage of people among developers is present in the groups of highest capital and higher percentage of people in self-protectors in the groups of lowest capital (Table 4). Finally, people in self-protectors largely answered "no" to the question of future employees hiring in the next twelve months (Table 2).

### 3.3 Empirical Methodology

We provide some statistics to explore our first hypotheses and describe both self-protectors and developers and establish the differences between both. This exploitation allows us to precise hypotheses 2, 3 and 4. The main objective is divided in two subgroups: self-protectors represent 49% of entrepreneurs and developers represent 41% of them. Around 10% of interviewed people chose nothing<sup>4</sup>. These two objectives imply two logics we discuss in the following section.

The proportions of self-protectors and developers among employed and unemployed people are presented in table 1. Self-protectors are in a greater proportion among the unemployed than among the employed. Furthermore, the difference of proportions between self-protectors and developers is higher among the unemployed (around 15 points) than among the employed (around 3 points). This difference in the entire sample which includes inactive people is about 7 points.

We explore hypothesis 2 and find that the structures of subsamples in terms of human capital are very similar. Exceptions are found in the "previous situation before starting" modality where CEOs are in a greater proportion and people with no activity are in a lower proportion among developers. Differences are also found in "qualifications" where intermediate occupations are slightly more important among self-protectors. (Table 3). Looking at diploma, the relation between diploma and start-up is close to Poschke's (2008) U-shaped relation between entrepreneurship and education that is people with low diploma and people with high diploma are more likely to start a business. A very similar proportion of diploma higher than A-Level (High school degree) is found in both subsamples. Self-protectors have a greater proportion of people with no diploma than developers.

The differences between subsamples are rather financial (table 4). Although we observe that start-up capital is generally modest, the main trends are that self-protectors rather possess the lowest initial capitals and developers the highest. Start-up subsidies are granted in similar proportion among each subgroup but people who receive bank loans are in a greater proportion among developers than they are among self-protectors. Social minimum beneficiaries are very few and are in greater proportion among self-protectors than among developers.

The differences between the two subsamples are also found in the declarations of motivations that led to start-up and the declarations of possible future hiring (within 12 months) (Tables 5 and 6). The question related to future hiring

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<sup>4</sup>These 10% can be considered in the following way: firms are inactive from September 2002 on the one hand, entrepreneurs who may not choose between both objectives on the other.



was asked at the three questionnaires of the survey. Add to this, the number of paid workers at the beginning and at first interrogation allows us to have some clues about the evolution of entrepreneurs' behavior. Similar trends were found between the total number of firms in 2002 and the firms that survive during the five-year period. Self-protectors were mostly motivated by "independence" and "entrepreneurial taste". The same is found among developers but the proportion of "entrepreneurial taste" is higher and independence lower than among self-protectors. New Idea and opportunity are in a greater proportion among developers, corresponding to the Schumpeterian vision of the entrepreneur in the first case. Several motivations may be at the origin of the start-up. Declarations of future hiring present differences between both subsamples of self-protectors and developers. The whole sample and the group of firms surviving all along the period present similar trends of declarations. Self-protectors mainly declare they do not want to hire workers. The proportion of those people varies along the period and is higher for the second questionnaire than for the first. In the case of developers, those who want to hire are first in a larger proportion but then the trend reverses and those who do not want to hire are more numerous at the second and third questionings. Same proportions of the number of paid workers by objectives are found between the total sample of firms in 2002 and the subsample of firms that survive along the period<sup>5</sup> (Table 7). Self-protectors mostly start their firms with no worker and the trend remains all along the period so that many firms are and remain small. Among firms surviving along the period, the proportion of self-protectors employing nobody decline from 2002 to 2007. The same scheme is true in the case of developers in a more dramatic way.

Our definitions and these statistical findings lead to detail our hypotheses:

#### **Hypotheses:**

1. As entrepreneurs and paid employees differ from one another, people who want to secure their own jobs differ from people who want to develop their firms;
2. Human capital influences individual decisions: people with high level of human capital (diploma, professional skills) rather choose to develop the firm and adopt a Schumpeterian behavior;
3. Individual status on the labor market have an impact on entrepreneurial decisions: unemployed people rather choose to start a firm to create their job ;
4. Liquidity and credit constraints bind entrepreneurial ambition: the higher the start-up capital is, the greater the willingness to become a developer.

We use probit models to determine the impact of different covariates on the entrepreneurial objective. Tables 8 and 9 present the following models: (i) model 1 includes individual characteristics in order to show their role in the objective: gender, age, nationality (French, European or non-European), highest diploma and qualification level (top executive, intermediate occupation, employee or worker), previous situation before starting *i.e.* whether entrepreneurs were independent/self-employed, CEOs/managers, students or inactive (no professional activity), previous activity (active in employment, long or short term unemployed or inactive) before starting-up, does the entrepreneur have another activity in another firm, did he receive vocational training to start-up ("Previous Training"), did he set-up the project alone or with someone (family network, professional network or with an organism); (ii) the second model takes up the same set of variables and includes financing: start-up capital, getting start-up subsidies or not, getting bank loans or not, minimum social beneficiary or not.

Tables 10 and 11 present the following estimations: the same set of variables than in model 2 plus (iii) variables about the firm itself: origin of the start-up (creation *ex nihilo*, takeover), is the firm a subsidiary or not, is it a craftsmanship or not, has the entrepreneur ever created a firm before ("Has ever Started-Up"); sector of activity (food industry, non food industry, services to firms, services to persons, construction, commerce and repair, health and education), a regional dummy (Paris and its suburbs); (iv) model 4 includes all these variables plus the number of workers at the beginning

<sup>5</sup>Third questionnaire in table 7 presents large differences because the proportions in the subsample of firms in 2002 take into account all the firms and the percentages are affected by firms that do not exist anymore in 2007.

and at the first interrogation. Motivation and declaration of possible future hiring were not included in the models because of simultaneity causing an endogeneity bias.

## 4 Empirical Results

We estimate the probability to become self-protector controlling for different types of variables, entrepreneur-specific and firm-specific characteristics. Looking at the results of the first regression for hypotheses 1 and 2 (Tables 8 and 9), we find that self-protectors are more likely to be French females over 35 with no diploma, having an intermediate occupation or being paid workers. Females are more likely to choose self-employment to have more flexible schedules, in particular "*the presence of dependent children raises the probability of self-employment*" (Dawson et al., 2009, p. 20). In that respect, self-employment may coincide with our definition of self-protection ("essentially secure one's job") since those people have difficulties to enter the labor market but need incomes. They may thus enter entrepreneurship to avoid gender discrimination (Dickinson and Oaxaca, 2006, Dawson and al., 2009) and take advantage of fringe benefits of independence. On the labor market, the probability to find a job decreases in age. Human capital depreciation is often pointed by employers to discriminate older workers. Long term unemployed people undergo a lock-in effect. As a result, older workers and long term unemployed people may enter entrepreneurship to avoid the labor market discriminations. Tables 12 to 15 that report marginal effects show that the older an individual, the more likely to become a self-protector. Furthermore, older people are more likely to accumulate capital and increase their personal resources to start a business (Blanchflower and Oswald, 1998). Students and people with no occupational skills increase their probability to choose self-protection, sometimes only looking for "pocket-money" in the case of students. No effect of higher diploma is found invalidating the first part of hypothesis 2. Otherwise its second part is confirmed by the fact that being a worker or an employee increases the probability to become a self-protector than being a top executive. This is also confirmed by the previous occupation: CEOs or managers are more likely to become developers than others. People in middle-class occupations are more likely to start-up to create their own jobs. According to the definition of middle-class occupations, people do not *a priori* aim at developing their businesses in terms of investments and personnel<sup>6</sup>. As an extension of what precedes about discriminations on the labor market, hypothesis 3 is confirmed by the fact that *short and long term unemployed* (or even inactive) people are more likely to start a business to create their jobs. This is sometimes the last recourse for people to exit unemployment or precariousness. Tables of marginal effects show that the longer the unemployment duration the more likely to become a self-protector<sup>7</sup>. People with no other activity are more likely to become self-protectors. Their firms are not income premium but are really a way to create their own jobs. Self-protectors have no other activity and no entrepreneurial network. Moreover they rather start their firms alone. They are more socially isolated than developers and their social capital is lower (Moog and Backes-Gellner, 2006). We conclude that several factors distinguish self-protectors from developers and those factors are different from those distinguishing entrepreneurs and paid workers.

Furthermore we are interested in hypothesis 4 and in the impact of financing on the decision to become self-protector. Among financing variables, only the "start-up capital" is significant. People are more likely to become self-protectors when they have low initial amounts of capital. Start-up subsidies and bank loans are found non-significant. The introduction of financing implies some changes in entrepreneur profiles without disturbing the major findings about hypotheses 1 and 2. Some variables are no longer significant. Being a paid worker against "being independent or self-employed" is no longer significantly favorable to become developer. This situation changes again in models 3 and 4, that is hypothesis 3 about statuses is confirmed. Tables of marginal effects show that the richer the project bearer, the more likely to become self-protector. To discuss the conclusions on the above hypotheses, we introduce firm characteristics. They do not change the main results in a dramatic manner. The general profile established by the

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<sup>6</sup>Two thirds of this category are intermediate occupations between executives and workers. One third is represented by teachers, nurses, social workers.

<sup>7</sup>The SINE data do not include any continuous variable of the unemployment duration and thus do not allow the establishment of an increasing relationship between unemployment duration and the probability to become self-protector as it is suggested here.

first model remains. Sectoral dummies have little impact on the entrepreneurial objective. The most relevant sectors are "non-food industry", "services to firms" (model 4) and the most significant sector is "education, health and social activity" (models 3 and 4). Sectoral dummies do not change the significance of other variables.

No significant effects are found for the number of paid workers at the beginning. But having paid workers ("no paid worker" as the reference) at the time of the interview has a significant negative impact on the decision to become self-protector. The probability of choosing self-protection decreases with the number of paid managers at the beginning and paid workers at first interrogation. Paris and its suburbs (Ile-de-France) lowers the probability to become self-protector. In this region unemployed people are more likely to find jobs than in provincial ones. They also may find jobs in the informal economy and thus are less likely to start a business to create their own jobs. People living in a provincial region may have less access to employment, in particular in regions of high unemployment rates and spatial mismatch (Duguet *et al.*, 2009).

## 5 Concluding Remarks

The purpose of this article was to explore differences in entrepreneurial objectives when starting a firm. Although the decision to become an entrepreneur has been analyzed in terms of profiles, utility and returns, the objectives directly following firm creation and their determinants have been barely studied. We define two types of entrepreneurs that follow two distinct logics: protection and development in a Schumpeterian sense. We argue that among entrepreneurs, two main profiles can be distinguished and are dependent on personal characteristics (hypothesis 1), human capital (hypothesis 2), the state of activity on the labor market before starting (hypothesis 3) and financing resources to start the project (hypothesis 4). Moreover, firm characteristics are also assumed to have an impact on the objectives.

Our hypotheses are partly confirmed by the data. Choosing to start a firm to create one's own job depends largely on discrimination on the labor market and on the possibility to gather initial assets. Females, unemployed people and those with low start-up capital are more likely to follow this objective. However, although the data confirm the financing hypothesis, our models do not control for a potential endogeneity of the start-up capital which is determined by individual characteristics. Moreover, start-up subsidies and bank loans may be considered in the same way. It is reasonable to think that the entrepreneurial behavior changes if entrepreneurs can complete their initial capital with start-up subsidies or bank loans. Regions also have an impact on the probability to follow one of the objectives, hiding policy effect or spatial structures effect in terms of job access. A specific study on public policy across the different French regions may highlight regional specificities. Finally, the dichotomous aspect of entrepreneurial objectives studied in this paper may be rethought. Indeed, in order to go further and ripen those early results, objectives may be combined with individual motivations and a classification may be built to characterize different types of entrepreneurs.

This double approach of entrepreneurship confirms the idea that entrepreneurs have no longer to be seen as people who want to build empires or as vectors of the spread of innovations, but also as people who start firms to create their own jobs and protect themselves from the difficulties of the labor market. Those people start firms with no worker and have no intention to hire anyone. Thus policies that stimulate those tiny entities to hire people do not appear to be appropriate.

## 6 Annexes

Table 1: Variable of Interest: Entrepreneurs' Objective

<i>Objective</i>			
	<i>Total</i>	<i>Employed</i>	<i>Unemployed</i>
<i>No answer</i>	9.82	7.07	6.43
<i>Securing One's Job</i>	48.68	45.08	54.53
<i>Develop the Firm</i>	41.50	47.85	39.04
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>

*Source: Sine survey 2002*

*Note: statistics were weighted by the inverse of poll rate*

Table 2: Descriptive Statistics: Generalities

	<i>Total (%)</i>	<i>Objective 1 (%)</i>	<i>Objective 2 (%)</i>
	<i>Pct.</i>	<i>Pct.</i>	<i>Pct.</i>
<i>Gender</i>			
Male	70.81	66.13	77.36
Female	29.19	33.87	22.64
<i>Nationality</i>			
French	89.46	90.22	88.57
European	4.72	4.46	5.02
Non-European	5.82	5.32	6.41
<i>Previous Situation before Starting</i>			
No Answer	3.05	0.04	.
Self-employed	4.528	10.00	11.86
CEO	8.58	4.98	13.22
Paid employee	58.78	62.51	59.15
Student	3.67	4.30	3.37
No Prof. Activity	15.24	18.18	12.41

*Source: SINE survey 2002*

*Note: Objective 1 refers to "Securing one's employment" and Objective 2 refers to "Developing the firm"*

Table 3: Descriptives Statistics: Human Capital

	<i>Total (%)</i>	<i>Objective 1 (%)</i>	<i>Objective 2 (%)</i>
<i>Diploma</i>			
No Answer	3.02	0.02	0.01
No Diploma	16.03	17.32	14.79
GCSE'S under C grade	9.15	10.04	8.51
Professional Certificate	25.23	25.45	26.66
Technical A Level	9.44	8.69	11.12
General A Level	7.80	7.79	8.23
Ba, Master's Degree and more	29.33	30.68	30.68
<i>Professional Skills</i>			
No Answer	41.25	37.50	40.85
Top Executive	10.67	10.06	12.18
Foreman	5.38	4.95	6.37
Middle-Class Job	7.45	9.28	5.93
Employee	22.29	24.26	21.99
Worker	12.96	13.94	12.67
<i>Have You Received Preliminary Training</i>			
No Answer	3.17	0.08	0.01
Yes, after Asking	10.79	11.28	11.15
Yes, because Imposed	19.14	19.89	19.95
Not Received Any	66.90	68.74	68.90

Source: SINE survey 2002

Note: Objective 1 refers to "Securing one's employment" and Objective 2 refers to "Developing the firm"

Table 4: Descriptive Statistics: Comparison between Subsamples in Financing

<i>Start-up Capital</i>	<i>Total (%)</i> Pct.	<i>Objective 1 (%)</i> Pct.	<i>Objective 2 (%)</i> Pct.
No Answer	3.25	0.13	0.02
Less than 2,000	19.40	27.73	10.41
2,000 to 4,000	11.72	14.55	9.55
4,000 to 8,000	18.82	18.93	19.69
8,000 to 16,000	16.51	15.78	18.96
16,000 to 40,000	13.17	11.10	16.77
40,000 to 80,000	7.34	5.77	9.79
More than 80,000	9.79	6.00	14.81
<i>Start-Up Subsidies</i>			
No Answer	3.34	0.23	0.06
Yes	26.08	27.77	26.69
No	70.59	72.00	73.25
<i>Bank Loan</i>			
No Answer	3.35	0.23	0.06
Yes	39.04	35.67	45.22
No	57.61	64.10	54.71

Source: SINE survey 2002

Note: Objective 1 refers to "Securing one's employment" and Objective 2 refers to "Developing the firm"

Table 5: Motivation to Enter Entrepreneurship

	<i>Total (%)</i>	<i>Objective 1 (%)</i>	<i>Objective 2 (%)</i>
New Idea	21.52	14.61	29.64
Independence	68.19	71.79	63.96
Entrepreneurial Taste	55.14	44.34	67.80
Opportunity	37.62	33.33	42.66
Example from Network	16.27	15.42	17.26
Unemployed, Chose to Start-Up	22.02	27.03	16.14
Unemployed, Obligated to Start-Up	5.97	8.73	2.75
Other Reason	17.96	20.77	14.67

Source: SINE survey 2002

Note: Objective 1 refers to "Securing one's employment" and Objective 2 refers to "Developing the firm"

Table 6: Declaration of Future Hiring at the Beginning and the End of The Period

	2002			2007		
	Total (%)	Obj. 1 (%)	Obj. 2 (%)	Total (%)	Obj. 1 (%)	Obj. 2 (%)
<i>First Interrogation</i>						
Yes	25.35	10.30	43.00	26.00	10.71	43.28
No	42.70	61.89	20.20	41.55	60.70	19.91
Do not Know	31.95	27.81	36.80	32.45	28.59	36.81
<i>Second Interrogation</i>						
Yes	8.70	4.85	13.21	13.74	7.64	20.63
No	42.65	47.97	36.40	63.45	73.16	52.48
Do not Know	13.38	10.86	16.33	20.36	16.81	24.36
Closed Firms	35.27	36.32	34.05	2.46	2.40	2.53
<i>Third Interrogation</i>						
Yes	7.13	4.28	10.48	12.51	7.64	18.00
No	35.09	38.91	30.60	61.51	69.43	52.56
Do not Know	9.80	8.17	11.71	17.17	14.58	20.11
Closed Firms	47.98	48.64	47.21	8.81	8.35	9.34

Source: SINE survey 2002

Note: Objective 1 refers to "Securing one's employment" and Objective 2 refers to "Developing the firm"

Table 7: Number of Paid Workers in all Firms in 2002 and in Firms Surviving Along the Period

<i>Number of Paid Workers</i>	<i>Firms In 2002</i>			<i>Firms on 2002 2007 Period</i>		
	Total (%)	Obj. 1 (%)	Obj. 2 (%)	Total (%)	Obj. 1 (%)	Obj. 2 (%)
<i>At the Beginning</i>						
No One	74.31	85.52	61.17	73.83	85.75	60.37
One or Two	17.53	11.23	24.92	17.63	10.99	25.12
Three to Five	5.32	2.42	8.71	5.47	2.40	8.93
Six to Nine	1.61	0.53	2.87	1.74	0.54	3.09
More than Ten	1.24	0.30	2.33	1.34	0.33	2.49
<i>First Interrogation</i>						
No One	70.95	83.89	55.78	69.83	83.62	54.25
One or Two	18.73	12.23	26.35	19.36	12.56	27.04
Three to Five	6.54	2.80	10.92	6.85	2.73	11.51
Six to Nine	2.16	0.67	3.91	2.25	0.70	3.99
More than Ten	1.62	0.41	3.04	1.71	0.39	3.21
<i>Third Interrogation</i>						
No One	78.52	86.08	69.66	62.35	75.16	47.90
One or Two	11.55	9.50	13.95	20.24	16.95	23.96
Three to Five	5.52	3.08	8.38	9.68	5.50	14.40
Six to Nine	2.35	0.89	4.06	4.12	1.59	6.98
More than Ten	2.06	0.45	3.94	3.60	0.80	6.76

Source: SINE survey 2002

Note: Objective 1 refers to "Securing one's employment" and Objective 2 refers to "Developing the firm"

Table 8: Estimations Models 1 and 2

Parameters	Model 1		Model 2	
	Estim.	Std.		Std.
Intercept	-0.0663	0.0522	1.0720 ***	0.2309
<i>Gender</i> (Ref. Female)	-0.2591 ***	0.0152	-0.2319 ***	0.0155
<i>Age</i>				
Less than 25	Ref.			
35 to 39	0.1322 ***	0.0309	0.1411 ***	0.0315
40 to 44	0.1674 ***	0.0321	0.1835 ***	0.0327
45 to 49	0.2354 ***	0.0334	0.2685 ***	0.0341
50 and more	0.4051 ***	0.0329	0.4065 ***	0.0336
<i>Nationality</i>				
French	Ref.			
Non European	-0.1788 ***	0.0318	-0.2019 ***	0.0323
<i>Diploma</i>				
No Diploma	Ref.			
Professional Certificate	-0.0876 ***	0.0215	-0.0342	0.0220
Technical A-Level	-0.1477 ***	0.0271	-0.0680 **	0.0277
Other Diploma	NS		NS	
<i>Professional Skills</i>				
Top Executive	Ref.			
Intermediate Occupation	0.4023 ***	0.0312	0.3045 ***	0.0320
Employee	0.2331 ***	0.0263	0.1779 ***	0.0270
Worker	0.3491 ***	0.0301	0.2639 ***	0.0309
<i>Previous Situation Before Starting</i>	Ref.			
Independent or Self-Employed				
CEO, Manager	-0.4389 ***	0.0310	-0.3230 ***	0.0319
Student	0.2134 ***	0.0443	0.0869 *	0.0454
With no Professional Activity	0.1428 ***	0.0293	0.0877 ***	0.0301
<i>Previous Activity</i>				
Active	Ref.			
Unempl. Less than One Year	0.0700 ***	0.0187	0.0601 ***	0.0205
Unempl. More than One Year	0.1853 ***	0.0218	0.1355 ***	0.0246
Inactive	0.2521 ***	0.0254	0.1870 ***	0.0261



Table 9: Estimations Models 1 and 2 (Continued)

<i>Other Activity in Another Firm</i>				
As a Paid Worker	Ref.			
As a Non Paid Worker	-0.2084 ***	0.0314	-0.1207 ***	0.0323
No Other	0.1446 ***	0.0206	0.2249 ***	0.0214
<i>Has Received Prof. Training</i>				
Yes, After Request	Ref.			
Yes, Because Mandatory	0.0470 *	0.0242	0.0501 **	0.0246
No	0.0878 ***	0.0211	0.0446 **	0.0216
<i>Entrepreneurial Network</i>				
Who Set-up the Project				
Alone	Ref.			
With the Spouse	-0.1575 ***	0.0160	-0.0414 **	0.0166
With a Family Member	-0.4989 ***	0.0182	-0.3775 ***	0.0187
With a Member of the Prev. Firm	-0.5172 ***	0.0321	-0.3746 ***	0.0329
With a Support to Firm To Start Up	0.0141	0.0244	0.1263 ***	0.0262
With Members of the Actual Firm	-0.4069 ***	0.0772	-0.2201 ***	0.0796
<i>Starting Facilitated by Relations</i>				
Suppliers	Ref.			
Customers	0.0882 ***	0.0201	-0.0114	0.0207
Previous Employer	0.0929 ***	0.0247	0.0398	0.0252
<i>Start-up Capital (Euros)</i>				
Less than 1,524			Ref.	
1,524 to 3,811			-0.2839 ***	0.0253
3,811 to 7,622			-0.4987 ***	0.0227
7,622 to 15,244			-0.5586 ***	0.0236
15,244 to 38,112			-0.6958 ***	0.0260
38,112 to 76,244			-0.7471 ***	0.0308
More than 76,244			-0.9619 ***	0.0302
Likelihood Ratio	7253.30		9109.15	
Wald	6156.07		7486.73	

Source: SINE survey 2002

Note: Objective 1 refers to "Securing one's employment" and Objective 2 refers to "Developing the firm"

Table 10: Estimations Model 3 and Model 4

Parameter	Model 3		Model 4	
	Estimations	Std.	Estimations	Std.
Intercept	1.1082 ***	0.2386	1.1589 ***	0.2353
<i>Gender</i> (Ref. Female)	-0.1679 ***	0.0162	-0.1761 ***	0.0165
<i>Age</i>				
Less than 25	Ref.			
35 to 39	0.1687 ***	0.0319	0.1582 ***	0.0324
40 to 44	0.2222 ***	0.0333	0.2065 ***	0.0338
45 to 49	0.3117 ***	0.0348	0.3040 ***	0.0354
50 and more	0.4569 ***	0.0344	0.4462 ***	0.0350
<i>Nationality</i>				
French	Ref.			
Non European	-0.1693 ***	0.0327	-0.0988 ***	0.0334
<i>Diploma</i>				
No Diploma	Ref.			
Professional Certificate	-0.0247	0.0221	-0.0615 ***	0.0225
Technical A-Level	-0.0642 **	0.0279	-0.1001 ***	0.0284
Other Diploma	NS		NS	
<i>Professional Skills</i>				
Top Executive	Ref.			
Intermediate Occupation	0.2212 ***	0.0331	0.1640 ***	0.0337
Employee	0.1628 ***	0.0276	0.1143 ***	0.0282
Worker	0.2932 ***	0.0323	0.2175 ***	0.0330
<i>Previous Situation Before Starting</i>				
Independent or Self-Employed	Ref.			
CEO, Manager	-0.2642 ***	0.0325	-0.2452 ***	0.0333
Student	0.00662	0.0464	-0.0263	0.0470
With no Professional Activity	0.0287	0.0309	0.000626	0.0315
<i>Previous Activity</i>				
Active	Ref.			
Unempl. Less than One Year	0.0724 ***	0.0207	0.0439 **	0.0210
Unempl. More than One Year	0.1374 ***	0.0248	0.0886 ***	0.0252
Inactive	0.1832 ***	0.0264	0.1457 ***	0.0269
<i>Other Activity in Another Firm</i>				
As a Paid Worker	Ref.			
As a Non Paid Worker	-0.1002 ***	0.0327	-0.0906 ***	0.0333
No Other	0.2097 ***	0.0218	0.2202 ***	0.0222
<i>Has Received Prof. Training</i>				
Yes, After Request	Ref.			
Yes, Because Mandatory	0.0802 ***	0.0252	0.0758 ***	0.0255
Not Received Any	0.0345	0.0221	0.0724 ***	0.0224
<i>Entrepreneurial Network</i>	-0.0891 ***	0.0144	-0.0913 ***	0.0147

Table 11: Estimations Model 3 and Model 4 (Continued)

<i>Who Set-up the Project</i>				
Alone	Ref.			
With the Spouse	-0.0420 **	0.0169	-0.0399 **	0.0171
With a Family Member	-0.3605 ***	0.0191	-0.2891 ***	0.0196
With a Member of the Prev. Firm	-0.3254 ***	0.0334	-0.2139 ***	0.0344
With a Support to Firm To Start Up	0.1194 ***	0.0274	0.1145 ***	0.0277
With Members of the Actual Firm	-0.2301 ***	0.0825	-0.0802 ***	0.0859
<i>Starting Facilitated by Relations</i>				
Suppliers	Ref.			
Customers	0.0133	0.0214	0.0124	0.0217
Previous Employer	0.0570 **	0.0257	0.0789 ***	0.0262
<i>Start-up Capital (Euros)</i>				
Less than 1,524	Ref.			
1,524 to 3,811	-0.2640 ***	0.0255	-0.2311 ***	0.0258
3,811 to 7,622	-0.4647 ***	0.0229	-0.4069 ***	0.0233
7,622 to 15,244	-0.5280 ***	0.0240	-0.4583 ***	0.0244
15,244 to 38,112	-0.6681 ***	0.0265	-0.5800 ***	0.0270
38,112 to 76,244	-0.7181 ***	0.0317	-0.5756 ***	0.0326
More than 76,244	-0.9137 ***	0.0317	-0.6597 ***	0.0329
<i>Has ever Started-Up</i>				
Never Started-Up	Ref.			
One Firm	-0.0616 ***	0.0199	-0.0425 **	0.0203
Two Firms or more	-0.1353 ***	0.0286	-0.1004 ***	0.0292
<i>Origine of Start-up</i>				
<i>Ex Nihilo Creation</i>				
Takeover	0.00842	0.0186	0.1588 ***	0.0194
Subsidiary	-0.3658 ***	0.0350	-0.2808 ***	0.0359
Craftmanship	-0.0654 ***	0.0202	-0.0265	0.1984 0.0206
<i>Sector</i>				
Food Industry	Ref.			
Non Food Industry	-0.0695	0.0461	-0.1200 **	0.0472
Services to Firms	0.00171	0.0447	-0.0935 **	0.0457
Education, Health	0.5764 ***	0.0554	0.4877 ***	0.0566
Paris and Suburbs	-0.1089 ***	0.0225	-0.1054 ***	0.0229
<i>Paid Workers at the Beginning</i>				
NS				
<i>Paid Workers at the First Interrogation</i>				
No Paid Workers			Ref.	
One			-0.5188 ***	0.0293
Two to Nineteen			-0.9225 ***	0.0454
More than twenty			-1.1212 ***	0.2207
Likelihood Ratio	7253.30		9109.15	
Wald	6156.07		7486.73	

Source: SINE survey 2002

Note: Objective 1 refers to "Securing one's employment" and Objective 2 refers to "Developing the firm"

Table 12: Marginal Effects Model 1 and Model 2

Param.	Model 1		Model 2	
	dF/dx (Std. Err.)	P > z	dF/dx (Std. Err.)	P > z
<i>Gender Male</i>	-.1016 (.0059)	***	-.0912 (.006)	***
<i>Age</i>				
Less Than 25	Ref.			
35 to 39	.0545 (.0120)	***	.0593 (.0122)	***
40 to 44	.0696 (.0124)	***	.0764 (.0125)	***
45 to 49	.0948 (.0127)	***	.1088 (.0127)	***
50 and more	.1582 (.0119)	***	.1602 (.0121)	***
<i>Nationality</i>				
French	Ref.			
European	-.0228 (.0131)	*	-.0316 (.0135)	**
Non-European	-.0719 (.0126)	***	-.0816 (.0127)	***
<i>Diploma</i>				
No Diploma	Ref.			
Professional Certificate	-.0353 (.0085)	***	-.0155 (.0087)	*
Technical A-Level	-.0589 (.0108)	***	-.0297 (.011)	***
<i>Professional Skills</i>				
Top Executive	Ref.			
Intermediate Occupation	.1535 (.0112)	***	.117 (.0119)	***
Employee	.0914 (.0102)	***	.0686 (.0105)	***
Worker	.1348 (.0111)	***	.1023 (.0117)	***
<i>Previous Situation Before Starting</i>				
Independent or Self-Employed	Ref.			
CEO, Manager	-.1739 (.0119)	***	-.1295 (.0125)	***
Student	.0815 (.0169)	***	.0321 (.0178)	*
With no Professional Activity	.0563 (.0114)	***	.0353 (.0117)	***

Table 13: Marginal Effects Model 1 and Model 2 (Continued)

<i>Previous Activity</i>				
Active	Ref.			
Unempl. Less than One Year	.0280 (.0073)	***	.0231 (.0075)	***
Unempl. More than One Year	.073 (.0084)	***	.0559 (.0087)	***
Inactive	.0985 (.0097)	***	.0739 (.0100)	***
<i>Other Activity in Another Firm</i>				
As a Paid Worker	Ref.			
As a Non Paid Worker	-.0834 (.0125)	***	-.05014 (.0129)	***
No Other Activity	.0561 (.0082)	***	.0865 (.0085)	***
<i>Entrepreneurial Network</i>	.0537 (.0055)	***	.042 (.0056)	***
<i>Who Set-up the Project</i>				
Alone	Ref.			
With the Spouse	-.0746 (.0069)	***	-.0245 (.0071)	***
With a Family Member	-.2083 (.0073)	***	-.1557 (.0077)	***
With a Member of the Prev. Firm	-.2274 (.0119)	***	-.1699 (.013)	***
With a Support to Firm To Start Up	-.0304 (.01)	***	.0218 (.0102)	**
With Members of the Actual Firm	-.1909 (.0289)	***	-.1062 (.0315)	***
<i>Starting Facilitated by Relations</i>				
Suppliers	Ref.			
Customers	.0349 (.0086)	***	-.0107 (.0089)	NS
Previous Employer	.0412 (.0104)	***	.0103 (.0108)	NS
<i>Start-up Capital (Euros)</i>				
Less than 1,524	Ref.			
1,524 to 3,811			-.1146 (.01)	***
3,811 to 7,622			-.1987 (.0086)	***
7,622 to 15,244			-.2247 (.0088)	***
15,244 to 38,112			-.2806 (.0087)	***
38,112 to 76,244			-.2949 (.0099)	***
More than 76,244			-.3651 (.0087)	***
LR chi2(38)	4308.51			
LR chi2(51)			6482.36	

Source: SINE survey 2002

Note: Objective 1 refers to "Securing one's employment" and Objective 2 refers to "Developing the firm"

Table 14: Marginal Effects Model 3 and Model 4

Param.	Model 3		Model 4	
	dF/dx (Std. Err.)	P > z	dF/dx (Std. Err.)	P > z
<i>Gender</i> Male	-.0665 (.0063)	***	-.0688 (.0064)	***
<i>Age</i>				
35 to 39	.0663 (.0123)	***	.0640 (.0125)	***
40 to 44	.0882 (.0126)	***	.0832 (.0128)	***
45 to 49	.1232 (.0128)	***	.1191 (.0131)	***
50 and more	.1763 (.0121)	***	.1715 (.0125)	***
<i>Nationality</i>				
French	Ref.			
Non-European	-.0696 (.0129)	***	-.0377 (.0131)	***
<i>Diploma</i>				
No Diploma	Ref.			
Professional Certificate	-.0133 (.0087)	NS	-.0277 (.0089)	***
Technical A-Level	-.0309 (.0110)	***	-.0447 (.0112)	***
<i>Professional Skills</i>				
Top Executive	Ref.			
Intermediate Occupation	.0861 (.0126)	***	.0639 (.0130)	***
Employee	.0663 (.0108)	***	.0461 (.0111)	***
Worker	.1173 (.012)	***	.0881 (.0126)	***
<i>Previous Situation Before Starting</i>				
Independent or Self-Employed	Ref.			
Foreman	-.1036 (.0129)	***	-.0949 (.0132)	***
Paid Worker	-.0267 (.0126)	**	-.0263 (.0129)	**
<i>Previous Activity</i>				
Active	Ref.			
Unempl. Less than One Year	.0299 (.0076)	***	.0148 (.0078)	*
Unempl. More than One Year	.0612 (.0087)	***	.0348 (.009)	***
Inactive	.0756 (.0101)	***	.0614 (.0104)	***
<i>Other Activity in Another Firm</i>				
As a Paid Worker	Ref.			
As a Non Paid Worker	-.0462 (.0130)	***	-.0402 (.0132)	***
No Other Activity	.0786 (.0087)	***	.0807 (.0088)	***
<i>Entrepreneurial Network</i>	.0380 (.0056)	***	.0381 (.0057)	***

Table 15: Marginal Effects Model 3 and Model 4 (Continued)

<i>Who Set-up the Project</i>				
Alone	Ref.			
With the Spouse	-.0239 (.0072)	***	-.0209 (.008)	***
With a Family Member	-.1472 (.0078)	***	-.1203 (.008)	***
With a Member of the Prev. Firm	-.1607 (.0132)	***	-.1165 (.0138)	***
With Members of the Actual Firm	-.1182 (.0325)	***	-.0617 (.0343)	*
<i>Start-up Capital (Euros)</i>				
Less than 1,524	Ref.			
1,524 to 3,811	-.1067 (.0101)	***	-.0936 (.0102)	***
3,811 to 7,622	-.1866 (.0088)	***	-.1635 (.009)	***
7,622 to 15,244	-.2142 (.0089)	***	-.1873 (.0091)	***
15,244 to 38,112	-.2725 (.009)	***	-.2398 (.0095)	***
38,112 to 76,244	-.2908 (.0104)	***	-.2338 (.0114)	***
More than 76,244	-.3589 (.0094)	***	-.2672 (.0112)	***
<i>Has ever Started-Up</i>				
Never Started-Up	Ref.			
One Firm	-.0238 (.0079)	***	-.0167 (.0080)	**
Two Firms or more	-.0516 (.0113)	***	-.0373 (.0116)	***
<i>Origine of Start-up</i>				
<i>Ex Nihilo</i> Creation	Ref.			
<i>Origine of Start-up</i>	NS			
<i>Subsidiary</i>	-.1458 (.0135)	***	-.1117 (.014)	***
<i>Craftmanship</i>	-.0269 (.008)	***	-.0141 (.0082)	*
<i>Sector</i>				
Food Industry			Ref.	
Non Food Industry	-.0246 (.0183)	NS	-.0514 (.0187)	***
Real Estate Activity	.0630 (.0217)	***	-.0078 (.0228)	NS
Services to Firms	.0004 (.0177)	NS	-.0406 (.0181)	**
Education, Health	.2128 (.0177)	***	.1778 (.0193)	***
<i>Paris and Suburbs</i>	-.0439 (.0089)	***	-.0404 (.0091)	***
<i>Paid Workers at the Beginning</i>				
			NS	
<i>Paid Workers at the First Interrogation</i>				
No Paid Workers			Ref.	
One			-.1835 (.0112)	***
Two to Nineteen			-.3809 (.0311)	***
More than twenty			-.4017 (.0501)	***
LR chi2(69)	7095.78			
LR chi2(77)			8950.20	

Source: SINE survey 2002

Note: Objective 1 refers to "Securing one's employment" and Objective 2 refers to "Developing the firm"

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