

# Latina Entrepreneurship and Some Recent Self- Employment Trends in the United States

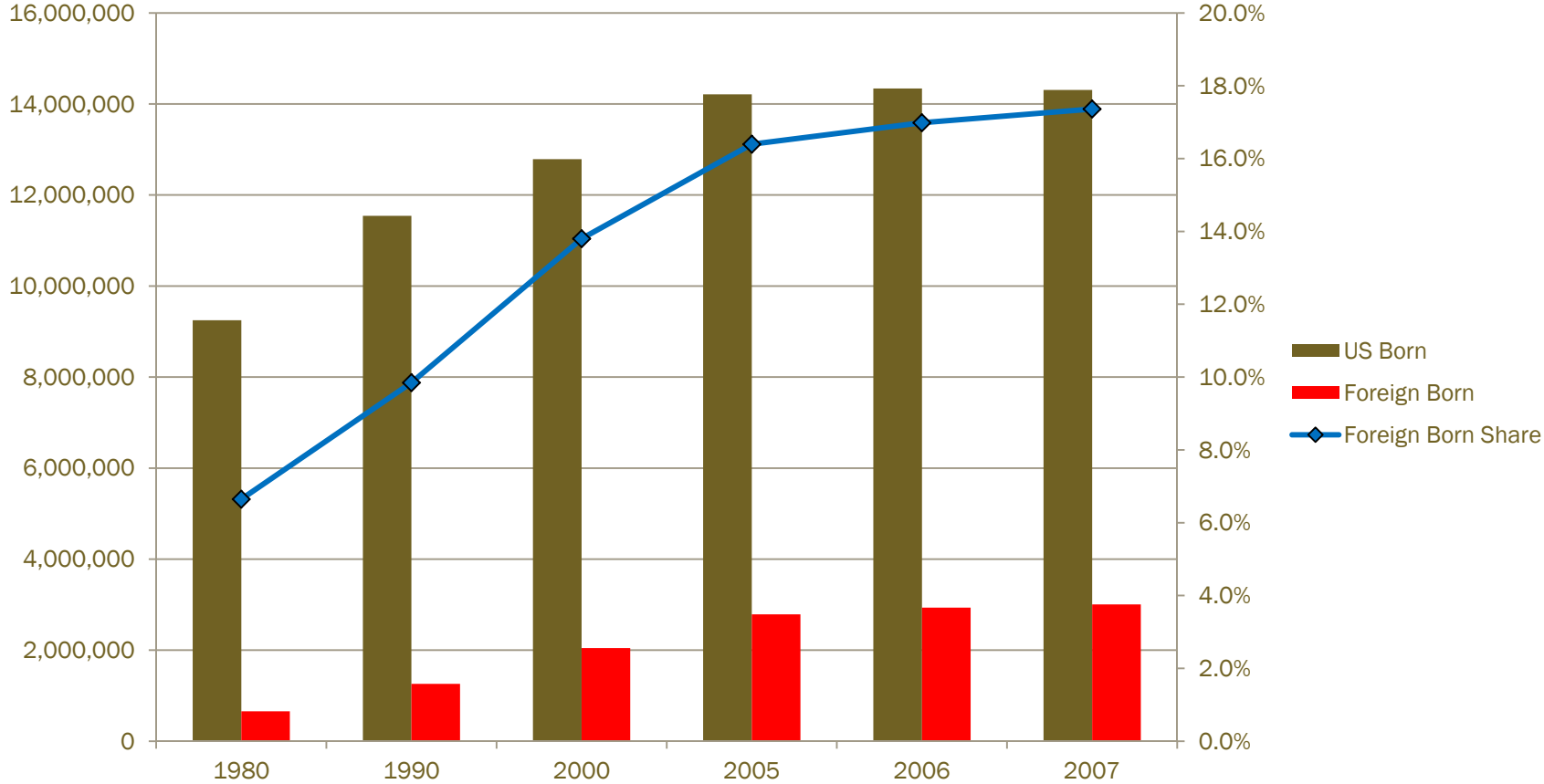
Magnus Lofstrom

Public Policy Institute of California and IZA



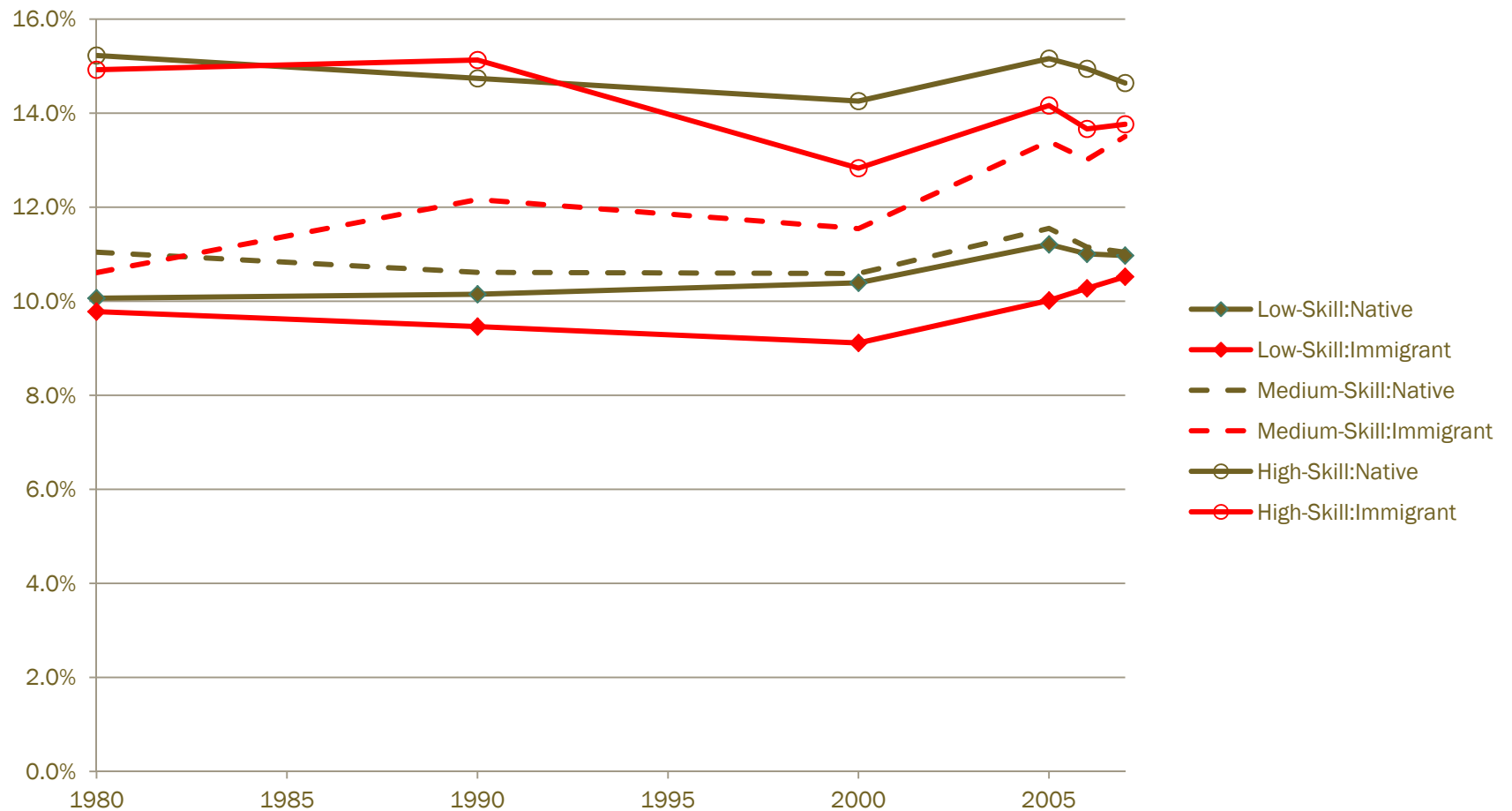
# Growth in self-employment and immigrants' role

Self-Employment Levels by Nativity and Foreign Born Self-Employment Share, 1980-2007



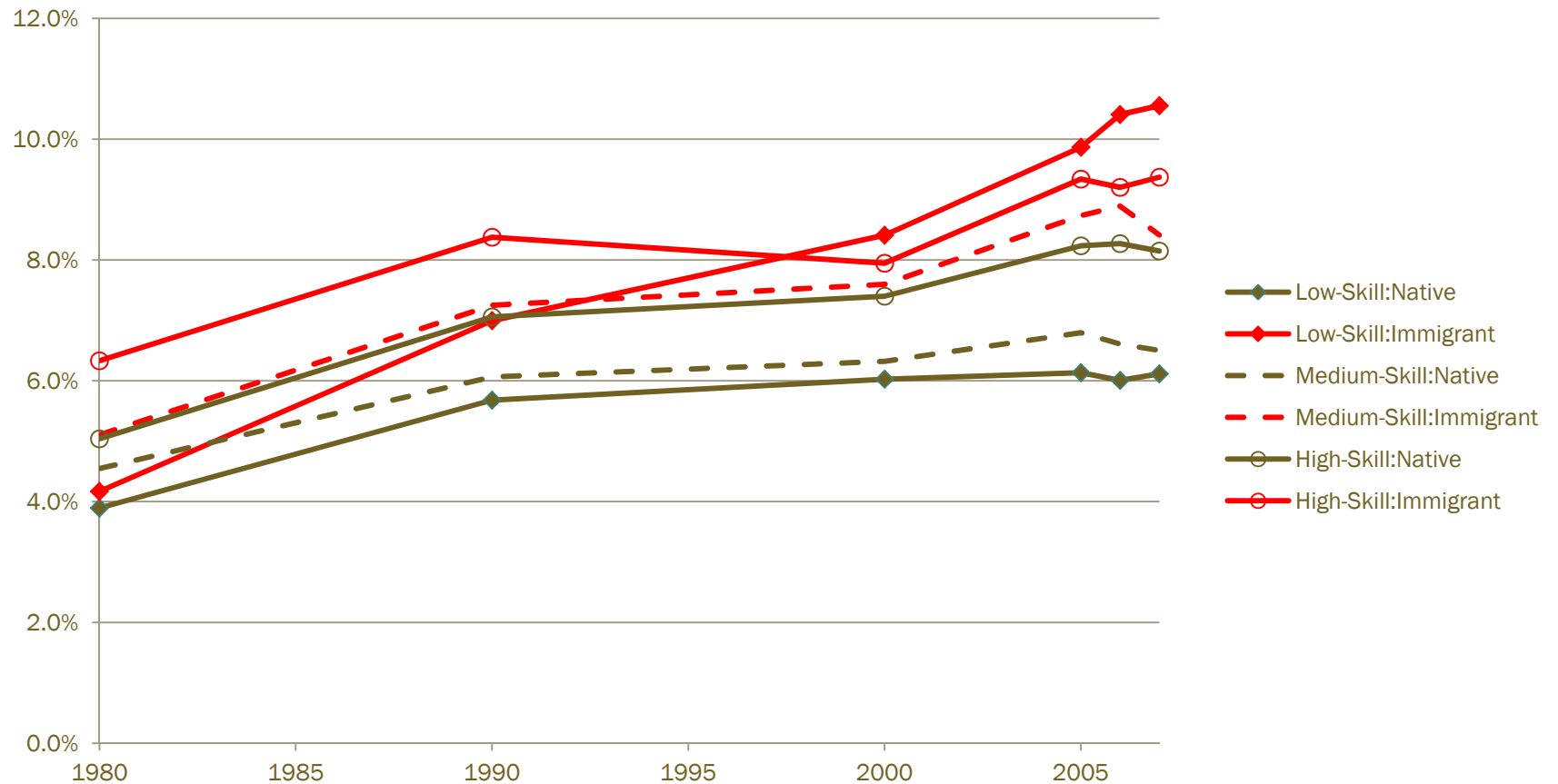
# Moderate changes in self-employment rates among men

U.S. Self-Employment Rates, by Nativity, 1980-2007: Men



# Strong growth among low-skilled immigrant women

U.S. Self-Employment Rates, by Nativity and Skill, 1980-2007:  
Women



# Hispanics play an important role in the self-employment growth

- Fueled by immigration, large and fastest growing minority group in the US
  - High employment rates among men but relatively low among women
  - Lack of labor market success
- Alternative policies to improve economic outcomes
  - Self-employment?
  - Compare Latina (female Hispanics) entrepreneurs to:
    - Non-Hispanic white female entrepreneurs
    - Latina employees (wage/salary sector)
      - Use business equity adjusted comparable earnings measure



# Lower annual earnings among Latina entrepreneurs

	Self-Employed		Wage/Salary	
	Hispanic	White (Non-Hispanic)	Hispanic	White (Non-Hispanic)
<b>Unadjusted Earnings</b>				
Total	20,853	26,908	21,133	28,709
Self-Employment Only	18,697	23,316		
<b>Business Equity Adjusted Earnings</b>				
Total	16,547	20,033	21,133	28,709
Self-Employment Only	14,390	16,441		

# But also low schooling levels

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Total	16,547	20,033	21,133	28,709
Self-Employment Only	14,390	16,441		
High School Dropout	0.32	0.04	0.25	0.04
High School Graduate	0.32	0.29	0.30	0.30
Some College	0.22	0.36	0.31	0.34
College Graduate	0.13	0.31	0.15	0.32



# Majority of Latina entrepreneurs are foreign-born

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Some College	0.22	0.36	0.31	0.34
College Graduate	0.13	0.31	0.15	0.32
<b>Immigrant</b>	<b>0.61</b>	<b>0.05</b>	<b>0.43</b>	<b>0.03</b>





# Earnings gap: Latina - white female entrepreneurs

- Observed gap ( $\approx 12-20\%$ , depending on measure)
  - Key contributing factors
    - Low schooling levels
      - Alone explains the entire gap (all measures)
    - Nativity (immigrants/more recent)
    - Fewer years in business
- Latina entrepreneurs of same characteristics as white entrepreneurs are predicted to have higher earnings
  - But most white female entrepreneurs have relatively low earnings (median=\$13,700)



# Self-employed Latinas earn less than Latina employees

	(1)	(2)
		Business Equity
<i>Total Annual Earnings Measure</i>	Unadjusted	Adjusted
Observed Mean Earnings		
Self-Employed	20,853	16,547
Wage/Salary	21,133	21,133
Observed Earnings Difference		
Level (Self-Employed - Wage/Salary)	-\$280	-\$4,586
Percent (of Wage/Salary)	98.7%	78.3%



# Factors such as education contribute to lower Latina S-E earnings

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<b>Predicted Hypothetical Earnings</b>		
(1) Using Hispanic Wage/Salary Characteristics	21,629	18,305
Predicted Earnings Difference		
Level (Predicted S-E - Observed W/S)	\$496	-\$2,828
Percent (of Observed Wage/Salary)	102.3%	86.6%



# Latina entrepreneurs would have higher earnings in W/S employment

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Predicted Earnings Difference		
Level (Predicted S-E - Observed W/S)	\$496	-\$2,828
Percent (of Observed Wage/Salary)	102.3%	86.6%
(2) Own Characteristics but Employed in W/S	22,219	Same as Col. (1)
Predicted Earnings Difference		
Level (Predicted S-E - Observed W/S)	\$1,087	
Percent (of Observed Wage/Salary)	105.1%	



# Summary and conclusions

- Women and immigrants play important roles in the self-employment growth in the US
  - One such important group is Latinas
- No strong evidence of widespread economic success among Latina entrepreneurs
  - Low schooling levels is the key factor
- Focus on increasing education and skills most likely to lead to lasting improved economic outcomes

