

Who Enters and Who Builds Employer Firms? Prior Earnings and Entrepreneurial Selection

Lena Föner

lena.fuener@zew.de

Centre for European Economic Research

Niklas Garnadt

Konrad Stahl

University of Mannheim

Joachim Tag

Research Institute of Industrial Economics

Research Article

Keywords: entrepreneurial selection, employer firms, prior earnings, firm survival, job creation

Posted Date: September 28th, 2026

DOI: <https://doi.org/10.21203/rs.3.rs-10896192/v1>

License:   This work is licensed under a Creative Commons Attribution 4.0 International License.

[Read Full License](#)

Additional Declarations: No competing interests reported.

Who Enters and Who Builds Employer Firms?

Prior Earnings and Entrepreneurial Selection

ABSTRACT

Research on entrepreneurial selection often measures entrepreneurship by business entry. This can obscure a second margin: Entrants that form persistent employer firms. Using linked Swedish administrative records we compare how prior earnings relate to these two margins unconditionally and conditional on a large set of observables often related to entrepreneurship entry. Among individuals with prior earnings from dependent employment, business entry is more common at lower earnings. Among entrants, however, the gradient reverses. Founders with higher prior earnings are more likely to create firms that survive for three years and employ at least five people, including the founder. Their firms also have more employees, more assets, and higher labor productivity during the first years after entry. We jointly observe net wealth, risky asset holdings, cognitive and non-cognitive skills, managerial and entrepreneurial experience, and parental entrepreneurship. Controlling for these characteristics leaves the earnings gradients largely unchanged. Prior labor-market status alone explains about four times as much variation in persistent employer formation as the measured characteristics combined. This suggests that prior earnings provide a compact, market-valued summary of founder heterogeneity that is not absorbed by the characteristics measured in our data.

Plain English Summary. People with lower prior earnings are more likely to start a business. Among those who start, however, people with higher prior earnings are more likely to build a firm that is still operating three years later and has at least five workers, including the founder. These firms are also larger, hold more assets, and have higher labor productivity. Our main analysis uses Swedish administrative data and links their pre-entry characteristics to later firm outcomes. The earnings pattern remains after accounting for founders' wealth, risky asset holdings, test scores, management and entrepreneurial experience, and parental entrepreneurship. The main implication is that business entry and persistent employer formation are different outcomes. Entry rates alone therefore give an incomplete picture of who builds firms that employ workers.

Keywords: entrepreneurial selection; employer firms; prior earnings; firm survival; job creation.

JEL Codes: L26, J24, M13.

1 Introduction

Who enters entrepreneurship is not necessarily the same question as who builds an employer firm. Most new businesses start small and remain small, while a smaller group survives, hires workers, and accounts for a disproportionate share of early job creation (Decker et al., 2016; Fairlie & Miranda, 2017; Guzman & Stern, 2020; Hurst & Pugsley, 2011). If pre-entry characteristics predict these two margins differently, studies based on entry alone may give an incomplete account of entrepreneurial selection.

We study whether prior labor-market position distinguishes the two margins and whether the association is affected by controlling for a large host of observable characteristics typically related to entrepreneurship entry. We answer this question using linked Swedish administrative records. We combine population records from LISA with the Wealth Register, military-enlistment records, parental entrepreneurship histories, and firm accounts from the Structural Business Statistics database. The main estimation sample contains approximately 8.26 million person-year observations for Swedish men aged 20–55 during 1999–2007 and 78,397 entrepreneurial-entry observations. We define entry in year t as being classified as an entrepreneur in t but not in $t - 1$. Our second outcome is persistent employer entry. A new firm satisfies this definition if it remains active in $t + 3$ and has at least five workers, including the founder, in that year. The outcome therefore combines survival with employment beyond the founder.

A distinctive feature of the data is that we observe, simultaneously and for the same individuals, many of the founder characteristics emphasized in theories of entrepreneurship. These include net wealth, risky asset holdings, cognitive and non-cognitive skills, prior managerial and entrepreneurial experience, and parental entrepreneurship. This joint measurement allows us to assess whether the prior-earnings gradient is absorbed when these characteristics enter the analysis together.

We find a clear reversal in the relationship between prior earnings and entrepreneurial outcomes. In our preferred entry specification, individuals in the top earnings decile are 0.67 percentage points less likely to enter entrepreneurship than individuals in the 40–50% earnings group. Individuals in the bottom earnings decile are 1.45 percentage points more likely to enter. In the selection of employer firms among the entrants, the signs reverse. Founders from the top earnings decile are 14.2 percentage points more likely than the reference group to create a persistent employer firm, whereas founders from the bottom earnings decile are 3.67 percentage points less likely to do so. The mean persistent-employer-entry rate among founders is 12.6%. Firms founded by individuals from higher prior-earnings groups also have more employees, more assets, and higher labor productivity during the first years after entry.

Adding the measured founder characteristics leaves these gradients nearly unchanged. For persistent employer entry, the top-decile coefficient rises from 13.0 percentage points without the individual controls to 14.2 percentage points with them. The difference between the top and bottom deciles similarly rises from 17.2 to 17.8 percentage points. Prior labor-market status alone explains 4.6% of the variation in persistent employer entry, compared with 1.1% for the measured founder characteristics together; the combined specification explains 5.4%. This suggests that prior earnings provide a compact, market-valued predictor of both entry, and entry as an employer firm. In particular, they contain information about subsequent employer formation beyond the measured versions of wealth, portfolio choices, skills, experience, and family background.

The paper contributes to research on occupational choice and heterogeneous entrepreneurial outcomes. Entrepreneurs may be drawn from both tails of the earnings distribution (Astebro et al., 2011), and businesses founded from paid employment tend to have better outcomes than businesses founded from

unemployment (Fairlie & Fossen, 2020). Other work uses founder characteristics or choices made at founding to distinguish the incidence of entrepreneurship from its subsequent growth potential (Astebro & Ta'g, 2017; Guzman & Stern, 2020; Levine & Rubinstein, 2017). We add a within-study comparison of two margins that are often examined separately: entry among potential founders and persistent employer formation among realized entrants. Holding the population and the pre-entry measure fixed reveals that the two margins change signs around the mean prior-earnings cohort.

The closest related paper is Harju et al. (2025), who use Finnish population registers and show that individuals at the top of the income distribution are especially likely to start incorporated businesses and that their firms have stronger job-creation outcomes. We complement their analysis in three ways. First, we begin from Statistics Sweden's broader income-based classification of entrepreneurship, which covers sole proprietorships as well as limited-liability companies. Entry and subsequent employer formation are therefore measured within the same population rather than conditional on incorporation. Second, we jointly observe net wealth, risky asset holdings, test-score skills, managerial and entrepreneurial experience, and parental entrepreneurship. The prior-earnings gradient remains after these characteristics are included together. Third, we contribute by showing additional evidence of differential selection from another country.

Our results also complement mechanism-based accounts of entrepreneurial careers. Gendron-Carrier (2025) studies how prior work experience and human-capital accumulation shape the careers of young entrepreneurs. Choi (2018) links founders' outside options to risk-taking and young-firm dynamics. Prior earnings may reflect mechanisms emphasized in either account, but our data do not separate them. Our contribution is narrower: own pre-entry earnings remain informative about both entry and persistent employer formation after conditioning on a broad set of measured founder characteristics.

The rest of the paper is organized as follows. In the next section we discuss data. Section 3 provides our main analyses. In Section 4 we provide a set of additional analyses and Section 5 concludes.

2 Data

2.1 Data sources

We use administrative data from several registers maintained by Statistics Sweden, the institution responsible for national official statistical data. We link the data sets using individual, firm-, and establishment-level identifiers. The linkage enables us to trace in detail individuals' employment histories, their pre-entry characteristics, and early post-entry firm outcomes.

We obtain *individual founders* and their characteristics primarily from the Longitudinal Integration Database for Health Insurance and Labor Market Studies (LISA), which combines data from government registers, such as tax records, population registers, and comprehensive surveys. It contains annual information at the individual level for the universe of people registered in Sweden who are at least 15 years old.

The data span from 1990 to 2017. They provide individual-level information on, among other things, wages and other income, unemployment days, and entrepreneurship identifiers. In addition, demographic information such as age, gender, educational attainment, current student status at a university level, immigration status, and municipality of residence are reported.¹

¹Educational attainment is measured using the SUN2000 classification from LISA. In robustness analyses, we define

We complement these data with information from Statistics Sweden’s Wealth Register. Covering the period from 1999 to 2007, this register includes information on individual total wealth, holdings of risky assets, cash balances, and outstanding debt. The coverage of the Wealth Register determines our main estimation window of 1999–2007, since it allows us to control for net wealth and risky asset holdings throughout. We further add the employment history of parents, as well as data from military records. The military records include cognitive and non-cognitive ability scores from the Swedish military enlistment tests. These data cover only males.

For the *entrance of firms*, we extend the LISA data set with performance-related data from the Structural Business Statistics (FEK) database. The FEK database comprehensively covers all active firms with employees within Sweden’s jurisdiction, including data on sector, ownership status, productivity metrics (measured in terms of value added per employee), and total assets. This data is available for the years 1997 to 2017. The estimation sample consists of individuals observed in the LISA registers with non-missing key covariates. The resulting male main sample contains approximately 8.3 million individual-year observations for Swedish men aged 20–55 during 1999–2007.

2.2 Definitions

Our definition of an *entrepreneur*, whom we also call a *founder*, is that of Statistics Sweden, which is based on asset ownership and firm income. Statistics Sweden classifies an individual as an entrepreneur in year t if entrepreneurial activity is their main source of income in that year. An individual enters entrepreneurship in year t if they are classified as an entrepreneur in t but not in $t - 1$.

A new *firm*, characterized as sole proprietorship or limited liability company, is considered an *entrant* in year t if each establishment within this firm has not been registered before and each establishment has registered employees for the first time in year t . We classify an entrant as a persistent employer entrant if the firm still exists in year $t + 3$ and has at least five employees, including the founder. *Entry* and *persistent employer entry* are binary and our main dependent variables. The persistent employer definition combines survival with a minimum employment threshold and is therefore stricter than survival alone. We evaluate outcomes at $t + 3$ because a three-year horizon is long enough for most early exits to materialize, yet short enough to observe outcomes for all entry cohorts in our sample window. At the same time, it should not be interpreted as a direct measure of high growth or broader welfare value. A firm with five employees after three years is not necessarily a high-growth firm; rather, it is a surviving employer firm with employment beyond the founder. We therefore distinguish throughout the analysis between entry, persistent employer entry, and post-entry firm outcomes such as employment, assets, and labor productivity.

Additionally, we use *firm size* measured as the number of employees, including the firm’s founder, the firm’s *total assets*, and *labor productivity* as dependent variables. Labor productivity is measured as value added per employee. These additional post-entry firm outcomes are continuous variables.

We investigate the probability of becoming an entrepreneur in year t from employment status in year $t - 1$, as differentiated into 13 mutually exclusive segments:

1. people out of the labor force in year $t - 1$
2. people with at least one unemployment day in year $t - 1$

university education as long post-secondary education (level 6 and selected level-5 programs).

3. people working and never registering for unemployment in year $t - 1$, partitioned into deciles by current labor income. The decile boundaries are specified for all individuals with positive income from dependent employment living in Sweden from 1990 to 2017.
4. people who are entrepreneurs in year $t - 1$. We call them *serial entrepreneurs* if founding a firm in year t .

For entry regressions, the unit of observation is the individual-year. For analyses conditional on founding a firm, the unit of observation is the founder. If a team starts a firm, each founder is classified into a segment according to their prior labor-market status. Team-founded firms therefore appear once per founder in the founder-level analyses, so estimates could in principle overweight firms with several high-earning founders. Founding teams are, however, rare in our data: 4.8% of founders start their firm as part of a team, and the 9,881 persistent employer founders correspond to 8,197 distinct firms. We additionally cluster standard errors at the founded-firm level in the post-entry firm-outcome regressions, and we note the founder-level unit of observation as a limitation of those estimates.

It is well known that entering entrepreneurship and entrepreneurial outcomes are strongly related to individual characteristics and resource access. Therefore, we evaluate prior labor market status in the context of other characteristics for outcome determinants, namely

- *Age (squared)*: a continuous measure of the entrepreneur's age and age squared at firm birth.
- *Entrepreneurial Experience*: a binary measure specifying whether an individual previously has been categorized by Statistics Sweden as an entrepreneur involving a different firm (measured from 1990 onwards).
- *Management Experience*: a binary measure for previous managerial positions based on Swedish SSYK/ISCO codes (measured from 2001 onwards).
- *Entrepreneurial Parents*: a binary measure capturing whether at least one parent was previously categorized as an entrepreneur (measured from 1990 onwards).
- *(Non-)cognitive skills*: cohort-standardized scores of cognitive and non-cognitive skills from the Swedish military draft.
- *Net wealth*: a continuous measure of net wealth in SEK from the wealth register.
- *Risky share of assets*: a continuous measure of the risky share of financial assets. Risky assets are defined as financial assets minus cash and the risky share is set to zero for people with no risky assets or cash.

Standard errors are clustered at the individual level in the entry and persistent-employer-entry regressions, which are estimated on person-level observations. In the post-entry firm-outcome regressions, standard errors are clustered at the founded-firm level. We include year fixed effects to absorb common shocks across entry cohorts.

2.3 Sample descriptives

Table 1 Panel A contains descriptives at the firm level and Panels B and C at the individual level. Panel A reports firm entry and exit and the post-entry indicators used here: number of employees, total assets, and labor productivity.² More than 73,000 firms entered during the relevant period, with an average of 1.83 employees including the founder, almost 1.5 million SEK in total assets, and labor productivity of about 450,000 SEK per employee (Column 1). Later exitors entered with fewer employees and assets on average, but slightly higher labor productivity (Column 2). The surviving but non-persistent employer firms show a similar pattern (Column 3), with their outcomes improving by the third year (Column 4). In contrast, persistent employer firms started with 5.2 employees and more than doubled their employment within three years. Their initial assets were almost 2.5 times those of all entrants and rose to almost 6.0 million SEK. Their initial labor productivity was slightly below average, but by the third year it was 25% above the overall entrant average (Columns 5 and 6).

Panel B of Table 1 refers to the potential and actual entrepreneurs. The potential-founder sample consists of more than 8.257 million individual-year observations. In this sample, 87.5% of observations correspond to individuals who are neither entrepreneurs in $t - 1$ nor establish a firm in t , 11.5% to individuals who are already entrepreneurs, and 0.95% to founders. Among founder observations, 87.4% do not become persistent employer founders, while 12.6% do.

In the rows below we differentiate these cohorts by labor market status in the year before firm birth. We distinguish between the standard categories *Out of Labor Force*, *Unemployed*, *Dependent Employees* and *Entrepreneurs* (self-employed), but differentiate the dependent employees by decile of income received. Because the decile boundaries are defined over the pooled 1990–2017 income distribution, the deciles contain different numbers of observations in our sample, and the founder shares should be read relative to the share of all observations in the same decile. Read this way, founders are drawn disproportionately from the lower deciles: relative to decile size, the share of founders broadly declines with income through the ninth decile and ticks up slightly in the top decile. Among founders, however, the proportion who become persistent employer founders rises monotonically with prior income, from 3.4% in the bottom decile to 20.7% in the top decile. Notably, the share of observations accounted for by persistent employer founders from the top income decile even exceeds the corresponding share among incumbent entrepreneurs.

Panel C summarizes individual characteristics commonly associated with entrepreneurship. Compared with the full potential-founder sample, persistent employer founders are younger, have substantially more entrepreneurial and managerial experience, are slightly more likely to have entrepreneurial parents, and have higher cognitive and especially non-cognitive skill scores. They also have slightly lower net wealth and a slightly smaller risky-asset share.

Among the descriptives in between the two extreme columns, notice that the proportion of founders exhibiting entrepreneurial experience is modest, but among founders of persistent employer firms it is more than twice as high as among founders overall. Net wealth at $t - 1$, i.e., one year before the firm is founded, is highest among incumbent entrepreneurs. Founders hold a slightly lower share of risky financial assets than the sample average; we do not interpret this as a measure of risk attitudes, since founders also bear substantial undiversified risk through the ownership of their firms. Finally, founding

²Means on total assets and labor productivity are reported for all firms for which information was available; missing information is concentrated among small firms.

teams are rare: 4.8% of founders start their firm as part of a team, and 6.3% of persistent employer founders do.

3 Analysis

3.1 Prior labor market status and entrepreneurship

Following and extending the last column of Table 1, Figure 1 uses entering firms, rather than individuals, as the unit of observation to show that prior labor market status of new entrepreneurs is a strong correlate of subsequent firm outcomes. Panel A gives the persistent-employer-entry rate, Panel B firm size, Panel C assets and Panel D labor productivity per labor market status of potential entrepreneurs.

Panel A shows that the probability of creating a surviving employer firm increases sharply with prior earnings of its founder. Entrants from the upper part of the prior earnings distribution are more likely to satisfy our survival-and-employment threshold than entrants from the lower part of the distribution. This pattern is also reflected in the ensuing Panels B, C and D, by the association with the other firm outcomes. Firms started by entrepreneurs from higher income deciles are larger at the outset regarding employment and assets (Panels B and C). The monotonic increase by income decile is reinforced in the top cohort deciles. Even within the top decile it is the upper tail of the firm-size distribution that moves the average. No matter how we slice the data within this decile, the firm size distribution is heavily skewed even within narrow groups.

Across all prior employment status categories, Panel B reflects a small increase in mean employment by decile in the founding year from slightly above one to two, and a rather strong monotonic relative and absolute increase from t to $t+3$. The growth in the mean volume of assets in the three year period is monotonic. Turning to Panel D, the mean productivity of firms by unit labor employed is not increasing quite as strongly, but almost monotonically. And the median is close to the mean, implying that the distributions per cohort and their moves across time are not as strongly moved by the top decile.

The picture is not much distorted by founders of surviving employer entrants from out of the labor force and the unemployed. Serial entrepreneurship is associated with persistent employer entry (the last category in Panel A), but that advantage does not carry over consistently to firm size and growth, assets, or labor productivity.

3.2 Accounting for other characteristics

We next investigate the additional associations of the individual characteristics exhibited in Panel C in Table 1, controlling for the cohorts indicating labor market status. Table 2 reports OLS regressions for entry and persistent employer entry. Columns 1–3 examine entry into entrepreneurship, while Columns 4–6 examine persistent employer entry conditional on founding a firm. The omitted prior labor-market-status category is the 40–50% income decile. In the fully controlled entry specification, individuals in the top income decile are 0.67 percentage points less likely to enter entrepreneurship, while individuals in the bottom income decile are 1.45 percentage points more likely to enter. In the fully controlled persistent-employer-entry specification, founders from the top income decile are 14.2 percentage points more likely than the reference group to create a persistent employer firm, while founders from the bottom income decile are 3.67 percentage points less likely to do so. A direct linear-combination test

rejects equality between the top- and bottom-income-decile coefficients in the persistent-employer-entry specification. Adding individual characteristics changes this pattern only modestly. Thus, prior earnings remain strongly associated with both entry *per se* and persistent employer entry after accounting for observable founder characteristics.

In Figure 2, we display this pattern graphically. Panel A displays coefficients corresponding to Table 2 Columns 1 and 3. Panel B corresponds to Columns 4 and 6. Panels C–E report analogous coefficient plots for number of employees, total assets, and labor productivity. Relative to the reference category, entry coefficients are positive for individuals from out of the labor force, the unemployed, and the lower part of the prior earnings distribution. They are negative for individuals from the upper part of the prior earnings distribution and for serial entrepreneurs. Panels C–E show results for our other entrepreneurship outcomes measured by number of employees, total assets, and labor productivity. The pattern remains the same.

The individual characteristics included in Table 2, such as age, ability, wealth, risky asset holdings, managerial experience, and entrepreneurial experience, are themselves related to both prior earnings and entrepreneurial outcomes. The relevant question is therefore whether the prior-earnings gradient mainly reflects these observed characteristics.

3.3 What do prior earnings capture?

The estimates suggest that the contribution of the Individual Characteristics assembled in Table 1 Panel C is marginal when the income deciles are included in the regression. Two patterns in Table 2 support this conclusion.

First, the gradients are strengthened only slightly when all characteristics enter simultaneously. Moving from the specification without individual controls to the fully controlled specification, the top-decile coefficient for persistent employer entry rises from 13.0 to 14.2 percentage points, and the top-versus-bottom difference rises from 17.2 to 17.8 percentage points. The entry gradient likewise strengthens slightly, with the top-decile coefficient moving from -0.52 to -0.67 percentage points. This stability is visible in Figure 2, where the coefficient series with and without controls nearly coincide in every panel.

Second, prior labor-market status carries most of the joint explanatory power. Status alone explains 4.6% of the variation in persistent employer entry (Column 4), all nine individual characteristics together explain 1.1% (Column 5), and the combined specification explains 5.4% (Column 6). Prior status thus explains roughly four times as much of this variation as all measured founder characteristics combined, and the characteristics add less than one percentage point of explained variation on top of status. The corresponding comparison for entry is similar (0.34% versus 0.06%).

We read these patterns as indicating that prior earnings operate as a market-priced summary of the founder’s pre-entry position. Ability, experience, and other traits, including components our registers do not measure such as networks or match quality, are aggregated into a single price, and that price is more informative about subsequent employer formation than the underlying measured components taken together. In passing, that the likelihood of entering decreases in income deciles reflects increasing opportunity costs of leaving dependent employment.

We caution though that this is a statement about information, not about mechanism or causality: the results do not identify which channel generates the association, and they do not imply that raising

a person's earnings would change their entrepreneurial outcomes. Moreover, two qualifications apply. First, prior labor-market status enters the regressions non-parametrically through the thirteen categories, whereas the individual controls enter parametrically; more flexible specifications of wealth, age, and skills could absorb additional variation, so the comparison should not be read as a horse race between fully flexible alternatives. Second, even the full specification leaves about 95% of the variation in persistent employer entry unexplained. The gradients we document describe systematic differences across observable groups, not a claim that individual entrepreneurial outcomes are predictable.

4 Additional analyses

Tables 3–5 report three robustness analyses using alternative definitions, samples, or controls. The results do not change the descriptive interpretation of the main estimates.

4.1 Alternative outcome

Our main definition of persistent employer entry requires the firm to survive until $t + 3$ and by then have at least five employees. This definition captures persistent employer entrepreneurship, but it may be demanding for sole proprietorships. Since our sample includes both sole proprietors and limited liability companies, a five-employee threshold may mechanically place greater weight on firms whose legal form and business model make early employment growth more likely. We therefore examine whether the main pattern is robust to a less restrictive outcome definition.

In Table 3 we repeat the persistent employer-entry regressions using an alternative outcome measure that requires survival until $t + 3$ and at least two employees at $t + 3$. This lower threshold substantially broadens the outcome: the mean of the dependent variable increases from 12.6 percent in the main specification to 28.6 percent. The alternative measure therefore captures a wider set of surviving employer firms, including firms with modest employment beyond the founder.

The results are consistent with the main analysis. Relative to founders from the 40–50% income decile, founders from the lower part of the prior earnings distribution remain less likely to create a surviving employer firm, while founders from the upper part remain more likely to do so. In the specification with the full set of individual controls, founders from the bottom income decile are 10.0 percentage points less likely than the 40–50% reference group to satisfy the alternative persistent-employer-entry definition, whereas founders from the top income decile are 17.5 percentage points more likely to do so.

The main conclusion is therefore not driven by the five-employee cutoff: prior labor-market status is correlated with both the stricter main measure and a broader measure that includes smaller surviving employer firms.

4.2 Adding women

In our main analysis we exclude women because the cognitive and non-cognitive skill measures are observed only for men in the military-draft data. This restriction allows us to control for ability measures that are central in prior work on entrepreneurship, but it also limits the scope of the main estimates. We therefore examine whether the relationship between prior labor-market status and entrepreneurial outcomes is similar when women are included. Since the draft-test measures are not available for women, we replace cognitive and non-cognitive skills with an indicator for university education.

Table 4 reports pooled regressions that include both men and women. The table includes a female indicator and interactions between the female indicator and each prior labor-market-status category. The uninteracted prior-status coefficients therefore describe the pattern for males, while the interaction terms show how the corresponding association differs for women.

The entry results remain similar to the main analysis. Individuals from the lower part of the prior earnings distribution are more likely to enter entrepreneurship than individuals in the 40–50% reference category, whereas individuals from the upper part are less likely to enter. The female indicator is negative, indicating that women have a lower baseline probability of entry. However, the female interaction terms in the entry regressions are small relative to the main prior-status gradient. The entry pattern by prior earnings therefore remains broadly similar when women are included.

The persistent employer-entry results remain in the same direction, but the gradient is weaker for women. In the fully controlled specification, the top-versus-bottom difference is 17.2 percentage points for males and 9.3 percentage points for females. Thus, the qualitative pattern extends beyond the male-only estimation sample, while the association is attenuated among women.

4.3 Prior employment function

Prior earnings are a coarse summary of labor-market position. They may partly capture the type of work individuals performed before founding a firm, rather than only their outside option. To examine this possibility, we use the SSYK occupation codes in LISA to construct a measure of prior employment function. We classify the individual's last observed pre-entry occupation into six broad functions: general management, finance/administration, HR/organization, sales/marketing/PR, operations/logistics, and technical/IT/R&D. Occupations that do not map clearly into these categories form the omitted residual group. Because occupation codes are not observed for all individuals, this analysis is estimated on the subsample with non-missing prior occupation.

Table 5 reports entry and persistent-employer-entry regressions for the subsample with observed prior occupations. Occupational background is associated with both outcomes, but including it leaves the central prior-earnings pattern intact.

The central prior-labor-market-status pattern is robust to including prior employment function. In the fully controlled specification, individuals from the bottom income decile are 2.30 percentage points more likely than the 40–50% reference group to enter entrepreneurship, while individuals from the top income decile are 0.71 percentage points less likely to enter. Conditional on entry, the signs reverse: founders from the bottom income decile are 2.75 percentage points less likely than the reference group to create a persistent employer firm, while founders from the top income decile are 12.5 percentage points more likely to do so.

The occupational controls change the sample because SSYK occupation is not available for all individuals, but the qualitative pattern remains the same as in the main analysis. Occupational function is, however, not the same as industry experience. Whether founders start firms in the industry of their prior employment—a well-established correlate of entrepreneurial performance in the management literature—is not modeled here, and industry-specific experience remains a candidate explanation for part of the prior-earnings gradient.

5 Concluding summary

By combining Swedish individual- and firm-level registry data, we show that prior labor-market status is strongly associated with both entry into entrepreneurship and early post-entry firm outcomes. Individuals from the lower part of the prior earnings distribution are more likely to enter entrepreneurship. Conditional on entry, however, founders from the upper part of the prior earnings distribution are more likely to create firms that survive until year $t + 3$ and employ at least five workers. Their firms also have more employees, more assets, and higher labor productivity in the first years after entry.

These gradients are not accounted for by the founder characteristics that leading theories of entrepreneurship emphasize. Conditioning simultaneously on age, net wealth, risky asset holdings, cognitive and non-cognitive skills, managerial experience, prior entrepreneurial experience, and parental entrepreneurship leaves the earnings gradients essentially unchanged, and prior labor-market status explains roughly four times as much of the variation in persistent employer entry as all of these characteristics combined. This suggests that prior earnings provide a compact, market-valued summary of founder heterogeneity that is not absorbed by the characteristics measured in our data.

The findings have implications for entrepreneurship research. The results do not establish why the associations arise, whether the relationships are causal, or whether any group should receive preferential support. What they do establish is a narrowing of candidate explanations: the prior-earnings gradient in employer formation is not a restatement of measured wealth, risk-taking, test-score ability, experience, or parental background, and is better understood as a market-priced summary of the founder's pre-entry position that includes components these measures miss. More broadly, the paper shows that conclusions about entrepreneurial selection depend on the outcome used to define entrepreneurship: entry alone and persistent employer formation select differently, and prior earnings (observable before entry in any administrative registry) separate the two margins.

References

- Åstebro, T., Chen, J., & Thompson, P. (2011). Stars and misfits: Self-employment and labor market frictions. *Management Science*, 57(11), 1999–2017. <https://doi.org/10.1287/mnsc.1110.1400>
- Åstebro, T., & Tåg, J. (2017). Gross, net, and new job creation by entrepreneurs. *Journal of Business Venturing Insights*, 8, 64–70. <https://doi.org/10.1016/j.jbvi.2017.06.001>
- Choi, J. (2018). *Entrepreneurial risk-taking, young firm dynamics, and aggregate implications*. Society for Economic Dynamics, 2018 Meeting Paper 1018.
- Decker, R. A., Haltiwanger, J., Jarmin, R. S., & Miranda, J. (2016). Where has all the skewness gone? The decline in high-growth (young) firms in the US. *European Economic Review*, 86, 4–23. <https://doi.org/10.1016/j.euroecorev.2015.12.013>
- Fairlie, R. W., & Fossen, F. M. (2020). Defining opportunity versus necessity entrepreneurship: Two components of business creation. In S. W. Polachek & K. Tatsiramos (Eds.), *Change at home, in the labor market, and on the job* (Research in Labor Economics, Vol. 48, pp. 253–289). Emerald Publishing. <https://doi.org/10.1108/S0147-912120200000048008>
- Fairlie, R. W., & Miranda, J. (2017). Taking the leap: The determinants of entrepreneurs hiring their first employee. *Journal of Economics & Management Strategy*, 26(1), 3–34. <https://doi.org/10.1111/jems.12176>
- Gendron-Carrier, N. (2025). Prior work experience and entrepreneurship: The careers of young entrepreneurs. *Journal of Labor Economics*. Advance online publication. <https://doi.org/10.1086/734527>
- Guzman, J., & Stern, S. (2020). The state of American entrepreneurship: New estimates of the quantity and quality of entrepreneurship for 32 US states, 1988–2014. *American Economic Journal: Economic Policy*, 12(4), 212–243. <https://doi.org/10.1257/pol.20170498>
- Harju, J., Juuti, T., & Matikka, T. (2025). Selection into entrepreneurship, income mobility and firm performance. *Journal of Labor Economics*. Advance online publication. <https://doi.org/10.1086/740193>
- Hurst, E., & Pugsley, B. W. (2011). What do small businesses do? *Brookings Papers on Economic Activity*, 2011(2), 73–142. <https://doi.org/10.1353/eca.2011.0017>
- Levine, R., & Rubinstein, Y. (2017). Smart and illicit: Who becomes an entrepreneur and do they earn more? *The Quarterly Journal of Economics*, 132(2), 963–1018. <https://doi.org/10.1093/qje/qjw044>

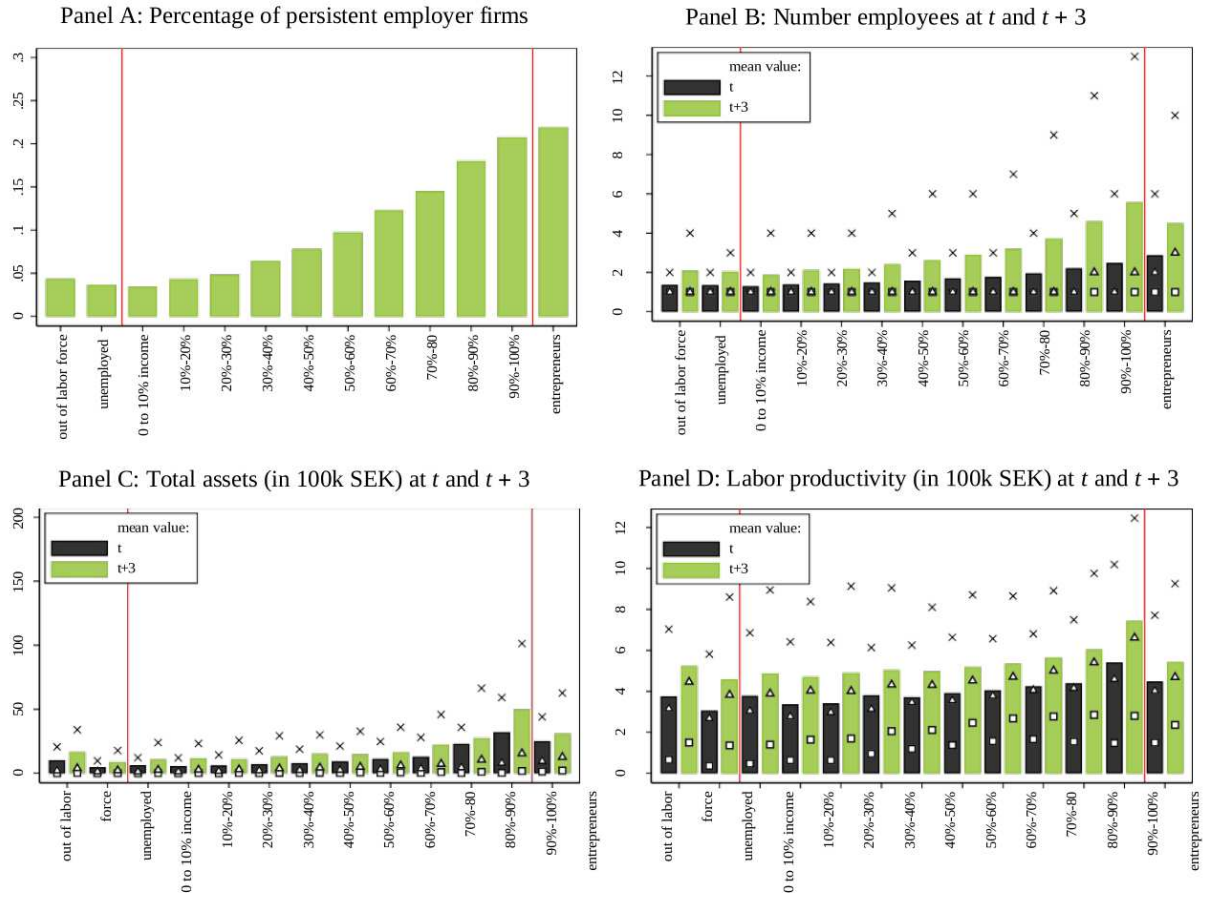


Figure 1: Entrants by previous labor market status

This figure displays entering firms by previous labor market status of the founder. In Panels B-D, the black bars provide the means at t , while the green bars provide means at $t+3$. Squares ($\square$) provide values at the 10th percentile, triangles ($\triangle$) at the 50th percentile, and crosses ($\times$) at the 90th percentile of the cohort's distribution.

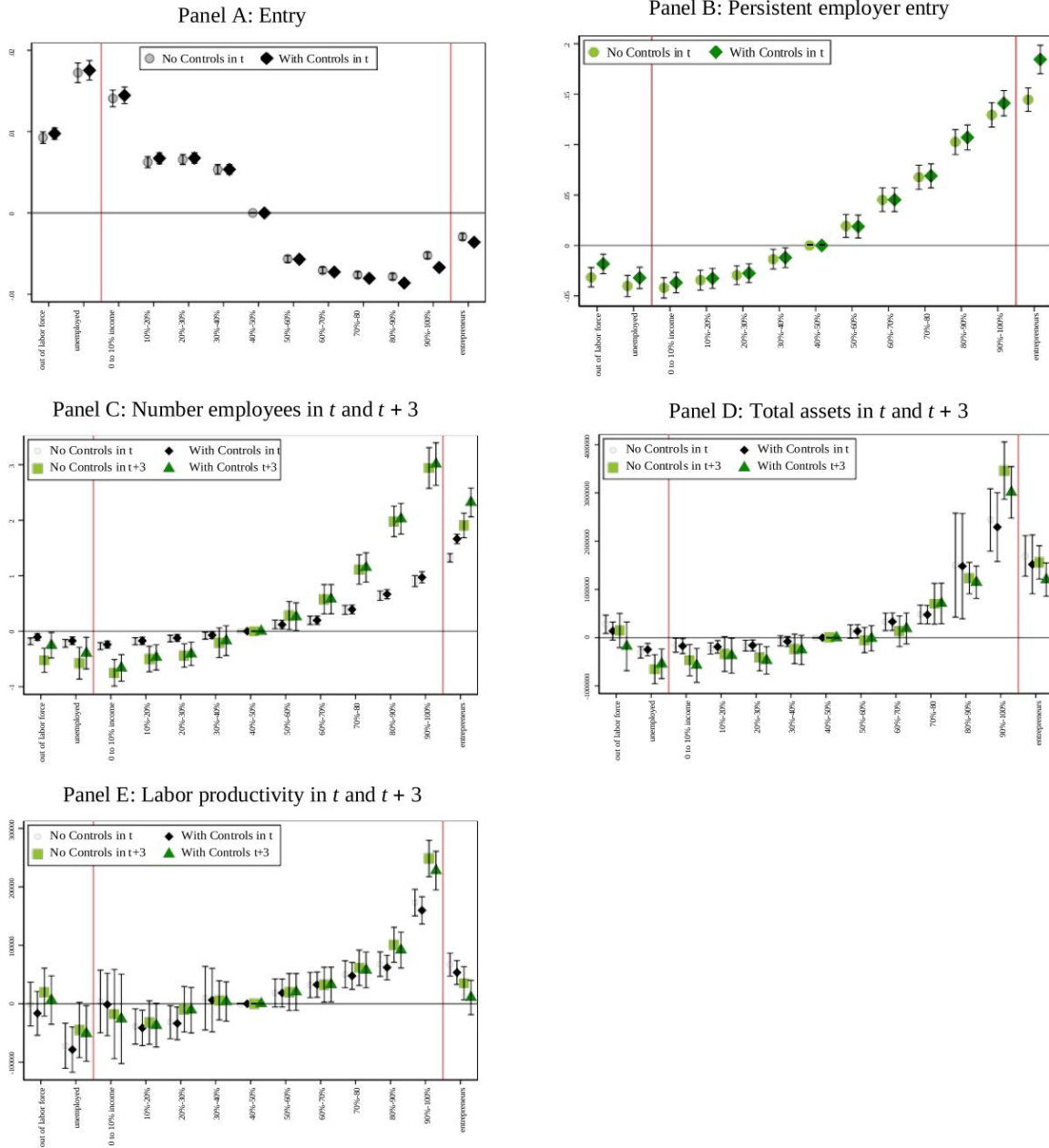


Figure 2: Prior labor-market status and entrepreneurial outcomes

This figure displays regression coefficient plots for various entrepreneurship outcomes. Panel A displays coefficients corresponding to Table 2 Columns 1 and 3. Panel B corresponds to Columns 4 and 6. Panels C–E use number of employees, total assets, and labor productivity as outcomes; otherwise, the specifications are identical to those in Table 2 Columns 3 and 6. For post-entry firm-outcome regressions, standard errors are clustered at the founded-firm level.

Table 1: Characteristics of entering firms and potential entrepreneurs

This table provides descriptives on our sample. Panel A describes characteristics of entering (new) firms. The columns reporting status at $t + 3$ are based on firms with non-missing information at $t + 3$; the shares of exitors, surviving non-persistent firms at $t + 3$, and persistent employer firms therefore do not sum to 100% of entrants. Panel B describes the prior labor market status of the entire individual level sample. Non-founders are all individuals that are not entrepreneurs in $t - 1$ nor become entrepreneurs in t , whereas the entrepreneurs are all entrepreneurs in $t - 1$ that do not become entrepreneurs in t with a new venture, and founders are all individuals that become entrepreneurs in t . Panel C describes the key characteristics of the individuals in our sample.

Panel A: Entering Firms	Entrants At t	Exitors Before $t+3$	Surviving but Not Persistent Employer Status at t	Surviving but Not Persistent Employer Status at $t+3$	Surviving and Persistent employer Status at t	Surviving and Persistent employer Status at $t+3$
Number Employees/Firm	1.83 (2.05)	1.39 (1.35)	1.4 (1.15)	1.52 (.882)	5.18 (3.77)	11.3 (12.6)
Total Assets (100,000 SEK)	73265 (181)	20475 (330)	65068 (185)	37415 (89.2)	8197 (152)	8197 (134)
Labor Productivity (100,000 SEK)	65571 (4.71)	17009 (5.18)	57755 (4.92)	35759 (4.98)	7816 (4.18)	8079 (3.61)
	4.46 (23270)	4.57 (2909)	4.59 (16200)	5.98 (14999)	4.17 (7070)	5.55 (8014)
Number of Firms	73265	20475	65068	37415	8197	8197
Share of Observations	100	27.9	88.8	51.1	11.2	11.2

Panel B: Potential Entrepreneurs	All	Non-Founders	Entrepreneurs	Founders	Not Persistent Employer Founders	Persistent Employer Founders
Number Potential Founders	8257070	7226054	952619	78397	68516	9881
Share of Observations	100	87.5	11.5	.949	.83	.12
Labor Market Status						
Out of Labor Force	.0287 (.167)	.028 (.165)	-	.000645 (.0254)	.000617 (.0248)	.000028 (.00529)
Unemployed	.0105 (.102)	.0102 (.1)	-	.000319 (.0179)	.000308 (.0175)	.0000116 (.00341)
0 to 10% Income	.0135 (.116)	.0132 (.114)	-	.000367 (.0192)	.000354 (.0188)	.0000126 (.00355)
10%-20%	.0269 (.162)	.0264 (.16)	-	.000517 (.0227)	.000494 (.0222)	.0000223 (.00472)
20%-30%	.0337 (.18)	.033 (.179)	-	.000662 (.0257)	.00063 (.0251)	.000032 (.00565)
30%-40%	.0377 (.19)	.037 (.189)	-	.000697 (.0264)	.000652 (.0255)	.0000447 (.00668)
40%-50%	.0459 (.209)	.0453 (.208)	-	.000605 (.0246)	.000557 (.0236)	.0000471 (.00686)
50%-60%	.0762 (.265)	.0756 (.264)	-	.000573 (.0239)	.000517 (.0227)	.0000557 (.00746)
60%-70%	.112 (.316)	.112 (.315)	-	.00069 (.0263)	.000605 (.0246)	.0000847 (.0092)
70%-80%	.14 (.347)	.139 (.346)	-	.000781 (.0279)	.000667 (.0258)	.000113 (.0106)
80%-90%	.163 (.37)	.163 (.369)	-	.00088 (.0297)	.000722 (.0269)	.000158 (.0126)
90%-100%	.195 (.396)	.193 (.395)	-	.00156 (.0394)	.00123 (.0351)	.000323 (.018)
Entrepreneurs	.117 (.321)	-	.115 (.319)	.0012 (.0347)	.000939 (.0306)	.000264 (.0162)

Panel C: Individual Characteristics						
Age	38.4 (8.18)	38.1 (8.22)	41.2 (7.29)	37.2 (7.69)	37.3 (7.76)	36.3 (7.07)
Entrepreneurial Experience	.00357 (.0596)	0 (0)	.0305 (.172)	.00458 (.0675)	.00375 (.0611)	.0103 (.101)
Management Experience	.0468 (.211)	.05 (.218)	.0232 (.15)	.0436 (.204)	.0402 (.196)	.0673 (.251)
Entrepreneurial Parents	.0881 (.283)	.0878 (.283)	.0901 (.286)	.0876 (.283)	.0872 (.282)	.0902 (.286)
Cognitive Skills	.119 (.971)	.122 (.976)	.0845 (.936)	.171 (.959)	.167 (.961)	.198 (.941)
Non-Cognitive Skills	.114 (.956)	.106 (.958)	.173 (.939)	.186 (.978)	.169 (.983)	.305 (.937)
Net Wealth	561837 (4390443)	474761 (4102049)	1212736 (6190056)	678653 (2791891)	702544 (2841031)	512990 (2417542)
Share of Risky Assets	.599 (.404)	.607 (.403)	.542 (.405)	.565 (.417)	.563 (.418)	.575 (.408)
Part of Founding Team	.046 (.209)	0 (0)	.395 (.489)	.048 (.214)	.0459 (.209)	.0627 (.243)

Table 2: Entry and persistent employer entry by prior labor-market status

This table reports OLS regressions explaining entry (Columns 1–3) and persistent employer entry conditional on entry (Columns 4–6). Persistent employer entry corresponds to the firm surviving until $t + 3$ and having at least five employees. The omitted prior labor-market-status category is the 40–50% income decile. Standard errors, clustered at the individual level, are reported in parentheses. The final rows report direct linear-combination tests comparing the top and bottom income deciles within each specification.

	Entry		Persistent employer entry			
	(1)	(2)	(3)	(4)	(5)	(6)
Prior Labor Market Status						
Out of labor force	.00928 (.000361)		.00976 (.000361)	-.0315 (.00477)		-.0182 (.00481)
Unemployed	.0172 (.000613)		.0175 (.000613)	-.0402 (.00529)		-.0321 (.00532)
0 to 10% income	.0141 (.000521)		.0145 (.000522)	-.042 (.00504)		-.0367 (.00507)
10%-20%	.00625 (.000346)		.00672 (.000351)	-.0343 (.00491)		-.0325 (.00494)
20%-30%	.00658 (.000323)		.00676 (.000323)	-.0294 (.00478)		-.0275 (.00478)
30%-40%	.00534 (.000305)		.00535 (.000305)	-.0135 (.00499)		-.012 (.00498)
40%-50%	Reference category		Reference category	Reference category		Reference category
50%-60%	-.00566 (.000215)		-.0057 (.000216)	.0194 (.00574)		.0188 (.00573)
60%-70%	-.00705 (.000203)		-.00727 (.000203)	.0453 (.00577)		.0454 (.00576)
70%-80%	-.00762 (.000198)		-.00804 (.0002)	.0677 (.0058)		.0692 (.00579)
80%-90%	-.00783 (.000196)		-.00862 (.000199)	.103 (.00589)		.107 (.0059)
90%-100%	-.00523 (.000199)		-.00671 (.000209)	.13 (.00521)		.142 (.00539)
Entrepreneurs	-.00293 (.000212)		-.0036 (.000218)	.145 (.00563)		.154 (.0057)
Individual Characteristics						
Cognitive Skills		.0003 (.0000379)	.000487 (.0000392)		-.00161 (.00129)	-.00999 (.00129)
Non-Cognitive Skills		.000638 (.0000398)	.00119 (.0000407)		.0154 (.00125)	.00795 (.00123)
Age		.000727 (.0000371)	.00191 (.0000401)		.0148 (.00137)	.00468 (.00135)
Age squared		-.0000121 (4.75e-07)	-.0000261 (5.08e-07)		-.00022 (.0000177)	-.000106 (.0000175)
Entrepreneurial Experience		.00253 (.000647)	.00149 (.000655)		.169 (.0237)	.0696 (.024)
Entrepreneurial Parents		-.0000972 (.000121)	-.000102 (.00012)		.00466 (.00421)	.00624 (.00412)
Management Experience		-.000732 (.00016)	.000793 (.000166)		.0814 (.00698)	.0435 (.007)
Net Wealth		7.68e-11 (2.93e-11)	6.94e-11 (2.71e-11)		-2.11e-09 (5.35e-10)	-2.57e-09 (6.03e-10)
Share of Risky Assets		-.00223 (.0000903)	-.00245 (.0000905)		.00875 (.0029)	.0115 (.00284)
Constant	.0121 (.000211)	.000543 (.000702)	-.0191 (.000773)	.112 (.00542)	-.0878 (.0258)	.0695 (.0258)
Year FE	Yes	Yes	Yes	Yes	Yes	Yes
Observations	8257070	8257070	8257070	78397	78397	78397
LHS mean	.00949	.00949	.00949	.126	.126	.126
R ²	.00338	.00062	.00406	.0456	.0114	.0541
Top 10% - bottom 10%	-.0193 (.000493)		-.0212 (.000499)	.172 (.00487)		.178 (.00506)
p-value	<.001		<.001	<.001		<.001

Table 3: Persistent employer entry with at least two employees

This table reports OLS regressions explaining persistent employer entry conditional on entry. Persistent employer entry is defined as the firm surviving until $t + 3$ and having at least two employees at $t + 3$. The omitted prior labor-market-status category is the 40–50% income decile. Standard errors, clustered at the individual level, are reported in parentheses. All columns include year fixed effects.

	Persistent employer entry		
	(1)	(2)	(3)
Prior Labor Market Status			
Out of labor force	-.0819 (.00758)		-.0636 (.00760)
Unemployed	-.103 (.00860)		-.0926 (.00861)
0 to 10% income	-.111 (.00815)		-.100 (.00816)
10%-20%	-.0908 (.00782)		-.0843 (.00782)
20%-30%	-.0816 (.00751)		-.0773 (.00749)
30%-40%	-.0273 (.00785)		-.0249 (.00783)
40%-50%	Reference category		Reference category
50%-60%	.0267 (.00860)		.0253 (.00856)
60%-70%	.0701 (.00841)		.0691 (.00837)
70%-80%	.108 (.00828)		.110 (.00826)
80%-90%	.124 (.00809)		.133 (.00809)
90%-100%	.150 (.00725)		.175 (.00743)
Entrepreneurs	.320 (.00771)		.335 (.00776)
Individual Characteristics			
Cognitive Skills		-.0141 (.00175)	-.0228 (.00171)
Non-Cognitive Skills		.0218 (.00171)	.0101 (.00165)
Age		.0318 (.00189)	.0152 (.00184)
Age squared		-.000438 (.0000246)	-.000249 (.0000240)
Entrepreneurial Experience		.278 (.0264)	.0212 (.0269)
Entrepreneurial Parents		.00176 (.00564)	.00483 (.00543)
Management Experience		.0642 (.00828)	.0221 (.00828)
Net Wealth		-2.79e-09 (9.85e-10)	-3.80e-09 (1.19e-09)
Share of Risky Assets		.0125 (.00397)	.0189 (.00380)
Constant	.263 (.00757)	-.243 (.0354)	.0331 (.0349)
Year FE	Yes	Yes	Yes
Observations	78397	78397	78397
LHS mean	.286	.286	.286
Adjusted R^2	.0854	.0107	.0938

Table 4: Including women

This table reports OLS regressions explaining entry into entrepreneurship and persistent employer entry. Persistent employer entry is defined as entry into a firm that survives until $t+3$ and has at least five employees at $t+3$. The sample includes both men and women. Because cognitive and non-cognitive skill measures are only observed for males in the military-draft data, Columns 2 and 4 replace these measures with an indicator for university education. Standard errors, clustered at the individual level, are reported in parentheses. All columns include year fixed effects. Individual controls are included where indicated but omitted from the table.

	Entry		Persistent employer entry	
	(1)	(2)	(3)	(4)
Female	-.00829 (.000137)	-.00895 (.000138)	-.0164 (.00504)	-.00807 (.00504)
Out of labor force	.006 (.000223)	.00613 (.000224)	-.0383 (.00387)	-.0293 (.00388)
Unemployed	.016 (.000413)	.016 (.000412)	-.0404 (.00434)	-.0344 (.00434)
0 to 10% income	.01 (.000313)	.0113 (.000313)	-.0479 (.00406)	-.0459 (.00406)
10%-20%	.00349 (.000209)	.00522 (.000212)	-.0341 (.00404)	-.035 (.00405)
20%-30%	.00433 (.000207)	.00532 (.000208)	-.0253 (.00405)	-.025 (.00405)
30%-40%	.00409 (.000207)	.00452 (.000207)	-.0133 (.00422)	-.0126 (.00421)
40%-50%	Reference category	Reference category	Reference category	Reference category
50%-60%	-.00406 (.000156)	-.00448 (.000157)	.0177 (.00492)	.017 (.00491)
60%-70%	-.00525 (.000146)	-.00594 (.000147)	.0393 (.00496)	.0395 (.00495)
70%-80%	-.00566 (.000143)	-.00652 (.000144)	.0586 (.00499)	.0599 (.00498)
80%-90%	-.00578 (.000141)	-.00682 (.000143)	.0967 (.00513)	.101 (.00512)
90%-100%	-.00325 (.000144)	-.00459 (.000148)	.114 (.00449)	.126 (.00456)
Entrepreneurs	-.000793 (.000156)	-.00177 (.000159)	.135 (.00478)	.142 (.00481)
Female $\times$ out of labor force	.00163 (.000259)	.00202 (.00026)	-.00254 (.0057)	-.0098 (.00571)
Female $\times$ unemployed	-.00129 (.000506)	-.00131 (.000506)	-.000484 (.00633)	-.00912 (.00634)
Female $\times$ 0 to 10% income	-.000494 (.000353)	-.000977 (.000353)	.00236 (.00587)	-.00318 (.00588)
Female $\times$ 10%-20%	.00112 (.00023)	.000806 (.00023)	-.00456 (.00589)	-.00856 (.0059)
Female $\times$ 20%-30%	-.000481 (.000224)	-.000699 (.000224)	-.00414 (.00597)	-.00919 (.00597)
Female $\times$ 30%-40%	-.00215 (.000219)	-.00236 (.000219)	-.00581 (.00627)	-.00832 (.00627)
Female $\times$ 50%-60%	.00327 (.000167)	.00365 (.000167)	-.00143 (.00822)	.000245 (.00821)
Female $\times$ 60%-70%	.00443 (.000158)	.00499 (.000159)	-.0243 (.0086)	-.0213 (.00859)
Female $\times$ 70%-80%	.0051 (.000157)	.00578 (.000158)	-.0186 (.00927)	-.0157 (.00926)
Female $\times$ 80%-90%	.00591 (.00016)	.00667 (.000161)	-.0615 (.009)	-.0585 (.00898)
Female $\times$ 90%-100%	.00573 (.000176)	.00637 (.000177)	-.0799 (.00792)	-.082 (.00789)
Female $\times$ Entrepreneurs	.0115 (.000228)	.0122 (.000228)	-.0987 (.00711)	-.0996 (.0071)
Constant	.0102 (.00014)	-.0201 (.000301)	.0999 (.00402)	.0126 (.0114)
Individual Characteristics	No	Yes	No	Yes
Year FE	Yes	Yes	Yes	Yes
Observations	24082756	24082756	175496	175496
LHS mean	.00729	.00729	.0946	.0946
Adjusted R^2	.00321	.00387	.0498	.0562

Table 5: Prior employment function

This table reports OLS regressions explaining entry into entrepreneurship and persistent employer entry. Persistent employer entry is defined as entry into a firm that survives until $t+3$ and has at least five employees at $t+3$. The sample is restricted to individuals for whom prior occupation is observed in LISA. Prior employment functions are constructed from the individual's last observed pre-entry SSYK occupation code. The omitted prior labor-market-status category is the 40–50% income decile. The omitted prior employment-function category is other occupations. Standard errors, clustered at the individual level, are reported in parentheses.

	Entry			Persistent employer entry		
	(1)	(2)	(3)	(4)	(5)	(6)
Prior Labor Market Status						
Out of labor force	.0213 (.00098)		.0215 (.00098)	-.0247 (.00781)		-.0131 (.00783)
Unemployed	.0285 (.00145)		.0288 (.00145)	-.0382 (.00821)		-.0308 (.00823)
0 to 10% income	.0228 (.00109)		.023 (.00108)	-.0332 (.00761)		-.0275 (.00764)
10%-20%	.0127 (.000634)		.0127 (.000636)	-.0314 (.00671)		-.0276 (.00671)
20%-30%	.00793 (.000459)		.00798 (.000459)	-.0278 (.00625)		-.0249 (.00625)
30%-40%	.00578 (.000404)		.00575 (.000404)	-.00880 (.00649)		-.00713 (.00647)
40%-50%	Reference category -.00559 (.000275)		Reference category -.00550 (.000275)	Reference category .0172 (.00726)		Reference category .0162 (.00725)
50%-60%	-.00663 (.000261)		-.00663 (.000262)	.0429 (.00728)		.0421 (.00726)
60%-70%	-.00719 (.000256)		-.00726 (.000258)	.0631 (.00734)		.0647 (.00733)
70%-80%	-.00791 (.000254)		-.00811 (.000257)	.0989 (.0076)		.104 (.00762)
80%-90%	-.00671 (.000261)		-.00708 (.000272)	.111 (.00702)		.125 (.00715)
90%-100%	-.00418 (.000285)		-.00435 (.000292)	.129 (.00766)		.136 (.00773)
Entrepreneurs						
Prior Employment Function						
General management	.00473 (.000272)	.00477 (.000256)	.0047 (.000273)	.00969 (.00766)	.066 (.00749)	.0263 (.00775)
Finance/admin	.00185 (.000329)	.000457 (.000336)	.00149 (.000337)	-.0532 (.0112)	-.0157 (.0114)	-.0444 (.0115)
HR/organization	.0106 (.000737)	.00935 (.000741)	.0101 (.000738)	-.0148 (.0143)	.0272 (.0145)	-.00652 (.0143)
Sales/marketing/PR	.00737 (.000486)	.00611 (.000504)	.00671 (.000504)	.0212 (.0127)	.0435 (.0132)	.0156 (.0131)
Operations/logistics	.00095 (.000279)	.000257 (.000356)	.00105 (.000355)	.104 (.0163)	.114 (.0178)	.0901 (.0177)
Technical/IT/R&D	.00442 (.000195)	.00219 (.000194)	.00367 (.000198)	.0195 (.00652)	.0622 (.00648)	.022 (.0066)
Constant	.0113 (.000274)	.00706 (.00118)	-.00671 (.00122)	.083 (.00745)	-.0241 (.0416)	.0765 (.0415)
Individual Characteristics	No	Yes	Yes	No	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes	Yes
Observations	4496982	4496982	4496982	41004	41004	41004
LHS mean	.00912	.00912	.00912	.126	.126	.126
Adjusted R^2	.00416	.000933	.00469	.0359	.0161	.045