



Research Statement

My research examines how public policies and individual factors shape entrepreneurial activity. I approach this from two angles. The first investigates how external conditions—such as public policies, taxes, and intervention programs—affect the creation and growth of businesses. The second explores how health behaviors and social networks influence entrepreneurial choices and success. I focus particularly on vulnerable or “fragile” forms of entrepreneurship—such as solo self-employment, nonemployer firms, unincorporated businesses, and early-stage startups. Although often overlooked, these ventures make up a large share of all firms. I use restricted-use U.S. Census data, as well as administrative and survey data from China. My research contributes to debates about the nature and trajectories of different forms of entrepreneurship.

Labor, Public Policy, and Entrepreneurship

Evidence shows that many solo ventures resemble wage jobs in workers’ socioeconomic characteristics. I examine which policies expand entry, facilitate hiring, and improve survival—and which instead reallocate individuals toward wage employment. First, I study policies targeting “fragile” labor-market segments—minimum wages and large-scale poverty alleviation; second, I evaluate major economic disruptions—the Great Recession and COVID-19; and finally, I analyze general fiscal levers—taxation and incentives.

My Job Market Paper, (under review at *Labour Economics*; *IZA Discussion Paper*) (Lyu and Fossen, 2025), provides causal evidence on how minimum wage increases influence nonemployer businesses. We show that higher minimum wages reduce the number of nonemployer establishments. They also hinder transitions from nonemployer to employer status and push individuals toward wage employment or unemployment. These findings highlight a key trade-off: wage gains can come at the cost of some solo self-employment.

Extending this focus to an emerging economy, the second paper (under review at *Economic Inquiry*) (Lyu et al., 2025) provides the first causal evidence that a large-scale anti-poverty program increased unincorporated entrepreneurship at both the county and household levels. We further show that impacts were driven by improved credit access, infrastructure investments, and spillovers from incumbent firms. These results show that targeted public investments can empower marginalized populations through entrepreneurship.

To study how macro shocks reshape entrepreneurial dynamics, we use restricted-use Census data in the third paper (under review at *Small Business Economics*) (Fairlie et al., 2025b) to document that nonemployer startup formation declined substantially in the first pandemic year, while employer startups unexpectedly increased. Similarly, in the fourth paper (Reject&Resubmit at *Journal of Banking & Finance*) (Flanigan et al., 2025), we show that credit supply shocks during the Great Recession reduced startups’ borrowing intentions, showing a hidden channel beyond appli-

cations/approvals.

Finally, I broaden the analysis to fiscal policy, focusing on taxes and incentives. In the fifth paper (SSRN Top Downloaded) (Fairlie et al., 2025a), I examine—together with coauthors—how local fiscal policies affect startup activity using novel restricted-use Census data that cover the universe of U.S. startups. By comparing multiple tax instruments within one framework, this research identifies which policies are most cost-effective at fostering startups and job creation.

Health and Behavioral Economics

My early doctoral research examined who becomes a solo entrepreneur and why. In my solo-authored paper (Major Revision at *Journal of Entrepreneurship in Emerging Economies*) (Lyu, 2025), I show that smoking and heavy drinking reduce entrepreneurial participation, especially for growth-oriented ventures. The mechanisms are poorer health and weaker social capital. In another solo-authored paper (Lyu, 2023), I find that network resources decrease transitions into self-employment but increase transitions into wage employment. Together, these studies map the individual-level mechanisms behind entry, persistence, and exit in solo entrepreneurship and motivate the policy analysis above.

Future Research Agenda

Going forward, I will extend my ongoing work on how policies shape entrepreneurship. First, I plan to investigate how emerging technologies, particularly generative AI, reshape startup and self-employment innovation and scaling. Since I hold U.S. Census Bureau Special Sworn Status, I plan to apply for grants to cover access fees for restricted-use Census data. Second, I am collaborating with Prof. Robert W. Fairlie (University of California, Los Angeles), Prof. Frank M. Fossen (University of Nevada, Reno), and Prof. Andrew C. Johnston (University of Texas at Austin) to examine how bankruptcy exemptions and the duration of unemployment insurance benefits affect startup dynamics, using administrative data from the U.S. Census Bureau. Third, moving beyond the “fragile” segment of entrepreneurship, I extend the analysis to listed firms. With Prof. Kun Liu (Kent State University), we study how the 2025 U.S.–China tariff shock affected firms’ stock market performance and whether these effects vary with firms’ AI capabilities; this project is targeted for *Journal of Management Studies*.

My long-term goal is to integrate institutional, behavioral, and technological drivers of entrepreneurship and innovation. I aim to provide policy-relevant insights into the conditions that support or constrain new ventures.

References

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