**STARTUP JOINERS**

**KEY FINDINGS 6/12/16**

OLS regressions on the growth of the log(wage2003) show no significant difference between startup employees and employees of established firms (small and large). Control variables are: highest degree (Bsc, Msc, Phd, professional), field of major of highest degree, institution Carnegie rank classification, 2003 industry, 2003 occupation (broad group), 2003 full-time working indicator, 2003 weeks worked, 2003 employer sector, age, tenure, gender, race, indicator for being married, #children in 2003, year dummies.

Further models include number of work activities in 2003, and whether the individual switches occupation in 2006, 2008, or 2010 (dummy). Number of activities has a marginally significant (at the 10% level) relationship with wage growth, switching occupation has a significant negative relationship. Interaction effects with employer type (startup vs established) show no significant differences.

I also ran a Heckman selection model to control for potential non-random attrition of startup employees in the next periods due to (higher risk of) firm closing. Unfortunately in 2006 (and 2008) the publicly available data does not allow to verify whether someone is working for the same or a different employer than in 2003, nor if he quit his 2003 job due to a layoff or firm failure. Therefore, the first-stage regression has as left-hand variable whether someone is in the labor force or not in 2006 (i.e. whether we can observe his/her wage growth). Second step regressions show no different outcome compared to OLS: no significant difference between startup employees and established firm employees in terms of wage growth.

The most robust finding so far is that startup employees perform more work activities on the job than employees at established firms. This can be seen from the summary statistics and is confirmed when running a negative binomial regression of the number of total work activities (small firm employees – i.e. startups and established small – perform more activities than large firm employees, but coefficient of startups is sextuple the one of small est. firm employees), the number of research activities (startups perform more than large established firm employees, no difference between small established and large established firm employees), and commercial activities (small firm employees – i.e. startups and established small – perform more activities than large firm employees, but coefficient of startups is triple the one of small est. firm employees).

An interesting finding is that working for a startup in 2003 has a negative relationship with the probability of staying in the same occupation over time; i.e. startup employees switch occupation more often. Furthermore, the coefficient of startup becomes insignificant once I include the number of work activities in 2003 (results are in the docu ‘stayersswitchers’: <https://github.com/jmahieu/joiners/> ). This seems to suggest that the # work activities is a mediator for the relationship of working for a startup and the higher likelihood of switching occupation later on. Interestingly this fits in models of task-specific human capital (cf. Gibbons & Waldman, 2006; Lazear, 2009) where a more ‘diversified portfolio’ of work activities (and, hence, lower weights on *more* tasks than in more specialized jobs) increases the *transferability* of one’s human capital to a *broader range of different occupations* (startup employment as a way to either – smoothly – switch occupation or as a way of hedging against a too specialized human capital portfolio when true abilities and preferences are still unknown (i.e. experimentation story for young workers))