

Small decrease in total explanatory power of model

Note: HO estimate is familiar “adjusted” R^2 , which seems to exhibit negligible bias.

VARIANCE DECOMPOSITION^a

	Pooled	Younger Workers	Older Workers
<i>Variance of Firm Effects</i>			
Plug in (PI)	0.0358	0.0368	0.0415
Homoscedasticity Only (HO)	0.0295	0.0270	0.0350
Leave Out (KSS)	0.0240	0.0218	0.0204
<i>Variance of Person Effects</i>			
Plug in (PI)	0.1321	0.0843	0.2180
Homoscedasticity Only (HO)	0.1173	0.0647	0.2046
Leave Out (KSS)	0.1119	0.0596	0.1910
<i>Covariance of Firm, Person Effects</i>			
Plug in (PI)	0.0039	−0.0058	−0.0032
Homoscedasticity Only (HO)	0.0097	0.0030	0.0040
Leave Out (KSS)	0.0147	0.0075	0.0171
<i>Correlation of Firm, Person Effects</i>			
Plug in (PI)	0.0565	−0.1040	−0.0334
Homoscedasticity Only (HO)	0.1649	0.0726	0.0475
Leave Out (KSS)	0.2830	0.2092	0.2744
<i>Coefficient of Determination (R^2)</i>			
Plug in (PI)	0.9546	0.9183	0.9774
Homoscedasticity Only (HO)	0.9029	0.8184	0.9524
Leave Out (KSS)	0.8976	0.8091	0.9489