



The Characteristics and Motivations of Participants in the Self-Employment Training Demonstration

By Caroline Massad Francis, Irma Perez-Johnson, Samia Amin, and Mary Anne Anderson • June 2016

Background:

The **SET program** is testing strategies to support dislocated workers who want to start their own businesses. Unemployed and underemployed workers who propose businesses in their fields of expertise are eligible.

Participants receive free access to up to 12 months of case management, training, and technical assistance from microenterprise providers experienced in business development, as well as up to \$1,000 in microgrant funds.

SET is offered in four sites:

- Chicago, Illinois
- Cleveland, Ohio
- Los Angeles, California
- Portland, Oregon

The program enrolled 1,981 participants between July 2013 and January 2016.

The U.S. Department of Labor (DOL) hired Mathematica Policy Research to design SET; recruit and support local organizations (4 state agencies, 6 local workforce boards, and 11 microenterprise providers) to implement the program; and conduct an implementation analysis to examine its feasibility and a random assignment study to measure its effects. This brief is one of five on emerging lessons from the pilot program. Others examine the offer of SET microgrants, SET case management, SET outreach, and participants' experiences with SET.

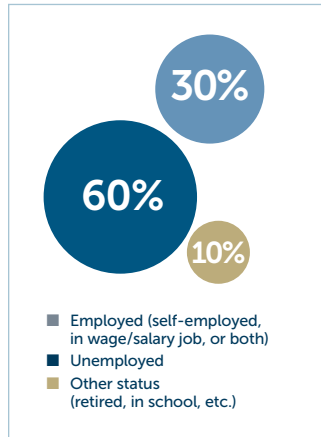
An important feature of the Self-Employment Training (SET) demonstration program is that it targets a narrow population. To qualify for SET, an individual must be a dislocated worker—an unemployed or underemployed worker—and interested in starting a business in his or her field of expertise. This brief describes the characteristics of SET study participants, why they were interested in self-employment, and the resources or circumstances that could support or hinder their success as aspiring business owners. The sample includes people who applied to SET, were determined to be eligible, and were then randomly assigned to either the treatment group (and invited to participate in SET) or the control group (and not offered SET services).

This brief draws on data provided by SET study participants when they applied for SET. (For details on the application process, see the text box at the end of this brief.)

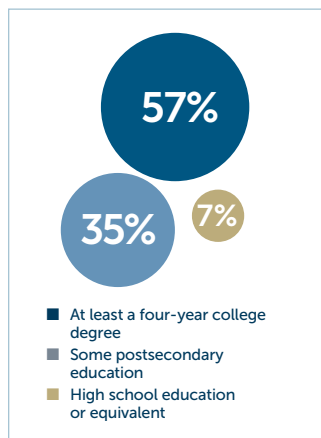
Because the program is ongoing, it describes study participants who applied from July 8, 2013 to August 31, 2015 ($n = 1,595$). The study's final report, expected in fall 2018, will include data on the full sample of study participants, implementation study findings, and causal estimates on the impacts of the SET program.

KEY FINDINGS ON THE CHARACTERISTICS OF SET STUDY PARTICIPANTS

- **The average SET study participant was an experienced, college-educated, middle-aged worker.** More than half (57 percent) of participants had at least a four-year college degree, and nearly all (93 percent) had at least some postsecondary education. A large majority (80 percent) had experience working as a manager for someone else, on average for seven years. Participants' average age was 44.
- **The principal motivation for applying to SET was to gain a source of income.** Among SET study participants, 60 percent were unemployed when they applied. Of these, about a third had been unemployed for 27 weeks or longer. Three-quarters of study participants selected this among their top three reasons for applying to SET.
- **Many study participants had prior experience with self-employment.** At the time they applied, about a third of the SET study participants were already self-employed or had been in the past five years. Almost three-quarters of this group had received some type of self-employment support before applying to SET.
- **Participants' financial resources varied greatly.** Participants' median household income in the year before they applied to SET was \$32,000—well below the national median—but almost a fifth earned \$75,000 or more. Four in 10 study participants had no cash on hand in a checking or savings account, but about a third had saved at least \$10,000.
- **Participants exhibited personality traits linked to entrepreneurship.** For example, nearly three-quarters of study participants scored high on measures of openness to new experiences and conscientiousness, personality traits that past studies have linked to the likelihood of starting a business and the success of entrepreneurial ventures.

Figure 1. Employment status at application

N=1,595.

Figure 2. Educational attainment

Note: The total does not equal 100 percent due to rounding.
N=1,595.

WHO WERE THE SET STUDY PARTICIPANTS?

The experiences, personal characteristics, and personality traits a worker brings to an employment program can influence his or her eventual outcomes. In this section, we describe the socioeconomic and demographic characteristics of the 1,595 SET study sample members as of August 2015. (For details, see Appendix Table 1 at the end of this brief.) We also explore personality traits and other factors that have been correlated with both entry into and success in self-employment. For instance, some studies indicate that risk-taking, possession of traits such as openness to new experiences, and the perception that one's own actions will determine future success can predict entrepreneurial aspirations and success (Caliendo et al. 2011; Brandstatter 2011; Zhao et al. 2010; Stevenson and Gumpert 1985).

Study participants were largely experienced workers ages 30 to 64. SET study participants ranged in age from 21¹ to 76, with an average age of 44. This is somewhat older than the general U.S. population of entrepreneurs—31 percent of whom are younger than 30—as represented by participants in the Panel Study on Entrepreneurial Dynamics (Benus et al. 2009). On average, they had worked in their most recent major job (other than self-employment) for about four years.

Most study participants had recently experienced unemployment. Consistent with the program's eligibility criteria, 60 percent of study participants were unemployed at the time they applied to SET (Figure 1; the remaining participants were underemployed). An even higher proportion—79 percent—had received unemployment benefits at some point within the two years before applying to SET. Among those who indicated being unemployed when they applied, 36 percent met DOL's definition of being long-term unemployed: they had been out of work for 27 weeks or longer.

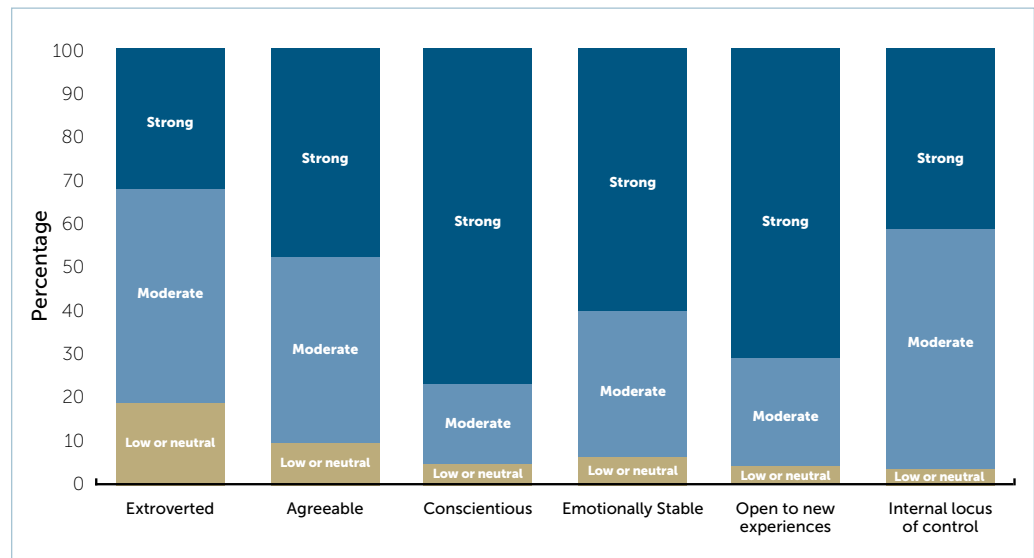
Nine in 10 SET study participants had at least some postsecondary education, usually a four-year degree. More than half (57 percent) had at least a bachelor's degree (Figure 2). In comparison, only 32 percent of the U.S. adult population had a four-year college degree in 2014,² and about 40 percent of the general U.S. entrepreneurial population did in the mid-2000s (Benus et al. 2009). An additional 35 percent of SET study participants had some college education but not a four-year degree, and 7 percent had only a high school diploma, general educational development certificate, or less.

A majority of study participants were female, single, or had no children at the time they applied to SET. Most SET study participants (59 percent) were female—a much higher proportion than the one-third among the general U.S. entrepreneurial population (Benus et al. 2009). A similar number (60 percent) of all participants reported being currently single, including those who had never married and those separated, divorced, or widowed, and about as many (62 percent) reported having no children.

Participants exhibited personality traits that past studies have found are typical of aspiring entrepreneurs. Based on evidence from prior research indicating traits common among entrepreneurs, the SET application included questions about participants' personality traits and locus of control, or beliefs about whether they or outside forces determine the outcomes of their actions. Past studies have found that being open to new experiences, extroversion, and having an internal locus of control raise the likelihood of pursuing self-employment (Caliendo et al. 2011; Zhao et al. 2010). Nearly all SET study participants at least moderately exhibited these traits. In addition, 71 percent scored high on measures of openness, a third scored high on measures of extroversion, and 42 percent demonstrated a strong internal locus of control (Figure 3). Conscientiousness and emotional stability also correlate positively with the desire to become an entrepreneur (Zhao et al. 2010) and on each of these traits, a majority of participants had high scores.

¹ The minimum age to qualify for SET was 18. However, the youngest person included in the sample was 21.

² U.S. Census Bureau. "Educational Attainment in the United States: 2014 – Detailed Tables." Available at <http://www.census.gov/hhes/socdemo/education/data/cps/2014/tables.html>. Accessed December 16, 2015.

Figure 3. Personality traits of SET participants

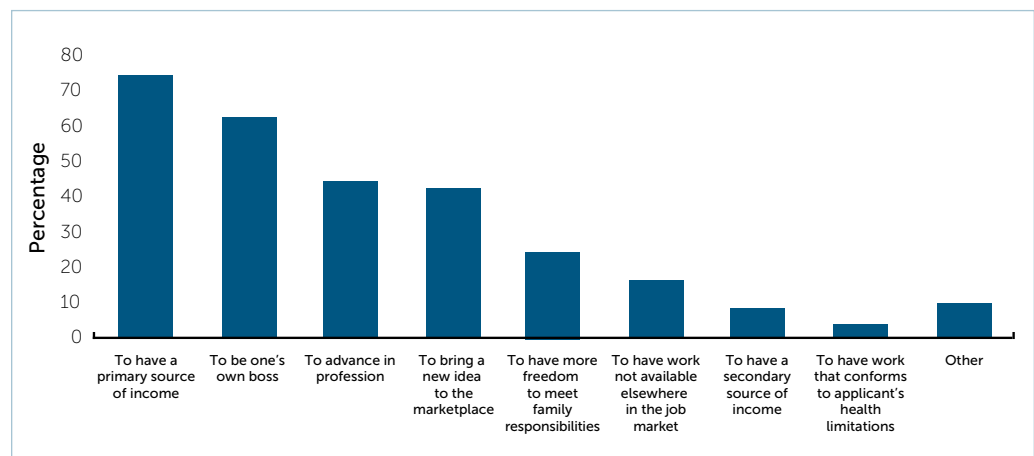
Note: For details of how responses were categorized, see footnotes a and b on Appendix Table 1.

N=1,595 for extroversion, agreeableness, conscientiousness, and openness; N=1,594 for emotional stability and internal locus of control.

Nearly all SET study participants were willing to tolerate at least an average level of financial risk. Because entrepreneurship is financially risky, the SET application asked participants to indicate the level of risk they were willing to tolerate in order to earn various levels of financial returns. Half of study participants said that they were willing to take “average risks to earn average returns,” and another 38 percent indicated a willingness to take “above-average risks to earn above-average returns.”

WHY WERE PARTICIPANTS INTERESTED IN SELF-EMPLOYMENT?

For some aspiring entrepreneurs, establishing their own business is a lifelong dream; others pursue it out of necessity. To understand the motivations of SET study participants, the application asked participants to name the top three reasons they were interested in self-employment. Applicants could choose from a list of eight reasons, or provide their own (Figure 4).³

Figure 4. Study participants’ reasons for pursuing self-employment

³ The eight reasons listed made possible comparisons with the reasons offered by participants of an earlier self-employment demonstration, Project Growing America through Entrepreneurship (GATE), discussed later.

Note: Shows percentage of participants who selected each reason among their top three for pursuing self-employment. N=1,594.

Most SET study participants sought self-employment in order to have a primary source of income. Three-quarters of participants selected this as one of their top three reasons for starting a business. Another 9 percent said they hoped entrepreneurship could be a secondary income source. This is consistent with the fact that most participants were unemployed when they applied.

Many SET study participants wanted to be their own boss or advance in their professions. About two-thirds (63 percent) of study participants selected wanting to be their own boss among their top three reasons for pursuing self-employment. Almost half (45 percent) indicated that they wanted to advance in their professions and 42 percent cited a desire to bring a new idea to the marketplace.

Flexibility was another common motivation. A quarter of participants selected wanting to have freedom to meet family responsibilities among their top three reasons to apply to SET. Several participants who provided their own reasons also mentioned flexibility. For example, one participant discussed a desire to have “the flexibility to do what I need when I need to do it,” and another mentioned wanting “to have a flexible schedule and be able to make decisions about my work life.”

TO WHAT EXTENT DID SET PARTICIPANTS HAVE PRIOR SELF-EMPLOYMENT OR MANAGERIAL EXPERIENCE?

Research suggests that prior exposure to, or direct experience with, self-employment could contribute to entrepreneurial success. For instance, several studies have documented that the children of self-employed people are more likely to become self-employed themselves (Hout and Rosen 2000; Hout 1984, 1988; Lentz and Laband 1990; Fairlie and Meyer 1996; and Dunn and Holtz-Eakin 1996). Prior experience as an entrepreneur can also help small business owners succeed in later ventures (Delmar and Shane 2006). Experience working in a managerial role can also increase the likelihood of success as an entrepreneur (Lee and Tsang 2001). In this section we examine participants’ prior experiences with self-employment and management.

More than a third of SET study participants had recent self-employment experience; even more were positioned to learn from a friend or relative’s experience. About a fifth (21 percent) of SET study participants reported being self-employed at the time they applied (either solely or while also employed in a wage or salary job). Another 15 percent reported having been self-employed in the past five years. Exposure to entrepreneurship was common: almost 8 in 10 study participants had a close friend or relative who had been self-employed, and most members of that group (71 percent) reported helping their friend or relative with the business.

Study participants also had substantial managerial experience. Eight in 10 study participants said they had had managerial experience in a prior wage or salary job, on average for seven years.

Many self-employed study participants had made substantial progress in establishing their businesses. Among study participants who reported being self-employed when they applied to SET, 65 percent reported that their business was registered and 47 percent reported that their business was incorporated. Only one in 10 indicated that their business had paid employees, but more than half (54 percent) indicated that their business had positive net earnings in the year before they applied to SET. About a third of this group reported working on their business for at least 40 hours per week, and another 27 percent reported working on their business for 20 to 39 hours per week.

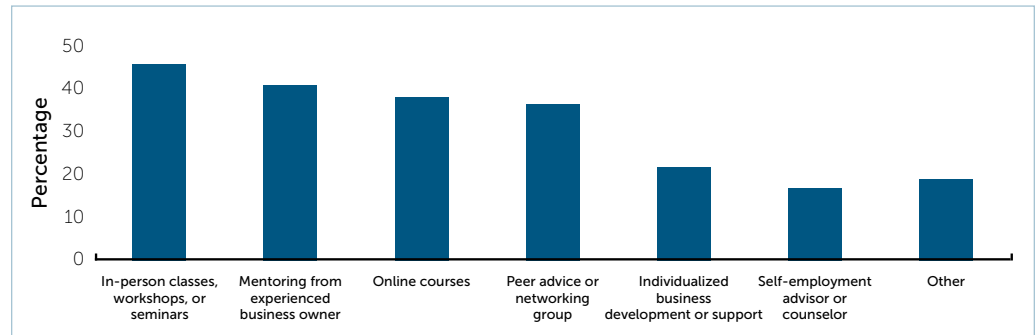
A small subset of study participants had a business partner. Among all SET study participants, only 12 percent reported having a business partner at the time they applied. This is in line with other data, which show that entrepreneurs and small business owners more commonly work alone.⁴

Most currently or recently self-employed study participants had received some self-employment assistance services. Among the 584 SET study participants who were self-employed at application or had been self-employed in the past five years, three-quarters indicated that they had received counseling, attended classes, or participated in other services to help them

⁴ The U.S. Small Business Administration reported in 2012 that 73 percent of businesses with fewer than 500 employees were sole proprietorships (see “Frequently Asked Questions about Small Business,” available at https://www.sba.gov/sites/default/files/FAQ_Sept_2012.pdf).

develop their businesses before applying to SET (Figure 5). The most commonly used resources were in-person classes (46 percent), mentoring from experienced business owners (41 percent), and online classes (38 percent). Notably, two resources integral to the SET program model—individualized business development support and help from a self-employment advisor or counselor—were the least frequently reported.

Figure 5. Self-employment supports received prior to applying to SET



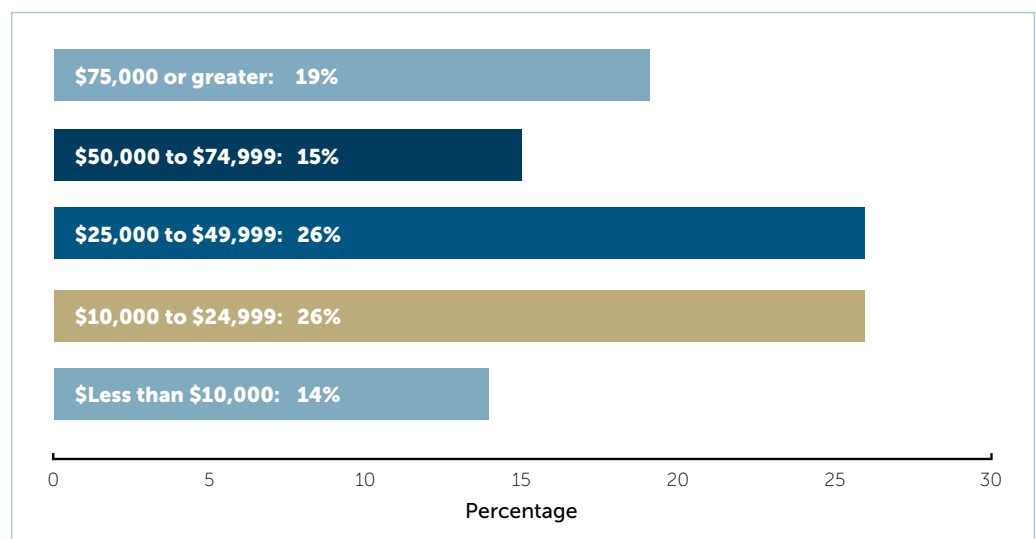
N=584.

WHAT OTHER FACTORS COULD HELP OR HINDER PARTICIPANTS' EFFORTS TO START A BUSINESS?

Access to credit, financial assets, and other financial resources can be key to the success of a new business venture (Schreiner and Woller 2003; Millan et al. 2010). Nonfinancial factors, such as lacking health insurance, having a chronic health condition or disability, or spending time caring for a family member, can also help or hinder an entrepreneur's efforts. This section explores some of the financial and nonfinancial resources available to participants, and related challenges they faced, that could support or hinder their self-employment success.

The typical SET participant had relatively low household income. Study participants' median household income in the year before they applied to SET was \$32,000, well below the national median of \$51,939 (DeNavas-Walt and Proctor 2014). Fourteen percent of participants reported household incomes of less than \$10,000 (Figure 5). However, 19 percent reported household income of \$75,000 or higher.

Figure 6. Annual Household Income in Year Before Applying



N=1,595; median=\$32,000

More than a third of study participants had recently faced a financial challenge that could limit their future access to credit. The application asked if participants had had a delinquent credit payment, been required by a court to make payments to a creditor, or declared bankruptcy. More than a third (36 percent) of participants reported facing at least one of these financial challenges, most commonly a delinquent credit payment.

More than a third of study participants were homeowners. A home can be an important source of equity for an aspiring small business owner. Across our four study sites, 36 percent of participants owned homes, with a median value of \$200,000. Given the diverse markets represented by the sites, home ownership rates and home values varied across sites (see text box on participants' characteristics across sites).

Only one in 10 participants reported having health problems, a disability, or care-giving responsibilities that affected their ability to work. These factors could make the flexibility that self-employment can afford appealing, but also make it difficult to run a business.

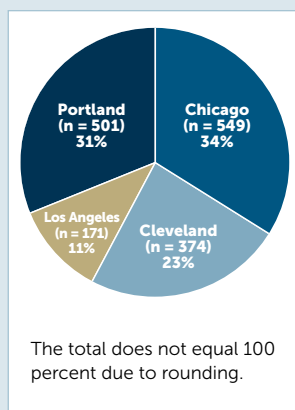
Two-thirds of study participants had access to health insurance through a source other than their own employer. In prior self-employment demonstration programs, lack of access to non-employer-provided health insurance appeared to be a barrier to self-employment (see, for example, Benus et al. 2009). However, this appears to have been less of a concern for SET study

PARTICIPANTS' CHARACTERISTICS ACROSS SET STUDY SITES

SET study participants were not uniformly distributed across our four study sites. As of August 31, 2015, study participants came mainly from two of the study's four demonstration sites: Chicago (34 percent) and Portland (31 percent). The rest came from Cleveland (23 percent) and from Los Angeles (11 percent) (Figure 7).

On some characteristics, such as education, SET study participants were similar across all four sites. However, other characteristics varied, likely reflecting both differences in local populations and the strategies that local SET partners used to publicize and recruit for SET. We highlight key differences here, the most common of which relate to participants' demographics, experiences with unemployment, and financial assets and challenges (Appendix Table 1).

Figure 7. Distribution of SET Study Participants by Site



- In **Chicago**, participants were more likely to be black and less likely to be white than in other sites, reflecting local demographics. They were also more likely to be single. Chicago participants were slightly less likely to be unemployed when they applied, but those who were unemployed were more likely to be long-term unemployed. Perhaps because more of them had experienced long-term unemployment, Chicago participants had lower incomes (a median of \$21,000, compared with \$32,000 across all sites) in the 12 months before applying to SET, fewer financial assets, and more financial challenges.
- In **Cleveland**, the value of participants' homes was significantly lower than in other sites (a median of \$105,000, compared with \$200,000 across all sites), likely reflecting differences in residential property markets across sites.
- In **Los Angeles**, SET participants were more likely to be Asian or Hispanic and less likely to be white than in other sites. Los Angeles participants included fewer Unemployment Insurance recipients, more people with a disability or health problem, and more who had received some self-employment services before SET. Compared with other sites, Los Angeles participants were also less likely to be home owners—although those who did owned higher-value homes.
- In **Portland**, participants were more likely to be male, white, and/or married than in other sites. If unemployed at application, Portland participants were less likely to be long-term unemployed (15 percent, compared with 36 percent across all sites). They also had greater financial assets than participants in other sites: they earned more; were more likely to be home owners, have cash on hand, or have a credit card; and were less likely to have had a delinquent payment.

participants. This difference could be due to the implementation of several provisions of the Affordable Care Act (such as expanded Medicaid coverage, guaranteed availability of insurance, and health insurance exchanges) in January 2014. Most commonly, participants reported having health insurance through Medicaid or another public health insurance program.

HOW DO SET STUDY PARTICIPANTS COMPARE WITH PARTICIPANTS IN OTHER RECENT SELF-EMPLOYMENT DEMONSTRATION PROGRAMS?

SET is the most recent in a line of federally funded self-employment demonstration programs. In the 1980s and 1990s, DOL funded the Massachusetts Enterprise Project (MEP) and the Self-Employment Enterprise Development (SEED) project in Washington State, which tested models to provide self-employment services to recipients of Unemployment Insurance. More recently, DOL's Project Growing America through Entrepreneurship (GATE) and the GATE II Demonstration evaluated similar programs. Project GATE operated in five sites from 2003 to 2005. Unlike SEED, MEP, and SET, it was not limited to unemployed workers but rather was open to anyone in the general population interested in self-employment. GATE II extended the project from 2008 to 2011 and targeted specific dislocated worker populations: older workers (ages 45 and up) in two sites and rural workers in two other sites.

Understanding how SET study participants compare with those in DOL's past self-employment training efforts can help provide context and highlight some of the intentional differences in the design of these programs. We compare the SET study population with the populations served by SEED, MEP, Project GATE, and two of the four GATE II study sites—Virginia and North Carolina—that implemented random assignment (Appendix Table 2).

SET study participants were more diverse and more educated than MEP and SEED study participants. Nearly twice as many SET participants were female than in both these prior studies. Although only one in 10 MEP or SEED participants was nonwhite, one in two SET participants was, which could reflect the populations of the sites in which these programs were implemented. SET participants were also far more likely to hold a college degree, though this could reflect higher rates of educational attainment now compared with the early 1990s.

SET participants had some background characteristics in common with Project GATE participants, but certain demographic and background characteristics varied. The two groups had similar average ages, self-employment experience rates, and household incomes. However, SET participants were more likely to be female, black, or Hispanic; have a four-year college degree; and have managerial experience. SET participants were also more likely to be unemployed at application, which logically follows from the programs' different eligibility criteria.

SET participants were similar to participants in GATE II-Virginia, which targeted older dislocated workers. On gender, race, educational attainment, household income, and self-employment and managerial experience, the typical SET participants resembled the typical GATE II-Virginia participant. However, SET participants were much less likely to be unemployed when they applied, and less likely to have had high household incomes in the year before applying to the program.

SET participants were less similar to participants in GATE II-North Carolina, which served rural dislocated workers. On the whole, SET participants were more likely to be female, black, or college-educated, and less likely to earn less than \$10,000 a year. They were also more likely to be self-employed when they applied or have prior self-employment experience or managerial experience. As with GATE II-Virginia, SET participants were less likely than GATE II-North Carolina to be unemployed when they applied.

SUMMARY

This brief offers a picture of who SET study participants were, how they compared with participants in past self-employment training programs, and why they were interested in self-employment. SET participants were an experienced, educated, demographically diverse group, many of whom had prior exposure to management or self-employment. Most were unemployed and had limited financial resources, and many hoped that self-employment would provide a pathway to greater financial security. The study's final report will examine how some of these traits influenced the outcomes of the SET program.

THE SET APPLICATION PROCESS

Most of the information in this brief comes from the SET application. After completing a screener form that confirmed their dislocated worker status, SET applicants filled out a form detailing their demographic and socioeconomic characteristics, employment history, factors that might help or hinder their efforts to start their own business, and reasons for their interest in the program. They also briefly described their proposed business and how it relates to their prior experience and overall expertise. Applicants with business ideas sufficiently related to their experience and expertise were randomly assigned to the treatment or control group with 50:50 probability.

REFERENCES

- Bellotti, J., S. McConnell, and J. Benus. "Growing America Through Entrepreneurship: Interim Report." Columbia, MD: IMPAQ International, August 2006.
- Benus, J., T. Shen, S. Zhang, M. Chan, and B. Hansen. "Growing American Through Entrepreneurship: Final Evaluation of Project GATE." Columbia, MD: IMPAQ International, December 2009.
- Brandstatter, H. "Personality Aspects of Entrepreneurship: A Look at Five Meta-Analyses." *Personality and Individual Differences*, vol. 51, 2011, pp. 222–230.
- Caliendo, M., F. Fossen, and A. Kritikos. "Personality Characteristics and the Decision to Become and Stay Self-Employed." DIW Berlin Discussion Paper 1113. Berlin, Germany: German Institute for Economic Research, March 2011.
- Davis, S., M. Michaelides, E. Poe-Yamagata, A. Davis. "Evaluation of the Gate II Grants: Is Self-Employment Training Effective for Rural and Older Dislocated Workers?" Columbia, MD: IMPAQ International, forthcoming.
- Delmar, F. and S. Shane. "Does Experience Matter? The Effect of Founding Team Experience on the Survival and Sales of Newly Founded Ventures." *Strategic Organization*, vol. 4, no. 3, 2006, pp. 215–247.
- DeNavas-Walt, C. and B. Proctor. "Income and Poverty in the United States: 2013." Washington, D.C.: U.S. Census Bureau, 2014. Available at <https://www.census.gov/content/dam/Census/library/publications/2014/demo/p60-249.pdf>.
- Dunn, T. and Holtz-Eakin, D. "Financial Capital, Human Capital, and the Transition to Self-Employment: Evidence from Intergenerational Links." National Bureau of Economic Research Working Paper 5622. Cambridge, MA: National Bureau of Economic Research, June 1996.

- Fairlie, R. and B. Meyer. "Ethnic and Racial Self-Employment Differences and Possible Explanations." *The Journal of Human Resources*, vol. 31, no. 4, Autumn 1996, pp. 757–793.
- Hout, M. and H. Rosen. "Self-Employment, Family Background, and Race." *The Journal of Human Resources*, vol. 35, no. 4, Autumn 2000, pp. 670–692.
- Hout, M. "More Universalism, Less Structural Mobility: The American Occupational Structure in the 1980s." *American Journal of Sociology*, vol. 93, no. 6, May 1988, pp. 1358–1400.
- Hout, M. "Status, Autonomy, and Training in Occupational Mobility." *American Journal of Sociology*, vol. 89, no. 6, May 1984, pp. 1979–1409.
- Lee, D. and E. Tsang. "The Effects of Entrepreneurial Personality, Background and Network Activities on Venture Growth." *Journal of Management Studies*, vol. 38, no. 4, June 2001, pp. 583–601.
- Lentz, B. and D. Laband. "Entrepreneurial Success and Occupational Inheritance Among Proprietors." *Canadian Journal of Economics*, vol. 23, no. 3, August 1990, pp. 563–579.
- Millan, J., E. Congregado and C. Roman. "Determinants of Self-Employment Dynamics and their Implications on Entrepreneurial Policy Effectiveness." *Lecturas de Economía*, no. 72, January–June 2010, pp. 45–76.
- Schreiner, M. and G. Woller. "Microenterprise Development Programs in the United States and in the Developing World." *World Development*, vol. 31, no. 9, 2003, pp. 1567–1580.
- Stevenson, H. and D. Gumpert. "The Heart of Entrepreneurship." *Harvard Business Review*, March–April 1985, pp. 85–94.
- U.S. Department of Labor, Employment and Training Administration. "Self-Employment Programs: A New Reemployment Strategy, Final Report on the US Self-Employment Demonstration." Unemployment Insurance Occasional Paper 95-4. Washington, D.C.: U.S. Department of Labor, 1995.
- Zhao, H., S. Seibert, and G.T. Lumpkin. "The Relationship of Personality to Entrepreneurial Intentions and Performance: A Meta-Analytic Review." *Journal of Management*, vol. 36, no. 2, March 2010, pp. 381–404.

APPENDIX—DETAILED DATA TABLES

Appendix Table 1: Characteristics of SET study sample members (percentages unless otherwise specified)

Characteristic	All sites	Chicago	Cleveland	Los Angeles	Portland
Demographic characteristics					
Age (average)	44	43	44	46	44
Age (categories)					
21–29	10.1	11.8	10.4	6.4	9.2
30–39	28.3	28.2	27.3	24.6	30.5
40–49	27.8	27.7	28.9	28.7	26.7
50–64	32.1	31.3	32.4	36.8	31.1
65 and older	1.7	0.9	1.1	3.5	2.4
Gender					
Female	58.6	62.7	60.7	61.4	51.7*
Male	41.4	37.3	39.3	38.6	48.3*
Race					
American Indian or Alaska Native	6.1	5.9	7.1	7.2	5.2
Asian	4.1	4.4	1.2	10.5*	3.8
Black or African American	45.6	70.0*	53.0	53.7	10.3*
Native Hawaiian or Other Pacific Islander	1.9	1.2	1.5	4.0	2.1
White	52.3	28.5*	49.0	32.3*	85.4*
Hispanic or Latino	8.7	8.6	5.3	20.6*	7.2
Marital status					
Married, in a civil union, or living with unmarried partner	39.9	29.7*	39.3	28.1	55.7*
Never married	33.4	41.5*	31.6	39.2	23.8*
Separated, divorced, or widowed	26.7	28.8	29.1	32.7	20.6*
Had children					
No	61.6	59.9	55.6	69.0	65.5
Yes	38.4	40.1	44.4	31.0	34.5
Education and employment					
Education					
High school diploma/GED or less	7.4	5.8	8.8	5.3	8.8
Two-year degree or some college but no degree	35.2	35.5	36.9	40.9	31.5
Bachelor's degree or higher	57.4	58.7	54.3	53.8	59.7

Continued

Appendix Table 1: Characteristics of SET study sample members (percentages unless otherwise specified) (continued)

Characteristic	All sites	Chicago	Cleveland	Los Angeles	Portland
Employment status at time of application					
Employed (self-employed, in wage/salary job, or both)	30.2	35.0	24.3	32.9	28.3
Unemployed	59.9	53.9*	66.8	52.9	63.7
Other status (retired, in school, etc.)	9.9	11.1	8.8	14.1	8.0
Received unemployment benefits in two years before applying	78.9	78.5	83.4	64.9*	80.6
Unemployed for 27 weeks or longer, among those unemployed at application	35.9	49.2*	42.8	48.9	14.5*
Years worked in most recent job (excluding self-employment)	3.6	3.0	3.9	4.5	3.7
Personality traits and risk-taking					
Extroverted					
Low or neutral	18.2	20.4	14.4	21.1	17.6
Moderate	49.5	47.2	53.7	46.2	49.9
Strong	32.4	32.4	31.8	32.7	32.5
Agreeable					
Low or neutral	9.2	9.8	9.1	13.5	7.0
Moderate	42.5	40.1	42.0	42.7	45.5
Strong	48.3	50.1	48.9	43.9	47.5
Conscientious					
Low or neutral	4.7	6.4	4.3	4.1	3.4
Moderate	18.4	15.5	16.8	22.8	21.4
Strong	76.9	78.1	78.9	73.1	75.2
Emotionally stable					
Low or neutral	5.7	5.8	5.9	8.8	4.4
Moderate	34.3	30.1	35.8	27.5	40.1
Strong	60.0	64.1	58.3	63.7	55.5
Open to new experiences					
Low or neutral	3.2	3.3	3.2	5.3	2.4
Moderate	25.4	22.8	26.7	20.5	28.9
Strong	71.4	74.0	70.1	74.3	68.7
Internal locus of control ^b					
Low or neutral	2.9	2.7	4.8	3.5	1.6
Moderate	55.3	53.0	56.4	59.1	55.8
Strong	41.7	44.3	38.8	37.4	42.6
Financial risk tolerance					
Above-average risk	37.8	42.0	39.8	42.9	29.9*

Continued

Appendix Table 1: Characteristics of SET study sample members (percentages unless otherwise specified) (continued)

Characteristic	All sites	Chicago	Cleveland	Los Angeles	Portland
Average risk	49.7	44.8	49.5	45.3	56.8*
No or limited risk	12.5	13.2	10.7	11.8	13.3
Reasons for pursuing self-employment					
To have a primary source of income	74.8	71.4	77.8	69.0	78.4
To be one's own boss	62.9	65.1	63.6	57.3	61.7
To advance in profession	44.8	42.5	43.0	40.4	50.1
To bring a new idea to the marketplace	42.4	45.1	33.7*	47.4	44.3
To have more freedom to meet family responsibilities	24.6	26.5	27.5	22.8	21.0
To have work not available elsewhere in the job market	16.6	13.1	19.3	15.2	19.0
To have a secondary source of income	8.8	11.1	8.3	8.2	7.0
To have work that conforms to applicant's health limitations	4.1	3.6	2.1	9.4	4.2
Other reason	10.2	9.3	10.4	10.5	10.8
Entrepreneurial and managerial experience					
Recent self-employment experience					
Self-employed at application	21.4	23.1	15.5	25.7	22.4
Self-employed in past five years, but not at time of application	15.2	18.2	15.0	14.6	12.4
Not self-employed in last five years	63.4	58.7	69.5	59.6	65.3
Worked in a managerial capacity (in a wage/salary job)	79.6	79.1	79.1	75.4	81.8
Years worked in managerial capacity, among those who had (average)	7.4	6.9	7.3	7.8	8.0
Characteristics of business, among those who were self-employed at application					
Business was registered	64.5	55.2	61.8	65.1	76.1
Business was incorporated	47.1	45.7	49.1	32.6	53.7
Business had paid employees	9.6	11.2	5.4	14.0	8.3
Business had positive net earnings	53.7	56.7	48.2	51.2	54.1
Hours per week worked on business					

Continued

Appendix Table 1: Characteristics of SET study sample members (percentages unless otherwise specified) (continued)

Characteristic	All sites	Chicago	Cleveland	Los Angeles	Portland
Fewer than 10	23.0	16.5	28.6	25.6	26.6
10 to 19	18.5	16.5	21.4	18.6	19.3
20 to 39	26.9	33.9	28.6	20.9	20.2
40 or more	31.6	33.1	21.4	34.9	33.9
Participation in self-employment services, among those who were self-employed at application or in the five years before applying					
In-person classes, workshops, or seminars	45.7	41.0	45.6	66.7*	43.7
Mentoring from an experienced business owner	40.6	43.6	45.6	34.8	35.6
Online courses	38.1	40.3	42.1	40.6	31.6
Peer advice or networking group	36.8	37.0	36.0	33.3	38.5
Individualized business development support	21.9	19.8	20.2	37.7	19.5
Self-employment advisor or counselor	16.6	12.8	10.5	36.2*	17.8
Other self-employment services	19.0	14.1	16.7	29.0	23.0
Participated in any self-employment services	71.7	68.7	77.2	78.3	69.5
Close friend or relative was self-employed	79.1	73.2*	77.4	74.0	88.4*
Helped friend or relative with their business, among those who had a self-employed friend or relative	71.1	72.1	72.5	68.0	70.2
Had a business partner	11.8	10.4	11.2	12.3	13.8
Resources and challenges					
Financial resources					
Home owner	35.9	29.9*	41.7	18.1*	44.3*
Value of home in dollars, among home owners (median)	\$200,000	\$156,000	\$105,000*	\$500,000*	\$275,000
Value of home as percentage of local median, among home owners	104.0	93.2	99.9	141.3	109.7
Annual household income (median)	\$32,000	\$21,000*	\$30,000	\$21,000	\$52,000

Continued

Appendix Table 1: Characteristics of SET study sample members (percentages unless otherwise specified) (continued)

Characteristic	All sites	Chicago	Cleveland	Los Angeles	Portland
Annual household income (categories)					
Less than \$10,000	14.3	22.6*	13.6	22.2	3.0*
\$10,000 to \$24,999	25.7	31.7*	28.9	32.2	14.6*
\$25,000 to \$49,999	25.6	20.9	29.4	23.4	28.5
\$50,000 to \$74,999	15.4	12.4	12.0	10.5	22.8*
\$75,000 or greater	19.1	12.4*	16.0	11.7	31.1*
Has cash on hand in checking or savings accounts or mutual funds	59.3	49.9*	55.6	49.1	75.8*
Value of cash, among those with cash on hand (median)	\$2,900	\$1,200	\$1,500	\$1,048	\$6,000
Had credit card(s)	62.6	52.8*	58.0	60.2	77.4*
Total credit limit, among those with credit card(s) (median)	\$7,000	\$3,500	\$4,000	\$3,000	\$10,000
Financial challenges for self or small business					
Delinquent credit payment (past 3 years)	28.8	35.5*	31.3	29.8	19.4*
Required to make payments to a creditor (past 3 years)	5.1	5.6	7.0	2.3	4.2
Declared bankruptcy (past 7 years)	11.2	14.0	13.9	7.0	7.4
Faced one or more of the above	35.5	43.5*	39.3	34.5	24.2*
Health challenges					
Had a disability or serious health problem	4.7	3.8	3.2	12.5*	4.2
Household member (but not applicant) has disability or serious health problem	2.7	3.3	2.4	3.6	2.0
Caregiving responsibilities could impede self-employment	3.8	4.2	4.8	4.7	2.2
Faced one or more of the above	10.6	10.7	10.2	18.7	8.0
Access to health insurance through a source other than own employer	66.0	71.4	60.7	69.6	62.8
Business administration resources					
Access to a computer at home	95.6	94.5	94.6	93.0	98.4*

Continued

Appendix Table 1: Characteristics of SET study sample members (percentages unless otherwise specified) (continued)

Characteristic	All sites	Chicago	Cleveland	Los Angeles	Portland
Internet access at home, at work, or on a mobile device	98.5	98.5	98.1	95.3	99.8
Computer skills self-rating: 1 (excellent) to 5 (poor)	1.6	1.6	1.7	1.8	1.6
Access to reliable transportation	96.1	94.1	96.2	96.5	98.0
Number of sample members	1,595	549	374	171	501

Source: SET Study Application data.

Note: Additional tests not shown found that treatment and control group members were equivalent on baseline characteristics.

^a Personality traits were measured using the Ten Item Personality Inventory (Gosling et al. 2003). Participants responded to 10 items (two for each trait, one of which asks about the trait directly and the other of which asks about the reverse of the trait) on a 1-to-7 Likert scale, where 1 = strongly disagree, 4 = neither agree nor disagree, and 7 = strongly agree. Scores for each pair of items were averaged. The three categories shown here are defined based on the distribution of responses among SET study participants: strong = score of 6.5 or higher, moderate = score of 4.5 to 6.0, low or neutral = score of 4.0 or lower.

^b Locus of control was measured using the Brief Locus of Control Scale (Lumpkin 1985). Participants responded to three items related to internal locus of control on a 1-to-5 Likert scale, where 1 = strongly disagree, 3 = neither agree nor disagree, and 5 = strongly agree. Scores for the items were averaged. The three categories shown here are defined based on the distribution of responses among SET study participants: strong = score of 4.5 or higher, moderate = score greater than 3.0 and less than 4.5, low or neutral = score of 3.0 or lower.

*Difference between given site and all other sites was significantly different from zero at the .05 level, two-tailed test.

GED = general educational development certificate.

Appendix Table 2: Selected characteristics of participants in SET and other self-employment demonstration programs (percentages, unless specified)

Characteristic	SET	MEP	SEED	Project GATE ^a	GATE II—North Carolina	GATE II—Virginia
Demographic characteristics						
Female	59	31	33	46	44	51
Age (average)	44	41	40	42	NA	NA
Age (categories used in GATE II report)						
Younger than 35	24	NA	NA	NA	17	NA
35 to 44	29	NA	NA	NA	27	NA
45 to 54	29	NA	NA	NA	32	50
55 or older	18	NA	NA	NA	24	50
Race and ethnicity ^b						
Black or African American	46	8	3	30	33	41
White	52	89	91	54	60	51
Other race	12	1	4	12	7	8
Hispanic	9	2	2	5	NA	NA

Continued

Appendix Table 2: Selected characteristics of participants in SET and other self-employment demonstration programs (percentages, unless specified) (continued)

Characteristic	SET	MEP	SEED	Project GATE	GATE II—North Carolina	GATE II—Virginia
Education and employment						
Education						
High school diploma, GED, or less	7	NA	NA	26	55	11
Two-year degree or some college but no degree	35	NA	NA	37	24	30
Bachelor's degree or higher ^c	57	45	29	37	21	59
Unemployed at application	60	100	100	45 ^e	87	76
Self-employed at application	21	NA	NA	19	8	17
Prior self-employment experience ^d	37	NA	NA	37	31	44
Management experience	80	NA	NA	63	62	85
Annual household income						
Less than \$10,000	14	NA	NA	11	28	17
\$10,000 to \$24,999	26	NA	NA	24	20	13
\$25,000 to \$49,999	26	NA	NA	33	31	31
\$50,000 to \$74,999	15	NA	NA	18	13	14
\$75,000 or greater	19	NA	NA	14	7	24
Number of sample members	1,595	1,222	1,507	4,201	1,175	435

Sources: SET study application data, U.S. Department of Labor 1995; Bellotti et al. 2006; Davis et al. forthcoming.

^a Statistics reported are for all project GATE applicants. The final impact study of Project GATE included 4,197 participants.

^b The Project GATE interim report (Bellotti et al. 2006) defined white as white, non-Hispanic and black as black, non-Hispanic.

^c MEP and SEED participants were categorized as college graduates or noncollege graduates.

^d SET participants were asked about self-employment experience in the past five years; GATE and GATE II participants were asked about self-employment experience at any point in their lives.

^e According to the GATE interim report, 56 percent of applicants were not employed and did not own a business; of these, 80 percent were looking for work.

Note: Because this table presents information from multiple sources that used different rounding conventions, all statistics were rounded to whole numbers in order to present them in a uniform format. Annual incomes are not adjusted to a common year value.

GATE = Growing America through Entrepreneurship; GED = general educational development certificate; MEP = Massachusetts Enterprise Program; SEED = Self-Employment Enterprise Demonstration; SET = Self-Employment Training Demonstration.

NA = not available.

Appendix Table 3. Background characteristics of SET treatment and control group members (percentages unless specified)

Characteristic	Treatment	Control
Demographic characteristics		
Age (average)	44	44
Age (categories)		
21–29	9.8	10.4
30–39	28.2	28.4
40–49	27.6	27.9
50–64	32.5	31.7
65 or older	1.9	1.5
Gender		
Female	58.2	59.0
Male	41.8	41.0
Race		
American Indian or Alaska Native	5.9	6.3
Asian	4.6	3.7
Black or African American	46.9	44.3
Native Hawaiian or Other Pacific Islander	1.8	1.9
White	51.7	52.9
Hispanic or Latino	7.8	9.5
Marital status		
Married, in a civil union, or living with unmarried partner	39.5	40.4
Never married	33.9	32.8
Separated, divorced, or widowed	26.6	26.8
Had children		
No	63.1	60.2
Yes	36.9	39.8
Education and employment		
Education		
High school diploma/GED or less	7.2	7.6
Two-year degree or some college but no degree	35.0	35.3
Bachelor's degree or higher	57.8	57.0
Employment status at time of application		
Employed (self-employed, in wage/salary job, or both)	30.0	30.4
Unemployed	59.3	60.5
Other status (retired, in school, etc.)	10.7	9.2
Received unemployment benefits in two years before applying	79.3	78.4
Unemployed for 27 weeks or longer, among those unemployed at application	33.3	38.5
Years worked in most recent job (excluding self-employment) (average)	3.4	3.7

Continued

Appendix Table 3. Background characteristics of SET treatment and control group members (percentages unless specified) *(continued)*

Characteristic	Treatment	Control
Entrepreneurial and managerial experience		
Recent self-employment experience		
Self-employed at application	20.3	22.4
Self-employed in past five years, but not at time of application	14.7	15.8
Not self-employed in past five years	65.0	61.8
Worked in a managerial capacity (in a wage/salary job)	81.6	77.6
Years worked in managerial capacity, among those who had (average)	7.4	7.4
Site		
Chicago	50.3	49.7
Cleveland	49.5	50.5
Los Angeles	49.7	50.3
Portland	50.1	49.9
Number of sample members	797	798

Source: SET Study Application data.

*Difference between treatment and control groups was significantly different from zero at the .05 level, two-tailed test.

GED = general educational development certificate.