Chi-hung (Claire) Kang
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NBER Entrepreneurship Research Boot Camp
NBER
Cambridge, Massachusetts, USA.

March 29, 2019

To whom it may concern,

I am writing this letter to apply for the position of NBER Entrepreneurship Research Boot Camp. I am currently a fourth-year Economics PhD student at University of Houston. I am particularly interested in entrepreneurship in developing countries: the factors that explain the selection of entrepreneurs and the growth of businesses.

In my research, I investigate the characteristics associated with selection into self-employment when self-employed workers are distinguished into different types. Participating in the bootcamp at this juncture—being exposed to lectures by renowned researchers and reading the latest research in the field—would be enormously beneficial for the further advancement of my research.

I have enclosed my CV that includes all my elective coursework, and an essay that states the motivation of my research project. I have also included the contact information of my recommender, Dr. Chinhui Juhn. Thank you for your consideration.

Sincerely,

Chi-hung (Claire) Kang

Recommender Information:
Dr. Chinhui Juhn
University of Houston
email: `cjuhn@uh.edu`
website: `http://www.uh.edu/~cjuhn/`

Chi-hung (Claire) Kang

ckang4@central.uh.edu, (626) 247-1097

EDUCATION

University of Houston
Economics, PhD, 2015–Present
Advisor: Dr. Chinhui Juhn

National Taiwan University
Economics, M.A., 2011
Economics, B.A., 2009

Elective Coursework

Growth and Development	Applied Econometrics
Economic Analysis: Urban Area	Development Econ: Microeconomics Issues
Labor Economics	Industrial Organization
Family Economics	Health Economics
Human Capital	Social Economics

WORK IN PROGRESS

"Entrepreneurship and Self-employment in Developing Countries"
"How Does Social Capital Affect Village Finance? An Investigation of Thai Villages"

PUBLICATION

"The Communication Effect of Central Bank of Taiwan on Interest Rates and Exchange Rates," (in Chinese; with Nan-Kuang Chen and Hung-Jen Wang), *Taiwan Economic Review*, 2017, 45(3).

RELEVANT EXPERIENCE

Lecturer, University of Houston — 2017, 2018
Principles of Microeconomics, Intermediate Microeconomics

Teaching Assistant, University of Houston — 2016, 2018
Econometrics, Game Theory

SKILLS

Statistics and Other Software
STATA, R, Matlab, Gauss, Eviews, LaTeX

HONORS

Graduate Tuition Fellowship, — 2015-2019
University of Houston

Scholarship for students in Economics and Finance, — 2011
Shanghai Commercial & Savings Bank

VOLUNTEER EXPERIENCES

ELIV International Service in Burma — 2013
A social enterprise recruiting volunteers provided organic agriculture supports, promoted sanitary education at local schools, and visited local families to understand their household characteristics.

Entrepreneurship and Self-employment in Developing Countries

Chi-hung (Claire) Kang

March 29, 2019

Entrepreneurship is usually viewed as essential to economic growth, and governments often tailor policies to encourage self-employment and to support businesses.[1]. Nevertheless, while the self-employment rates in high-income countries stand at about 10-15%, the self-employed workers make up more than 30% of the total workers in middle and low income countries.[2] This gap in self-employment rates between high and low income countries poses a puzzle if we equate self-employment as entrepreneurship and job creation. The literature has pointed out that self-employment in developing countries is heterogeneous.[3] For example, de Mel et al. (2010) look into differences between employers and own-account self-employed workers in Sri Lanka, showing that employers have better cognitive abilities, come from better family backgrounds, and possess higher entrepreneurial attitudes. Examining the returns of microfinance, Banerjee et al. (2017) define "gung-ho entrepreneurs"—those who already owned a business prior to the microfinance intervention and other "reluctant entrepreneurs"—those who entered self-employment with microfinance access. They find that after six years, the former perform significantly better in terms of business outcomes. It is clear that among the self-employed, a group of people with better abilities has higher potential to succeed.

In my research, I investigate the characteristics associated with selection into self-employment when self-employed workers are distinguished into different types. Using panel data from Indonesia Family Life Survey (IFLS), I focus on the transition into entrepreneurship (defined as self-employment with permanent workers) and the returns to this activity controlling for individual fixed effects.

[1] Acs and Szerb (2007)

[2] World Bank ILO database: `https://data.worldbank.org/indicator/SL.EMP.SELF.ZS`

[3] See, for example, Schoar (2010).

The literature suggests two types of constraints on entrepreneurship: liquidity constraints and human capital constraints. Liquidity constraints prevent individuals with high entrepreneurial ability from starting their own businesses (Evans and Jovanovic, 1989; Holtz-Eakin et al., 1994; Lindh and Ohlsson, 1996). Governments and activists over the past three decades have tried to relax the liquidity constraints and to increase credit access to the poor. For example, the foundation of microfinance institution (MFI) is based on the belief that poor households do not have access to traditional commercial banks, and thus cannot start or expand their businesses. On the other hand, other empirical work emphasize the importance of human capital for the formation and performance of firms (Dunn and Holtz-Eakin, 2000; Acs and Armington, 2004; Colombo and Grilli, 2005). In the context of microfinance experiments, recent studies also show that interventions which include business consulting and mentors improve the performance of businesses (Lafortune et al., 2018; Brooks et al., 2018).

My goal is to enrich and extend my current research by investigating the relative importance of these factors. Participating in the bootcamp at this juncture—being exposed to lectures by renowned researchers and reading the latest research in the field—would be enormously beneficial for the further advancement of my research.

References

Acs, Zoltan J. and Catherine Armington, "The impact of geographic differences in human capital on service firm formation rates," *Journal of Urban Economics*, 2004, *56* (2), 244 – 278.

__ **and Laszlo Szerb**, "Entrepreneurship, Economic Growth and Public Policy," *Small Business Economics*, Mar 2007, *28* (2), 109–122.

Banerjee, Abhijit, Emily Breza, Esther Duflo, and Cynthia Kinnan, "Do Credit Constraints Limit Entrepreneurship? Heterogeneity in the Returns to Microfinance," *SSRN Electronic Journal*, 01 2017.

Brooks, Wyatt, Kevin Donovan, and Terence R. Johnson, "Mentors or Teachers? Microenterprise Training in Kenya," *American Economic Journal: Applied Economics*, October 2018, *10* (4), 196–221.

Colombo, Massimo G. and Luca Grilli, "Founders' human capital and the growth of new technology-based firms: A competence-based view," *Research Policy*, 2005, *34* (6), 795 – 816.

de Mel, Suresh, David McKenzie, and Christopher Woodruff, "Who are the Microenterprise Owners? Evidence from Sri Lanka on Tokman versus De Soto," *National Bureau of Economic Research*, May 2010, pp. 63–87.

Dunn, Thomas and Douglas Holtz-Eakin, "Financial Capital, Human Capital, and the Transition to Self-Employment: Evidence from Intergenerational Links," *Journal of Labor Economics*, 2000, *18* (2), 282–305.

Evans, David S. and Boyan Jovanovic, "An Estimated Model of Entrepreneurial Choice under Liquidity Constraints," *Journal of Political Economy*, 1989, *97* (4), 808–827.

Holtz-Eakin, Douglas, David Joulfaian, and Harvey S. Rosen, "Sticking it Out: Entrepreneurial Survival and Liquidity Constraints," *Journal of Political Economy*, 1994, *102* (1), 53–75.

Lafortune, Jeanne, Julio Riutort, and José Tessada, "Role Models or Individual Consulting: The Impact of Personalizing Micro-entrepreneurship Training," *American Economic Journal: Applied Economics*, October 2018, *10* (4), 222–45.

Lindh, Thomas and Henry Ohlsson, "Self-Employment and Windfall Gains: Evidence from the Swedish Lottery," *The Economic Journal*, 1996, *106* (439), 1515–1526.

Schoar, Antoinette, "The Divide between Subsistence and Transformational Entrepreneurship," in Josh Lerner and Scott Stern, eds., *Innovation Policy and the Economy*, Vol. 10, University of Chicago Press, February 2010, chapter 3, pp. 57–81.

UNIVERSITY of HOUSTON
College of Liberal Arts and Social Sciences
Department of Economics

Dear Selection Committee:

I would like to strongly urge you to consider **Chi-hung (Claire) Kang** who has applied to the 2019 NBER Entrepreneurship Research Boot Camp. Claire is the top micro student in her PhD class at University of Houston. She has completed her coursework with impressive grades and is now in the midst of working on her dissertation. Her research interest is in labor and her dissertation focuses on entrepreneurship in developing countries. In her project Claire utilizes the Indonesia Family Life Survey (IFLS) to examine entry into entrepreneurship, taking note of the current literature on the importance of distinguishing between the different types (Schoar, 2010; Levine and Rubinstein, 2017; del Mel, McKenzie, and Woodruff, 2010). The panel nature of her data also allows her to examine transitions—entry into and exit from the different categories—wage and salary employment and self-employment of different types—as well as the returns to entrepreneurship controlling for fixed effects. She has so far some nice results and her work is progressing but I believe she would benefit enormously from the NBER boot camp at this point in her research. Exposure to top researchers in the field (and the associated readings) would be invaluable for her—given that our department at University of Houston is relatively small in size and has no specialist in the field.

I have gotten to know Claire while teaching my graduate level labor class. She performed excellently in the class. After the class, I also hired Claire to work for me on a project on examining labor force participation trends. Since then I have gotten to know her by meeting with her regularly regarding her dissertation. Based on my experiences with her, I can attest that Claire is bright, has great empirical skills, and is an extremely hard worker. I believe this would be a fantastic experience for her and sincerely hope that you will find a spot for her this summer in the boot camp. If you should have any further questions, please feel free to contact me at cjuhn@uh.edu or 713 743 3823.

Sincerely,



Chinhui Juhn
Henry Graham Professor of Economics
University of Houston and NBER

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