UNIVERSITY OF PUERTO RICO AT CAYEY

Interdisciplinary Research Institute
Census Information Center

Why is employment growing in small and medium size businesses in a jurisdiction with dire economic context?

Principal Investigator: José G. Caraballo, Ph.D.

University of Puerto Rico at Cayey

I. Project Justification

As in many other U.S. jurisdictions that had an economic and debt crisis, poverty and migration have increased in Puerto Rico. However, employment in small and medium businesses (SMEs, those establishments with less than 50 employees) grew in spite that Puerto Rico probably is in its largest economic depression ever, according to national accounts. For instance, according to the Bureau of Labor Statistics (BLS), SMEs in Puerto Rico hired 40% of the total employment in 2006 and 42% in 2015. In addition, the unique establishments that have grown in numbers from 2004 to 2015 are establishments with "5 to 9 employees" (growth rate of 5.3%) and with "10 to 19 employees" (growth rate of 9.3%). Even Wal-Mart closed seven supermarkets in January 2016 and those were already opened by domestic entrepreneurs.

What is the profile of these SMEs? Why these entrepreneurs decide to open a store in the middle of an economic turmoil? Is it because of recent stimulus package for SMEs (such as Act 62 of 2014) or because the younger generations have a different perspective towards entrepreneurship or because there are no further working options? Is it a good strategy for counties, states, or even larger governments to focus in SMEs to overcome an economic crisis? Are these new entrepreneurs seeking to grow or prefer to remain with a small scale production? What other policies are needed to promote these SMEs? These are some of the questions that can be answered with a new small-scale survey that seek answers from these new entrepreneurs. Existing databases (such as those prepared by the BLS and the Census Bureau) can be used as a complement for our survey but there is no comprehensive datasets that help to explain these and other inquiries not shown here. Our plans are to make our survey responses available for other researchers by publishing database in our website (without disclosing private information).

II. Methodology and approach

To answer these questions we will take a small representative sample (with a confidence level of approximately 85%) of those newly minted stores and send there our research assistants to administer our questionnaire (which should not be longer than 30 questions to obtain higher accuracy). We will take advantage of the only Census Information Center (CIC) in Puerto Rico located in our university to obtain the sampling frame from the ES-202 (database from unemployment insurance). Dr. José Caraballo-Cueto is the director of the CIC and will be the Principal Investigator (PI). We have experienced developing questionnaires and coordinating projects with students. The questionnaire will be drawn from the related literature and from our research questions. It will be piloted with a convenient sample of business leaders. Since the university is the sole sponsor, entrepreneurs can feel more open to discuss anonymously the details of their operations, which represent an advantage over government statistical agencies (e.g., they might be afraid to know the consequences of providing honest details to the government).

In this first step, we would basically do the survey and write a research paper based on the most relevant findings. In the future, with additional funding, more elaboration can be done. The project might take between 12 and 18 months and the costs associated are detailed below. Using students to gather responses decrease significantly the sampling costs.

III. Necessary Budget

Item	Cost per unit	Total Cost	Justification
Time for the Principal Investigator and General Coordinator	Buying 15% of time in the scale of an academic year	$ 12,786	In charge of implementing and supervising the Project. He will coordinate the survey, present the results, and submit a paper to a peer-reviewed journal.
Research Assistant (2 during first semester and one during second semester)	Cost of 25 monthly hours, $7.25 per hour	3,313	Research assistant will be helping the PI in coordinating the survey with students from the PI's class. They will also search for data, interview and create report, among other tasks.
Materials and other miscellaneous costs		500	To cover expenses of paper, ink, and others.
Stipend to interviewers	25 interviewers multiplied by $80	2,000	
	Subtotal	$ 20,659	
Administrative and indirect costs	10% of the total	1,488	Required and necessary for administrative support.
	Total	**$20,087**	

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Research Interests

***Primary Interests:**: Development, Labor Economics, Applied Quantitative Methods, International Trade, Entrepreneurship, International Finance, Macroeconomics.*

***Secondary Interests**: Crime, Economics of Education, Applied Statistics,*

Education:

Bachelor's Degree in Business Administration
2001- 2005 University of Puerto Rico Río Piedras Campus
College of Business Administration

- *Magna Cum Laude*

Minor in Mathematics
2008-2010 University of Puerto Rico
College of Natural Sciences Río Piedras Campus

- *GPA 3.40*
- *Grade of A in Calculus I and II*

Master's degree in Economics
2006- 2008 University of Puerto Rico
College of Social Sciences Río Piedras Campus.

- *Candidate to the Master's Degree*
- *GPA: 4.0*
- *Thesis proposal successfully completed*

PhD in Economics
2010-2013 The New School for Social Research, New York

- *Magna Cum Laude*

Teaching Experience:

2014-present University of Puerto Rico at Cayey, Puerto Rico

- *Assistant professor*
  - *Teach International Trade, Money and Banking, Statistics, and Quantitative Methods for Management*
  - *Motivate and grade students in multiple ways*
  - *Participate in multiple committees*
  - *Use Moodle*

2011-2012 Berkeley College NY, NY

- *Adjunct faculty of Microeconomics and Macroeconomics*
  - *Teach, motivate and grade students with different academic background.*
  - *Excellent recommendations from both students and supervisor.*
  - *Use Blackboard.*

2012-2013 *The New School for Social Research* *NY, NY*

- *Teaching Assistant for the class 'Nonlinear Time-Series Analysis'*
- *Teaching Assistant for the graduate class "Economics in International Affairs"*
  - *Teaching Lab Sessions weekly to expand the discussion of the regular class.*
  - *Create and grade assignments.*

Research Experience

Researcher at the Institute of Interdisciplinary Studies, Puerto Rico

2014-present

- *Researching socio-economic, race, and education topics.*
- *Search and apply for external funding.*

Director of the Census Information Center, Puerto Rico

2014-present

- *Research socio-economic topics*
- *Provide statistical support to the research community.*
- *Supervise interns*
- *Approach the press with data briefs*

General Coordinator of the First Human Development Report of Puerto Rico

2014

- *Researching and coordinating this multi-sector research project in collaboration with the United Nations Development Programme*

Statistical Project Manager

2013-2014 *Institute of Statistics, Puerto Rico*

- *Researching economic and statistical problems that are faced by this economy.*
- *Chair of the Subcommittee of Economic Statistics that is composed by all the government branches that produce economic statistics.*
- *Manager of the only monthly manufacturing index for this economy (Purchasing Manager Index.).*
- *Calculate and create multiple human development indices.*
- *Propose and manage Statistical Projects that includes both sampling and modeling data. So far I have participated in the revision to the labor force survey, retail sales survey, and measuring occupied positions in the government.*
- *Revising and changing questionnaires of different surveys.*
- *Propose and manage the first Cost of Living Index that allows direct comparison with the US.*
- *Participate in sample revision to the Puerto Rican Labor Force Survey and Retail Sales Survey.*

PhD Dissertation

Titled: Income Measurement, Global Inequality and Inclusive Growth: A Contribution to Development Economics

Research Assistant

2011-2012 Center for Puerto Rican Studies,
Hunter College, CUNY NY, NY

- researching economic-related topics using comprehensive data sets such as ACS, PRCS, among others.

- *Data analyst and writer of data briefs and policy reports*
- *Develop a Human Development Index for Puerto Rican in the US*

Internship

2012 United Nations Department of Economics and Social Affairs
United Nations, NY

- *Prepare and analyze measurements and indices.*
- *Do research on civic engagement, institutions, corruption and e-participation.*

Other research experience

- *Master's Thesis:"Entrepreneurship as an Economic Development Strategy: An Input-Output Analysis"*

Publications

- *Caraballo, José (2016). "Free trade Zones, Liberalization, Remittances, and Tourism, for what? Jobless Growth in the Dominican Republic". Forthcoming in the International Journal of Development Issues*
- *Caraballo, José and Xiao Jiang (2016). Value Added Erosion in Global Value Chains: An Empirical Assessment. Journal of Economic Issues, L(1), 284-292*
- *Caraballo-Cueto, José (2015). "Socioeconomic Determinants of the Changes in Homicides over Time: A VAR Analysis". International Journal of Business and Economic Sciences and Applied Research, 2(8), 115-134*
- *Caraballo-Cueto, José (2015). "Some Determinants of the Puerto Rican Migration to the US in 1950-2014". CIDE Digital, April, 6(1), 22-30*
- *Caraballo, José G. (2013). Local Capacity Development: the Key to Benefit from Globalization and Reducing Unemployment in the Dominican Republic. Research and Ideas Series GFDD-FUNGLODE, New York: Minuteman Press Crystal City*

- *Caraballo, José (2016). "La Pobreza y la Desigualdad: Retos Pendientes". Perpectivas. Febrero, No. 2*
- *Jiang, Xiao and Caraballo, Jose (2015). The Employment Effects of GVCs on Asian Countries and the Phenomenon of Value-Added Erosion. ERIA Discussion Paper 2015-51*
- *Calderón Squiabro, José M.; Caraballo Cueto, José; Rodríguez Galí, Stephanie; Marti González, Vionex (2015). "Análisis de las Características Demográficas, Sociales, Económicas y de la Vivienda de la Región de Servicio de la Universidad de Puerto Rico en Cayey: 1980 a 2010", Cuaderno de Investigación, Número 20, Instituto de Investigaciones Interdisciplinarias*

Presentations

- *"Consequences of a Fiscal Control Board", presented in the University of Puerto Rico at Rio Piedras, April 20th, 2016 and University of Puerto Rico at Cayey, April 26th, 2016*

- *"Unfolding Humanitarian Crisis in Puerto Rico", presented at the Center for Puerto Rican Studies, Hunter College, NY, April 22nd, 2016*
- *"Public Debt, Fiscal Policy, and Poverty in Puerto Rico", presented in the Latin American Commission for Human Rights, Washington D.C., April 4th, 2016*
- *"Public Debt, Fiscal Policy, and Poverty in Puerto Rico", presented in American University, Washington D.C., April 5th, 2016*
- *Are Multinational Retailers Really Selling Cheaper than Domestic Chains in the Long Term? Evidence from Three Markets 2/28/2016 Eastern Economic Association, Boston*
- *"Struggling for Trade Gains", presented in the ASSA, San Francisco, 2016*
- *"Urban Development, Economic Development, and Human Development: a note on the (dis) connections", presented in the Symposium on Land Usage Plan in the Center for the Performing Arts, November 20th, 2015*
- *"Employment and Socioeconomic Status of Individuals and Households in the Area of Service of the UPR at Cayey", presented in the UPR at Cayey, November 6th, 2015*
- *"Transforming the Puerto Rican Economy", presented in the UPR at Cayey, November 3rd, 2015*
- *"Free Trade Zones, Liberalization, Remittances, and Tourism, for what? Jobless Growth in the Dominican Republic", presented in LASA and in FUNGLODE, May 29th and July 28th, 2015*
- *"Puerto Rico in the Human Development Indices", brief of the first Human Development Report of Puerto Rico, May 8th, 2015 and February 22nd, 2016*
- *"Migration and Murders: Some remarks on the (dis) connection", working paper presented in the Symposium of Research and Statistics at the University of Puerto Rico, February 26th, 2015*
- *"How (not) to Infer the Output of Counties: Evidence from Puerto Rico", working paper presented at the University of Puerto Rico, January 16th, 2015*
- *"Skill Embodied and Value Added Erosion: An Empirical Analysis", paper presented in the conference of the Allied Social Sciences Association, January 3rd, 2015*
- *"Where does the Minimum Wage Bite? Reopening the Debate on Puerto Rico with Recent Evidence", working paper presented at the Working Paper Series of the Institute of Statistics, June 2014.*
- *"Is Market Concentration a Suppressing Factor for Trade Gains and Technology Improvements?", presented in the Conference of the Eastern Economic Association, Boston, 2014*
- *"Does Country Size Matter for Development? Evidence from the World, 1983-2008", presented in the Conference of the Eastern Economic Association, Boston, 2014*
- *"PMI started to correlate with leading economic indicators" econometric supplement published in www.estadisticas.gobierno.pr, 2014*
- *"Local Productivity, Entrepreneurship and Employment Benefits: Essential Tools for Poverty Eradication"*
  October 17th, 2013 United Nations, NY
- *"The Value of High Value Added: A Simple Trade Theory", presented in the Conference of the Eastern Economic Association, NY, 2013*

- *"How (not) to Measure Civic Engagement?"*
  July 20th, 2012 UNDESA, United Nations, NY
- *"Global Earnings Inequality", Eastern Economic Association Conference, Boston, 2012*
- *"Population Growth and Economic Development" working paper presented at the New School-UMASS workshop, New York, 2011*

Awards

- *P.I. of research project: "Are Multinational Retailers Really Selling Cheaper than Domestic Chains in the Long Run? Evidence from Three Markets" funded by the Institutional Fund for Research Development of the University of Puerto Rico at Cayey. August 2015-May 2016*
- *Co-P.I. of research project: "Skin Color, Ethno-racial Classification, and Health Disparities in Puerto Rico" funded by the Institutional Fund for Research Development of the University of Puerto Rico at Cayey. August 2015-May 2019*
- *Honors in PhD Qualifying Examination on Economic Development 2012.*
- *Fellow of the Global Foundation for Democracy and Development in 2012.*
- *Fellow of the Minsky Seminar on financial markets 2013 at the Levy Economics Institute, Bard College, NY.*
- *Merit-based scholarship at The New School for the period 2010-13.*
- *Ana María O'Neill medal, for excellence in business communications in 2006 commencement.*
- *Merit-based scholarship in the University of Puerto Rico for the period 2003-04.*
- *Fellow of the 2013 Joint Program on Survey Methodology for the course "Constructing Price Indices", University of Maryland.*
- *Fellow of the 2014 Joint Program on Survey Methodology for the course "Longitudinal Methods", University of Maryland.*
- *Prizewinner of an essay contest of the Rotaries' Club of San Juan in 2003 with an ethic topic.*

Other Work Experience

Reviewer:

- *The New Economic Review*
- *Spanish edition of the book International Business: Competing in the Global Market*

Business Owner 2002-2009

- *Ferretería Caraballo: in charge of all the areas that implies being a small entrepreneur.*
- *Remodelaciones Caraballo: in charge of all the areas that implies being a small entrepreneur.*

Affiliations

- *Writer of more than 65 op-eds in El Nuevo Día newspaper and in English outlets such as NBC.*
- *Member of the American Economic Association*
- *Member of the American Society of Hispanic Economists*

- *Member of the Eastern Economic Association, 2013-14*
- *Member of the Royal Econometric Society, 2013*
- *Member of the Economic Association of Labor Economists, 2014*
- *Member of the Royal Economic Society, 2015*
- *Member of the Puerto Rican Economic Association*
- *Member of the Latin American Studies Association, 2015*
- *Member of philanthropic organizations like: Doctors Without Borders, Amnesty International, United Against the Hunger, and Iniciativa Comunitaria, among others.*
- *Member of the forum titled "Dominican Migration: political and economic perspectives", organized by the Association of Students of Political Sciences.*

References

- *Prof. Sanjay Reddy, PhD Professor*
  Email: reddys1@newschool.edu
- *Prof. William Milberg, PhD Professor*
  Email: milbergw@newschool.edu
- *Prof. Willi Semmler, PhD Professor*
  Email: semmlerw@newschool.edu

Professional Goals

- *To teach and do research in any outstanding university or institution.*
- *Be an economic adviser.*

Skills and Interests

- *Fully Bilingual: English and Spanish*
- *Considerable Experience in data softwares such as: Stata, E-views, SPSS, Matlab, Dynare, Gretl, JMulti, Word, Excel, PowerPoint, R, Access, QGIS, and SQL.*
- *Great competence in the mathematical and logical thinking*
- *Terrific strategic qualities and a high level of self-motivation.*
- *Enjoy traveling and love cultural diversity.*