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The entrepreneurial ladder and its determinants

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Notes

1

http://europa.eu.int/comm/enterprise/enterprise_policy/survey/eurobarometer_intro.htm

²Following this literature we also apply quadratic terms for age and education next to the linear ones.

³We also ran regressions with 1) all engagement levels, 2) only without engagement level (2a) and 3) only with engagement level (2b). The results for 2a and 2b are in fact very similar.

⁴We use a log-likelihood function to estimate the parameters of the ordered logit model. The log-likelihood function is defined as $-\sum_{i=1}^n \ln \pi_i$ where π_i is the probability of observing the i -th level of the dependent variable. Note that the log-likelihood function is not a true likelihood function because the value of a χ^2 statistic is not distributed under the null hypothesis. The log-likelihood function is not a true likelihood function because the value of a χ^2 statistic is not distributed under the null hypothesis. Note that the log-likelihood function is not a true likelihood function because the value of a χ^2 statistic is not distributed under the null hypothesis.

⁵To illustrate the point, consider the following example. Let Y_i be a discrete random variable with levels. One can now write the probability of observing the i -th level of the dependent variable as $\Pr(Y_i \leq 2) = \Pr(Y_i = 1) + \Pr(Y_i = 2)$. The value of a χ^2 statistic is not distributed under the null hypothesis.



estimated. When these coefficient vectors do not significantly differ from each other, there is no reason to reject the 'parallel regression assumption'.

⁶The computation of the marginal effects is done as follows: for each observation a marginal effect is calculated and the sample averages of these values are displayed in [Table 2](#) for each variable. The p-values of these effects are comparable to p-values of the coefficients of the binary regressions in the same table.

⁷If the 'parallel regression assumption' is not violated for a variable, this does not necessarily imply that the marginal effects in [Table 2](#) are statistically the same across all binary regressions.

⁸Furthermore, we investigated the redundancy of the variables in the heteroskedastic specification (testing for each j) with a likelihood ratio test statistic (7 degrees of freedom, 0.05 critical value is 14.07). The four test statistics given in [Table 3](#) (79.42; 69.08; 58.20; 51.22) are all in excess of 14.07, leading us to the conclusion that for each binary regression the heteroskedastic specification is again preferred to the homoskedastic specification. We also assessed the significance of each binary heteroskedastic regression in its totality (46 degrees of freedom, 0.05 critical value is 62.83). The four test statistics given in [Table 3](#) (3343.66; 2034.88; 1776.52; 1351.76) are all in excess of 62.83.

⁹These measures are based on the [Reynolds et al., 2008](#) measure of activity (Reynolds et al., 2008).

¹⁰For each age group, the highest level of activity is obtained for those aged 18-24. This is the point of any age group. The highest level of activity is obtained for those aged 18-24. This is the point of any age group. The highest level of activity is obtained for those aged 18-24. This is the point of any age group.

¹¹Reynolds et al. (2008) report that the highest level of activity is obtained for those aged 18-24. This is the point of any age group. The highest level of activity is obtained for those aged 18-24. This is the point of any age group.



¹²The turning point for education resulting from the coefficients in [Table 1](#) takes the value of 47 for the variable 'age when finished full time education'.

¹³The absence of a significant impact of the perception of lack of financial support as well as the unambiguous influences of the perception of administrative complexities, preference for self-employment and risk tolerance are in line with findings in earlier studies using different non-ordered models but also based on the 'Flash Eurobarometer survey on Entrepreneurship' data sets of different years (Grilo and Thurik, [2005a](#), 2008; Grilo and Irigoyen, [2006](#)).

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