

Behavioural Aspects of Self-employment Dynamics

By

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Dedication

This work is dedicated to the glory of Allah (SWT), the Beneficent, the Merciful, who I acknowledge as the best source of help and guidance. "Allaahu-l Musta'aan"

Also to my mother, a unique mum among an uncountable mothers, Alhaja Adamo Ajike Yusuf. She is being very wonderful even in her present advanced age.

Declaration

I hereby declare that no part of this thesis has been submitted for a comparable academic award anywhere else.

I also declare that this thesis incorporates guidance and contributions from Professor Yannis Georgellis, the author's director of studies. In all cases, the key ideas, primary contributions, data analysis, interpretation and conclusions were performed by the author.

In line with Kingston University policy on authorship, I certify that I have properly acknowledged the contributions of other researchers to my thesis.

With the qualifications above, I certify that this thesis and the research it incorporates are my own works.

Abstract

Using data from the British Household Panel Survey, the thesis provides both empirical evidence and theoretical explanations to show the nature, behaviour, and roles of job satisfaction and personality on self-employed entrepreneurship survival. The thesis poses three research questions: Does self-employed job satisfaction adapt? Does job satisfaction predict the likelihood of survival of self-employed businesses after start-ups? Does personality play a role in the survival probability of men and women who manage self-employed enterprises?

The first question hypothesises that the initial boost in job satisfaction associated with the transition into self-employment is transitory, dissipating rapidly during the early years of the self-employment venture. Findings suggest that men who become self-employed enjoy a more permanent boost in overall job satisfaction, satisfaction with pay and, to some extent, satisfaction with the nature of the work itself. Women experience a boost in satisfaction with the nature of the work itself and to, a lesser extent, a boost in satisfaction with pay. Both of these effects for women are short-lived, casting doubt on the importance of job satisfaction, work-schedule flexibility, and work-life balance as pull factors into self-employment.

The second question re-examines the link between job satisfaction and selfemployment survival and argues that the relationship is not necessarily a contemporaneous one. That is, job satisfaction at time t is not necessarily the best predictor of survival/exit at time t, but it is the whole self-employment experience that matters rather than the last reported satisfaction. The results show that job satisfaction does not predict the probability of survival. Rather, the maximum job satisfaction and the peak-end combinations during the self-employment episode are better predictors of survival.

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The last question draws on the robust measures of personality to forecast the survival chances of men and women-managed enterprises, paying attention to occupational differences. Findings show that, unlike previous studies, different personality traits predict men and women-managed ventures survival chances over time; and that the likelihood of survival overtime of both men and women-managed enterprises by occupational categories is dependent on the different personality traits complementing themselves in different scenarios.

The thesis contributes to the existing literature by offering a novel behavioural research perspective into the analysis of self-employment dynamics.

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Chapter 1 Introduction

1.1 Background: Self-employment/Entrepreneurship

Increasingly, self-employment (entrepreneurship) has become important for the economic development of many countries, as it has long been identified as a source of sustainable employment creation, and a crucial driver of economic growth. Being crucial to the growth propensities of countries around the world and representing a substantial portion of labour force in many countries, it is not surprising that selfemployed entrepreneurship has evolved as a field of study. What seems surprising is that many studies in the field have focused on determinants of self-employment decisions, characteristics of entrepreneurs, distinction between entrepreneurs and employees among others leaving gaps in areas that concern what retains or becomes of the self-employed entrepreneurs in post transition periods. Considering that there are differences between jobs in terms of income, actual work, risk involvement, and allowable independence and autonomy, between employment and self-employment particularly (Levesque, Shepherd and Douglas, 2002), this thesis addresses some of these aspects of self-employment towards increasing our understanding of some of the drivers into self-employment. In particular, this thesis investigates the nature of entrepreneurial job satisfaction and personality, before and after self-employment transitions.

Changing one's employment status is perhaps a very significant career and professional decision, which often changes lifestyle of the individual due to considerable investments put into actualising the dream, and the associated increased risk and income volatility. However, the self-employment literature has consistently shown that the self-employed entrepreneurs experience higher job satisfaction compared to paid employees and that job satisfaction gains are among the main 'pull' factors into self-employment (Blanchflower and Oswald, 1998; Hundley, 2001; Benz and Frey, 2008a).¹

1.2 Benefits of Self-employment/Entrepreneurship

The profile of self-employment and/or entrepreneurship as a factor for socioeconomic growth and development has witnessed an increasing trend, as both national and regional economic policies have been directed at programmes that facilitate creation of small and medium scale enterprises through self-employed activities. These programmes were undertaken by policy makers at different governmental levels with the aim that disadvantaged members or minority groups of the society will benefit from them. Research evidence have established that ethnicity and/or race influence selfemployment rates (Fairlie and Meyer, 1996; Clark and Drinkwater, 1998; Constant and Zimmerman, 2004). More recently, Fairchild (2009, 2010) shows that there is group specific influence of clustering by race which increases self-employment likelihood for some groups and reduced it for others. Although, there is increased level of entrepreneurship for all groups, the Black race particularly has increased entrepreneurial career likelihood relative to higher levels of racial exposure (Fairchild, 2009), and higher exposure to entrepreneurial co-ethnics in the parent's generation have a strong impact on self-employment likelihood (Fairchild, 2010). Similarly, disadvantage members or groups within the society tend to sort into self-employment (Fairlie, 2005). Thus, policies and programmes promoting entrepreneurship and venture ownership among ethnic/racial or disadvantaged groups are widespread worldwide. Self-employment and/or venture ownership have been enhanced through

¹ See Appendix C1a for discussion on 'The push and pull factors of self-employment' (Motivation for Self-employment Decisions).

programmes providing financial, training, and/or technical assistance to disadvantaged societal groups. These set-aside programmes are purposely established to neutralise the effects of discrimination in the labour market, reduce unemployment, and provide a way out of benefit and welfare dependency through venture creation among the minority or disadvantage groups within the population (Raheim, 1997; Fairlie, 2005). Consequently, self-employment yields substantial benefits both to individuals at the micro levels and government or society at the macro levels. Some of the benefits known to have resulted from self-employment/entrepreneurship include the tendency of self-employment and venture start-ups to be an effective social mobility strategy and source of economic advancement for individuals who experience labour market discrimination or prejudice because of their demographic characteristics (Fairlie, 2005). Particularly, this approach seems true for many minority groups in most developed and cosmopolitan societies around the world (Kellard et al., 2002) where the majority (members of minority group) show preferences for selfemployment instead of venturing into paid employment (Walstad and Kourilsky, 1998; Blanchflower, Oswald and Stutzer, 2001). In relation to the British Labour Force for example, Clark and Drinkwater (1998, p.387) show that the ratio of non-whites who select self-employment increases as discrimination increase in the labour force, arguing that "the likelihood to enter self-employment for ethnic minorities is effectively determined by discrimination in paid-employment". This thus reflects the idea of discrimination as a push factor into self-employment for minorities thereby indicating that "there is prima facie evidence that discrimination contributes to ethnic minority self-employment in Britain" (Clark and Drinkwater, 1998, p.402). Similarly, the self-employment decisions among the non-white minority in Britain could be explained by - the existence of discrimination in earnings or employment opportunities which push them away from paid-employment towards self-employment, and the existence of enclaves in which the goods and services sold by non-white entrepreneurs are relatively highly valued. Also, an intrinsic propensity or talent for self-employment can pull non-whites away from paid-employment towards self-employment (Clark and Drinkwater, 1998). The evidence for the second factor abound in the UK minority group. For example, a number of Polish people take up self-employment due to the availability of opportunity in the supply of Polish foods and accessories. Regarding enclave as a pull factor into self-employment, Rafiq (1992) suggests that particular minority groups may be motivated to enter self-employment for religious reasons or to take advantage of 'niche' markets offered by the presence of members of the same ethnic group in the immediate geographic vicinity. This assertion holds true for some minority groups of the Islamic faith who choose to be self-employed in order to serve the Muslim community in the Halal food (Meat and Chicken) niche markets. The benefits of self-employed entrepreneurship also include unemployment reduction through engaging people in some form of socio-economic activity, and providing a way out of benefit/welfare systems through venture creation among the minority or disadvantage groups of the populace (Raheim, 1997; Kellard et al., 2002; Fairlie, 2005). Self-employment also benefits individuals through the inherent possibilities for flexi-time, flexi-schedule type of works or occupation which enable individuals to balance between work and family lives. Furthermore, self-employment and entrepreneurship allow for autonomy and independence, uncapped income or earning possibilities for self-employed entrepreneurs, which make self-employment a desirable and sought after career path for many. Nevertheless, it is worthy of note that self-employment and entrepreneurship have their downsides which include long work hours, earning volatility, job insecurity, home/work life conflicts, uncertain future among others.

1.3 The Structure of the Thesis

This thesis focuses on three main themes relating to self-employment (entrepreneurship), supported by a comprehensive literature review section integrating these themes. The next chapter presents an introductory discussion of some demographics for the self-employed towards a better understanding of the selfemployed entrepreneurs. The literature section (chapter 3) reviews adaptation and selfemployment, self-employment wellbeing and survival, experienced vs. decision utilities, and personality and self-employment survival. Chapter 4 develops a theoretical model and undertakes empirical analysis to investigate whether or not selfemployment job satisfaction adapts, permanent or transient through probing the changes in self-employment job satisfaction over time. Chapter 5 empirically examines whether job satisfaction is either experienced or decision utility at a particular time, via investigating the role of the peak-end theory in the decision to stay in self-employment. That is, whether job satisfaction (overall) or the peak-end job satisfaction predicts the survival likelihood of self-employed entrepreneurs' enterprises. Last but not the least, chapter 6 investigates the relationship between personality, measured by the Big Five personality traits model, and the survival chances of men-managed and women-managed enterprises over time, as well as the survival chances of these enterprises in certain occupations. The thesis ends with chapter 7 which summarises the findings of the empirical analyses in the previous chapters (chapter 4 - chapter 6), presents the contributions from the empirical analyses and provide concluding remarks and recommendations.

1.4 Methodologies

This section focuses on presenting the theoretical and empirical analyses and methodologies utilised in this thesis. Theoretically, the thesis sets out to show how entrepreneurs' job satisfaction and personalities can be instrumental to the stay (quit) decision and venture survival. Empirically however, the thesis examines whether the 'honeymoon and hangover effect' (also called opponent process theory) applies to job satisfaction of the self-employed. In order words, it investigates whether self-employment job satisfaction adapts over time. The thesis further tests empirically, whether the job satisfaction is *experienced* or *decision utility* through the application of the peak-end theory to determine self-employment survival probability, and finally, whether personality influences the survival chances of men and women-managed enterprises generally, and within specific occupations.

1.4.1 Theoretical Methodology

The theoretical model in this thesis is twofold: the analysis shows that job satisfaction of individuals declines prior to switching into self-employment, increases at becoming self-employed then declines afterwards. The decline in job satisfaction prompts self-employed individuals to contemplate quitting self-employment after sometime thereby leading to evaluating which one between the satisfaction levels – job satisfaction overall, peak or minimum satisfaction or satisfaction at a particular time - leads to (stay) quit decisions. Having contemplated quit (stay), the other side of the theoretical model shows which personality construct (dimension) could probably enhance men and women enterprises survival chances. The analysis is also performed separately by occupational groupings.

1.4.2 Data and Econometric Methodology

The empirical analyses in this thesis are based on data from waves 1 to 18 of the British Household Panel Survey (BHPS), a rich large-scale longitudinal panel dataset that is a nationally representative sample of individuals living in the UK. The first wave of the BHPS began in 1991/1992 and the last wave was conducted in 2008/2009. The first wave panel consists of some 5,500 households and 10,300 individuals drawn from 250 areas of Great Britain with a response rate of 74% of eligible households. From each of Scotland and Wales, 1,500 households were added to the main sample in 1999, and an additional 2,000 households sample from Northern Ireland was added in 2001 to make the panel suitable for UK-wide research. Children in each household were interviewed separately upon reaching 16 years of age, and once a new household was formed from an existing household, every adult member of both the original and new households were interviewed from the next survey onward annually thereby making the survey generally representative of the British populace overtime. The BHPS dataset is a unique multi-purpose study following the same representative sample of individuals (panel) over a period of years interviewing every adult member of the sampled households, and contains sufficient cases for meaningful data analyses. Where an individual's information about the variables of interest was unavailable, such individuals were excluded from the sample for the study. Individual's complete self-employment history was created from the BHPS spell data combined with employment status information gathered from each wave. The survey's sampling techniques comprise of a multistage, clustered probability sampling design (Taylor et al., 2010) and contains wide range information on individuals' personal, demographic, labour market characteristics and lifetime job history thereby making it appropriate for analysing individuals as they become entrepreneurs/self-employed. Particularly relevant for the purpose at hand, the dataset contains information on overall and domain (job) satisfaction and personality measures.

Utilising a large longitudinal dataset in the analyses in this thesis captures the dynamics of self-employment, and addresses some of the limitations of previous crosssectional studies on job-satisfaction/self-employment for instance. This is because only longitudinal dataset based studies could moderate the likely endogeneity issues and raise confidence that past values are a cause rather than a consequence of selfemployment, as cross-sectional estimates confound the self-employment survival determinants (Kiely, 1986).

To measure job satisfaction and the personality traits of the self-employed, responses from a series of questions on job satisfaction measured on a Likert-type 7point scale ranging from 1 (not satisfied at all) to 7 (completely satisfied), and personality, ranging from 1 (does not apply...) to 7 (applies...perfectly) were employed. In the case of job satisfaction, respondents were asked to rank their satisfaction levels corresponding to - satisfaction with pay, satisfaction with job security, satisfaction with work hour, satisfaction with work itself, and overall job satisfaction. Personality, on the other hand, was measured with fifteen questionvariables, of which a set of three questions represent each dimension of the Big Five Personality model - Openness to Experience, Conscientiousness, Extraversion, Agreeableness and Neuroticism - used in the empirical analysis. Specifically, for the personality components, individual's personality was measured through being asked questions about how they see themselves as a person by ticking the number which best describes how individual see him/herself on a 7-point Likert-type scale ranging from 1 (does not apply to me at all) to 7 (applies to me perfectly). The measurement of Openness to Experience (OE) is based on how the respondent sees him/herself as either (a) being original, comes up with ideas (b) values artistic, aesthetic experience (c) and has an active imagination. Conscientiousness measurement is based on how the respondent sees him/herself as (a) does a thorough job (b) tend to be lazy (c) does things efficiently. Extraversion is measured based on how respondent see him/herself as being (a) talkative (b) outgoing/sociable (c) reserved. Agreeableness measure is based on whether respondent (a) is sometimes rude to other (b) has forgiving nature

(c) is considerate and kind. *Neuroticism* is measured by how respondent (a) worries a lot (b) get nervous easily (c) is relaxed, handles stress well.

In each of the studies that comprise this thesis, a number of individual demographic and job characteristics were controlled for. Such variables include age, sex, education, tenure, parental self-employment etc. Gender and age were included in the framework because job satisfaction has been related to age and gender in the literature. The sample is limited to include individuals between the ages of 16 and 65 years for males and between 16 and 60 years for females who were employed prior to becoming self-employed. This is because satisfaction experiences of employees are more measurable and comparable to those of the self-employed/entrepreneurs, unlike those for the unemployed or those out of labour market.

The thesis' empirical analyses commenced with examining whether selfemployment job satisfaction adapts overtime. In doing this, consideration was given to transitions into self-employment from paid employment. First, lead variables (dummy variables that take a value of 1, indicating when individuals will change job within a period of years) and lag variables (dummy variables that take a value of 1 after the change of job) were constructed. The lead variables were constructed for each of the four years prior to the transition to self-employment and lag variables were constructed for each of the five years after the switching to self-employment. For the fixed effect assessments in this thesis, the lead and lag variables are the key explanatory variable while the job satisfaction and its domains are the dependent variables.

The next empirical examination concerns self-employment exit behaviour as a function of previously reported job satisfaction rather than as a function of only the most recently reported job satisfaction level (within one year). The explanatory power of current satisfaction against various combinations of current and past satisfaction was particularly tested using the BHPS data that has adequate number of long job spells having been running for long enough periods. Here, the peak-end hypothesis was employed towards examining whether self-employment survival probability was based on the reported job satisfaction at time 't' or the peak (maximum) satisfaction and the last recorded satisfaction. Finally, the probability of self-employment survival was investigated along gender divide using the logit marginal effect of the Logistic model, and according to occupational choices of the self-employed.

1.5 Values (Contributions) of the Thesis

The thesis makes three distinct contributions: (i) it offers, perhaps, the first empirical evidence on the temporal variation of job satisfaction and its domains in the context of self-employment; ii) it employs the Kahneman et al's peak-end theory to investigate the influence of satisfaction domains on the survival probability of selfemployed enterprises for the first time; and (iii) it investigates the predictive power of personality on the survival chances of men and women managed businesses, and in different occupational groupings. These contributions add valuable insights into the entrepreneurship/self-employment literature by introducing fresh new perspectives for the analysis of self-employment dynamics.

Specifically, the thesis examines whether self-employment job satisfaction adapts. That is, whether the positive effect of transiting from paid employment to selfemployment on job satisfaction and its components dissipates over time. The thesis shows that the initial dissatisfaction with job security (one of the main satisfaction domains) for instance, is only transient around the time of the transition into selfemployment, thus suggesting that self-employment could equally be a secure venture like salaried employment in the long run. Further, given that job satisfaction and nonpecuniary facets of self-employment are emphasised as main determinants of decision to transit to self-employment, this thesis cast doubt on the causal inference about the link between self-employment and job satisfaction, as it negates the argument about job satisfaction as a main driver of individuals' self-employment decisions.

Utilising the same British Household Panel Survey (BHPS) dataset to investigate whether peak-end job satisfaction or overall satisfaction relates to the probability of self-employment venture survival, this thesis makes a valuable contribution. Contrary to existing literature evidence, the value of the thesis also lies in showing that it is the maximum (peak) satisfaction and the peak-end satisfaction combined during the self-employment experience, rather than overall job satisfaction, that are better predictors of self-employed enterprise survival chances. That is, the highest satisfaction experienced at some point during the self-employment duration leads to some form of optimism or ray of hope which drives the self-employed entrepreneurs to continue in the business rather than quit. This contribution to the literature is particularly worthy of note.

Furthermore, by segregating the data-set along gender and occupational lines, this thesis adds value to the personality and entrepreneurship/self-employment literatures by establishing that different personality traits contribute towards predicting the survival likelihood of men-managed and women-managed businesses generally and occupation-wise. Taking the segregation and occupational choice approaches makes this thesis unique, as studies in the literature along this realm adopted data aggregation in their analyses.

1.6 Socio-economic impact of the thesis

This thesis has far-reaching socio-economic impacts at both the micro and macro levels of analyses as its findings will be instructive to individuals, groups and institution, and governments in several ways. First, for the individuals, self-

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employment can be rewarding as long as individuals remain focused on some aspects of non-pecuniary reward such as procedural utility and self-efficacy. The findings of this thesis will have an impact on socio-economic policies that target self-employment as engine of socio-economic growth in the sense that policy programmes targeted in this direction could be crafted in such a way that will provide for individuals with "hybrid" personality traits. That is, focusing on individuals with a mixture of arrays of personality traits rather than on conscientiousness particularly as suggested by previous studies (e.g. Ciavarella et al. 2004). Similarly, institutions (e.g. banks, financial advisers etc.) charged with supporting both prospective and experienced selfemployed entrepreneurs should examine the findings of this thesis so as to aid them in making informed decisions towards channelling, distributing and allocating resources efficiently in a way that facilitates the achievement of the micro and macro benefits of self-employment and entrepreneurship. Additionally, nascent self-employed entrepreneurs should pay particular attention to and be open to embracing nonpecuniary rewards as a way of enhancing their survival chances. Furthermore, prospective self-employed entrepreneurs should bear in mind that satisfaction in selfemployment may not necessarily arise from any particular facet(s) of the job but that there is an optimism effect that tend to correlate with self-employed venture survival. Further, the findings in this thesis might help inform further entrepreneurship research through focusing on investigating the effects/impacts of peak-end theory, experience and decision utilities for instance, on several other aspects of self-employment and entrepreneurship including those of voluntary and involuntary exits as well as paying attention to investigating the relationship between the wellbeing of the self-employed and their survival overtime.

Chapter 2

Demographic Characteristics of the Self-employed

2.1 Introduction

Before progressing further, it is worthwhile at this juncture to expound, through data description, some important information that characterise the self-employed entrepreneurs (in Britain). Debate about the distinction between the entrepreneurs and self-employed is an ongoing topical issue which has been widely discussed in entrepreneurship research. This debate which arose from different researchers' viewpoints of what constitute entrepreneurship and moulded the entrepreneurs' status has contributed immensely to the literature and shaped entrepreneurship thoughts. Although the debate has become very interesting in recent times, it is outside the scope of this study. This thesis thus assumed that entrepreneurs and the self-employed are the same and uses the terms interchangeably.

The importance of entrepreneurship and self-employment cannot be overemphasised given that it provides avenues out of welfare (benefit) dependent, for poverty alleviation and/or eradication, job creation and towards economic improvement to the extent that governments' policies around the world have been instituted to spur self-employment. Programmes such as US Small Business Administration's Loan Programmes, the Unemployed Entrepreneurs Programme in France, the Enterprise Allowance Scheme in Britain, and AGF (Labour Promotion Act) in Germany, were set-up to alleviate credit constraints, render support through training and skill acquisition for the unemployed or those that have been out of labour force (e.g. nursing mother) to become entrepreneurs and self-employed (Wilson, Adams and Mundial, 1994). In spite of the seeming significance of entrepreneurship, comprehensive analyses of data focusing on presenting detailed account of who the self-employed (entrepreneur) are, what they do (occupation type) and where they came from (previous force status) is rear to come by in the literature². Yet, many research studies have been conducted based on these data. Therefore, the focus in this chapter of the thesis is to contribute to the literature through presenting a detailed description of who the self-employed (entrepreneur) are, what they do (occupation type) and where they came from using the evidence from the British population. Specifically, this study utilises the British Household Panel Survey (BHPS) datasets focusing particularly on gender differences towards replicating past studies (e.g. Georgellis and Wall, 2000a). Contrary to Georgellis and Wall (2000a) however, this section of the thesis goes further and aims to set the stage for the empirical investigations to be conducted later in the thesis.

2.2 Who are the Self-employed? Demography and Aggregate Selfemployment Rate

Table 2.1 represents the demographic distribution of the self-employed in the United Kingdom throughout the eighteen waves of the BHPS which covers the periods from 1991 to 2008 inclusive. Since the full sets of information about transitions to selfemployment (and self-employment rates) are not available in waves 1, 2, and 18 (1991, 1992 and 2008) thus narrowing available information to covers only fifteen of the eighteen years of the BHPS, the observations from these waves were excluded in the analyses. Table 2.1 shows that the highest number of reported self-employment for male was recorded in year 12 (2002) of the eighteen waves when 10 percent of the

² Georgellis and Wall (2000) is acknowledged to have conducted similar analysis for the USA based on 1998 March Supplement to the Current Population Survey (CPS)

male work force reported self-employed. This represents a significant 4 percent increase from 6 percent in the preceding year for men, and represents a break in the 5 years decreasing trend in male self-employment rate from year 8 when 9 percent of the male labour force reported self-employment. Conversely, the same Table 2.1 shows that the highest reported female self-employment rate of 13 percent was recorded in year 9 (1999), which itself is a break in 3 years declining trend in female self-employment rate from year 6 (1996) when the female self-employment rate was 5 percent of the female work force. Comparing both male and female self-employment rates, the lowest reported self-employment rate for both gender occurred in wave 3 (1993) with 2 percent respectively.

2.2.1 Self-employment by Region

In terms of regional spread, there are remarkable differences in men and women self-employment rates and these differences differed across the British regions widely relative to national average. While Tyne & Wear and rest of the north of Britain had the least self-employment rate with a total average of 1 percent respectively, Table 2.1 shows that the rest of the south-east of Britain had the highest self-employment rate represented by a total mean of 26 percent of the work force. Quite surprisingly, 29 percent of women work force in the rest of south-east of Britain are self-employed. This rate is higher than the men rate by a margin of 5 percent making the men selfemployment rate to stand at the rate of 24 percent relative to the male work force. A probable explanation for this marked difference could be due to women taking up selfemployment because of the associated flexible time and work arrangement or because self-employment help reduce child-care related costs (Connelly, 1992). Further, such striking figure could be because women in this region considered self-employment to be a close substitute for part-time paid employment or being out of work force entirely relative to men (Georgellis and Wall, 2000a; Georgellis and Wall, 2005). These reported rates for men and women in both the rest of south-east and rest of north of Britain and the Tyne & Wear are significantly higher and lower to the national average of about 13 percent reported as at the end of 1989 before the turn of the decade respectively (Georgellis and Wall, 2000b). The second highest reported selfemployment rate for men and women were 13 percent (Outer London) and 14 percent (South-west) respectively followed closely by East Midland and rest of West Midland (10 percent) for men and the same rate for women in East Midland regions. As mentioned earlier on the other hand, the lowest self-employment rate of 1 percent for both males and females was reported in the Tyne and rest of the north of Britain. The same rate was recorded in Merseyside for men and West Midland for women. A rate of zero percent recorded for women in Merseyside is noteworthy because it may be explained with several reasons. Perhaps, it could be that women in this region prefer wage employment for several reasons, are stay at home mums or do not consider selfemployment at all considering the associated uncertainties, volatilities and risks. Although explanations for these regional differences are sparse, researchers have proffered some possible reasons for regional differences in self-employment compositions (See: Georgellis and Wall, 2000a; Georgellis and Wall, 2000b). Although, the explanations by Georgellis and Wall (2000a, b) relate to overall regional self-employment rate rather than differences in men and women self-employment rates, they shed good lights on why men and women differ in self-employment enthusiasm and start-ups.

2.2.2 Marital Status and Self-employment

In Table 2.1, it is further shown that men and women differ in self-employment rate based on marital status, qualifications and health. Regarding marital status and

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gender self-employment rate, a significant 69 percent of women self-employed are married and a lower 64 percent of men self-employed are married, a relative difference of 4 percent between them. Considering that a lower rate of 18 percent of the female self-employment rate were never married relative to 25 percent of men, it could be assumed that the reported margin in married female self-employed reflects very well the explanation that many women preferred self-employment because of time flexibility which allows for child bearing, caring and minding. Perhaps the lower selfemployed rate of 25 percent and 18 percent for men and women respectively could suggest that most of the respondents were still young at the time of interview, representing the lower segment of the age spread between the highest and the lowest ages, and that most of them were either unemployed, schooling, employed in some forms or seeking employment with enthusiasm. In between the two extremes are figures for the widowed (1 percent for both males and females) and the separated (3 percent for males and 4 percent for females). More interestingly, 9 percent of divorced women compared to 7 percent of divorced men reported self-employment. Perhaps this is an extension of the reasons for women self-employment rate such as child-care since most of these women, unlike men, would end up being single parents and would require more time for their wards' upbringing which only self-employment characteristics of flexi-time, flexi-schedules can guarantee (Connelly, 1992; Georgellis and Wall, 2000a; Georgellis and Wall, 2005).

2.2.3 Education and Self-employment

The significance of educational qualifications in determining whether or not an individual will become self-employed has widely been researched in the literature. This is because quality of individual's education is believed to influence the development of human capital and the formation of social network or social capital,

which are vital capital components of self-employment. Given that occupations and industries that accommodate self-employment are widely spread, pinning down the self-employment relationship is tasking (Georgellis and Wall, 2000a). As such this section discusses gender differences in self-employment according to education instead of the predictive capacity of education on self-employment rate of men and women.

Taking GCE A/Levels as part of secondary school qualification, Table 2.1 shows that 51 percent of self-employed men (49 percent of women) possess some form of post-secondary school qualification while 51 percent of self-employed women (49 percent men) did not have post-secondary school qualifications. The data suggest almost an equal spread of self-employed individuals along educational lines, and that lower qualified persons might earn as much satisfaction as highly qualified individuals. Broken further down, the data shows that an equal percentage (14 percent) of selfemployed men and women are first degree and higher qualified, 27 percent of selfemployed women compare to men (35 percent) have other high qualifications lower than degree but higher than secondary school. Supposedly, this suggests that men relatively engage in self-employment in occupations that require further educational qualifications. Also interesting is the fact that more women (6 percent) than men (1 percent) with teaching qualifications engage in self-employment, which again, is a reflection of women preference for self-employment due perhaps to flexi-time and work which allow them to put their teaching qualifications into use through some private tuition arrangements. Similarly, higher proportion of self-employed women (15 percent) compare to men (10 percent) had no qualifications whatsoever, suggesting that many women's self-employment activities occur in occupations that do not require formal academic qualifications, e.g. trading, hairdressing etc. Last but not the least, Table 2.1 shows that 2 percent (0 percent females) of self-employed men had apprenticeship qualification. Although, the figure appears small, it speaks volume. For instance, it suggests that at the last release of the BHPS datasets, (almost) no self-employed female pursue apprenticeship qualification even for the trade they engage in such as hairdressing. This does call to question how the training in those trades/occupations is certificated or how the competences of individuals in the occupations are graded. Furthermore, the figure suggest that all the popular occupations and industries, e.g. construction, wherein apprenticeship thrives are entirely and solely reserved for self-employed men, or perhaps that the few women in those occupations and industries do not possess the required minimum qualification to work in such areas of endeavours. Refer to Georgellis and Wall (2000a) for further detailed information on education and self-employment.

2.2.4 Age and Self-employment

Although the disparity between the average age of self-employed men and women is not very wide, Table 2.1 shows that at the interview periods, self-employed women, on the average, are relatively older than men standing at 43 years and 42 years respectively. Generally, there are several explanations why the average age (about 43 years) of self-employed men and women is as high. First, it could indicate the understanding that self-employment propensity rises with age since success in entrepreneurship and self-employment is somewhat related to building social networks and social capital both of which are time related. In other words, prospective selfemployed men and neighbours before starting self-employment. Second, experience and recommendation through word of mouth are key to self-employment success, older individuals in paid employments are more likely to become selfemployed than younger workers. Third, most paid employees, especially well paid ones, tend to retire from paid employment early in life and usually want to continue being active. In most cases, self-employment is the next point of call. Through selfemployment, those individuals continue in similar capacities like when in paid employment through freelance self-employment or contractors. In this manner, selfemployment further accords them the inclination to retire later in life than in paid employment.

2.2.5 Health and Self-employment

Regarding the health of self-employed individuals, Table 2.1 shows that almost the same number of self-employed men and self-employed women were in good or excellent health at the time of data collection. Put together (Good & Excellent health), 80 percent of self-employed men (76 percent women) reported being very fit while undertaking self-employment activities. This is not surprising, it represents the norm rather than the exception because entrepreneurial/self-employment activities and engagements require the individual to be fit physically, emotionally and morally as self-employment enterprise involve agility, endurance, perseverance, emotional stability and other positive effects. Similarly, self-employed men and women require sound health condition because the self-employed, in practice, need to meet business requirements such as business travel, obligations, and customers' expectations, which often necessitate that they work long hours. Nevertheless, working long hours to meet business obligations, working more into the evenings and weekends compared to paid employees (Hyytinen and Ruuskanen, 2007) jeopardizes health and physical compositions. Also, self-employed women who multi-task between work and home lives under great time pressure (Hyytinen and Ruuskanen, 2007) could have their health jeopardized due to work-life conflicts. The ability to meet all these responsibilities requires good health. What appears surprising in the data however, is

	Male	Female	Total
Variables	Mean	Mean	Mean
Employed	0.81	0.60	0.72
Unemployed	0.10	0.09	0.09
Non Labour Force	0.09	0.31	0.18
Age at date of interview	42.25	43 17	42.63
afedhi == Higher degree	0.02	0.02	0.02
afedhi == First degree	0.12	0.12	0.12
qfedhi = Teaching qualification	0.01	0.06	0.03
qfedhi = Other higher qualification	0.35	0.27	0.32
qfedhi = Nursing qualification	0.00	0.02	0.01
qfedhi == GCE A/Levels	0.11	0.12	0.11
qfedhi = GCE O/Levels	0.22	0.18	0.21
qtedhi = Commercial degree	0.01	0.03	0.02
$q_{1edn1} = CSE$ Grade degree	0.02	0.03	0.02
afedhi = Other auglification	0.02	0.00	0.01
afedhi = No aualification	0.01	0.00	0.00
qfedhi = Still at school	0.00	0.00	0.00
nchild — No Child	0.74	0.78	0.76
Annual Household @ 9/91	30.60	30.12	30.40
Health $=$ Excellent	0.27	0.22	0.24
Health == Good	0.53	0.54	0.53
Health $=$ Frail/V. poor	0.20	0.24	0.22
marstat = Married	0.04	0.69	0.66
marstat Separated	0.03	0.04	0.03
marstat == Widowed	0.07	0.09	0.08
marstat = Never married	0.25	0.18	0.01
Region == Inner London	0.06	0.07	0.06
Region == Outer London	0.13	0.07	0.10
Region == Rest South-East	0.24	0.29	0.26
Region == South-West	0.07	0.14	0.10
Region == East Anglia	0.02	0.05	0.03
Region == East Midland	0.10	0.10	0.10
Region — West Midland con Region — Rest West Midland	0.02	0.01	0.02
Region == Greater Manchester	0.10	0.03	0.07
Region \Longrightarrow Mersevside	0.02	0.02	0.02
Region = Rest North-West	0.04	0.03	0.00
Region = South Yorkshire	0.02	0.02	0.02
Region == West Yorkshire	0.05	0.02	0.04
Region == Rest York-Humberside	0.02	0.03	0.03
Region == Tyne & Wear	0.01	0.01	0.01
Region = Rest North	0.01	0.01	0.01
Region = Wales	0.04	0.03	0.03
Region - Scotland	0.05	0.06	0.06
Vegion — Normern Ireland	0.00	0.00	0.00
$Y_{ear} = 20000$	0.00	0.00	0.00
Year $= 3.0000$	0.02	0.00	0.00
Year $= 4.0000$	0.06	0.07	0.06
Year = 5.0000	0.05	0.05	0.05
Year == 6.0000	0.04	0.05	0.04
Year $= 7.0000$	0.05	0.04	0.05
Year $= 8.0000$	0.09	0.09	0.09
Y ear = 9.0000	0.08	0.13	0.10
1 car = 10.0000 Vear = 11.0000	0.07	0.07	0.07
Year $= 120000$	0.00	0.09	0.07
Year $= 13.0000$	0.10	0.10	0.10
$Y_{ear} = 14,0000$	0.09	0.07	0.08
Year $= 15,0000$	0.09	0.05	0.08
Year $= 16.0000$	0.06	0.06	0.06
Year $= 17.0000$	0.05	0.04	0.05
Year == 18.0000	0.00	0.00	0.00

Table 2.1: Demographic Description of the Self-employed (Means)

that the figures show that 20 percent of self-employed men (24 percent women) reported being frail or having very poor health conditions. Considering the above on the demand on health of the self-employed individuals, a far lower proportion would be expected. However, there are possible explanation for the reported health condition and self-employment among men and women. First, it could be that those self-employed men and women who reported frail and very poor health conditions fell sick after a period of self-employment and the interview for data collection took place while in the state of sickness. Second, those individuals could have taken up self-employment through petty trading or similar (which involve less health demands) after they were found unfit for jobs in organisations within paid employment sector.

2.3 Origin of the Self-employed

That individuals transit into self-employment by being pushed or pulled by negative or positive influences surrounding them is evidenced in the literature. While investigating the motivations for self-employment, researchers have specified sketchy information of where the newly self-employed individual migrated from. However, there has been no concerted effort focusing specifically on the origin of such individuals within the labour force. This piece bridges a section of that gap in the literature as well as detailing the proportion of the self-employed in Britain that originated from which labour force source based on gender differences. Using Table 2.1 derived from the BHPS dataset, self-employed individual originated from three sources – *Employment (paid), Unemployment, and Non-labour Force* states.

Table 2.1 shows that 72 percent, constituting the majority of British selfemployed population, had switched from some forms of paid employment either from the public sector or the private sector. Of course, there is ample research evidence on the motivation for such migrations. These motivations include factors like the perceived higher job satisfaction, autonomy, independence, schedule/time flexibility, lack of income ceiling among other (See: Appendix C1a). Of the 72 percent proportion of the self-employed population that transitioned from paid employment, a substantial portion (81 percent) were men while considerable number (60 percent) were women. This is a difference of 21 percent between male and females. Further, Table 2.1 shows that about 10 percent of the self-employed men originated from unemployment state compare to about 9 percent of self-employed women who switched from unemployment. In addition, a total average of 18 percent of self-employed individuals migrated to self-employment from Non-labour force category out of which a large chunk of 31 percent was women while only 9 percent were men. The indication here seems to support the government policy targeted at encouraging people to become selfemployed as a way out of the benefit system since the majority of child benefit payments for instance, are paid to the mothers.

2.4 What do the Self-employed do?

As Appendix C2, Table 2-A (Three-digit Occupational Label) shows, the concentration of self-employed men and women is within a small number of occupations. Considering the occupations in which the self-employed (both genders) occupied a 3 percent minimum share, Table 2.2 (Two-digit Occupational Label and Self-employment Ratio)³ shows that 67 percent of self-employed women were concentrated in one of twelve occupations, and 59 percent of self-employed men were are some overlaps in some occupational categories (Classifications 12, 17 and 38), with self-employed women taking larger share in those categories. Perhaps, this is

³ In order to aid comprehension, Table 2-A and Table 2.2 should be read together.

⁴ Excluding occupations that had no self-employment records for either sex (26 occupations), this is out of 53 occupational classifications with self-employment records.

because the occupations in the classifications relate more to the traditional women jobs such as company secretaries, hairdressing managers, restaurant & catering manager, journalist and clothing designers. Whereas higher proportion of self-employed men are engaged in construction, technical, engineering, and truck driving related occupations, very few or no self-employed women were reported. Rather, selfemployed women were largely in services, administrative support and healthcare related occupations where self-employed men were not likely to be. E.g. secretariat services, education assistant and beauticians. In relative terms, comparing what selfemployed men and women do and the industries of their occupations shows that whereas 4 percent of self-employed women were occupied in sales and administrative related services, the same occupation engages only 3 percent of the self-employed men - a one percent point difference which suggests that men and women are almost at par in the trade. A noteworthy classification is occupational classification '17' which relates to services provision and management. Self-employed women had their largest share in this occupational group with 14 percent point compared to self-employed men with 6 percent point, representing a large 8 percent point difference. Possibly, more women engaged in self-employment in this occupational group because the class relates to being hairdresser manager, travel agency manager, hotel and accommodation manager and club stewards. Similarly, larger number of self-employed women were recorded in classification '65' relating to nursery nurses, play group leaders and educational assistants with a 10 percent point whereas no self-employed man was recorded. Again, this is because the roles in the classification are purely women traditional enclaves. Thus, it is not surprising that self-employed men are not found in this occupational category.

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Table 2.2: Two-Digit Occupation Label and Self-employment Ratio

			Male	Female	Total
Label			Mean	Mean	Mean
jbsoc2		10.0000	0.00	0.00	0.00
jbsoc2		11.0000	0.02	0.00	0.01
jbsoc2	==	12.0000	0.03	0.04	0.04
jbsoc2	==	13.0000	0.02	0.02	0.02
jbsoc2	==	14.0000	0.00	0.00	0.00
Jbsoc2		15.0000	0.00	0.00	0.00
JDSOC2	==	15.0000	0.01	0.01	0.01
jDSOC2		19,0000	0.06	0.14	0.10
ibsoc2		10,0000	0.00	0.00	0.00
ibsoc2	==	20.0000	0.04	0.02	0.03
ibsoc2	==	21.0000	0.05	0.00	0.03
jbsoc2	-	22.0000	0.01	0.01	0.01
jbsoc2		23.0000	0.02	0.05	0.03
jbsoc2	==	24.0000	0.01	0.01	0.01
jbsoc2		25.0000	0.02	0.02	0.02
jbsoc2	==	26.0000	0.01	0.00	0.01
Jbsoc2		27.0000	0.00	0.00	0.00
jbsoc2		29.0000	0.01	0.00	0.00
jbsoc2		31.0000	0.00	0.00	0.00
jbsoc2		32 0000	0.01	0.00	0.00
ibsoc2	==	33,0000	0.00	0.00	0.01
ibsoc2	==	34.0000	0.00	0.04	0.02
jbsoc2	==	35.0000	0.00	0.00	0.00
jbsoc2		36.0000	0.02	0.01	0.02
jbsoc2	==	37.0000	0.00	0.00	0.00
jbsoc2		38.0000	0.05	0.08	0.06
jbsoc2	==	39.0000	0.02	0.01	0.02
jbsoc2	==	40.0000	0.00	0.00	0.00
jbsoc2		41.0000	0.01	0.03	0.02
jbsoc2		42.0000	0.00	0.01	0.00
ibsoc2		43.0000	0.00	0.00	0.00
ibsoc2	==	45,0000	0.00	0.04	0.00
ibsoc2		46.0000	0.00	0.01	0.02
jbsoc2		49.0000	0.00	0.00	0.00
jbsoc2	==	50.0000	0.09	0.00	0.06
jbsoc2	==	51.0000	0.01	0.00	0.01
jbsoc2	==	52.0000	0.04	0.00	0.03
jbsoc2		53.0000	0.03	0.00	0.02
jbsoc2		54.0000	0.02	0.00	0.01
JDSOC2		55.0000	0.00	0.03	0.01
jbsoc2		50.0000	0.00	0.00	0.00
ibsoc2		58.0000	0.04	0.00	0.02
ibsoc2		50.0000	0.00	0.00	0.03
ibsoc2		60.0000	0.00	0.00	0.00
ibsoc2	==	61.0000	0.01	0.00	0.01
ibsoc2	==	62.0000	0.00	0.01	0.00
jbsoc2	==	63.0000	0.00	0.00	0.00
jbsoc2	-	64.0000	0.00	0.02	0.01
jbsoc2		65.0000	0.00	0.10	0.04
jbsoc2		66.0000	0.01	0.05	0.02
jusoc2		01.0000	0.00	0.01	0.00
ibsoc2		70 0000	0.00	0.01	0.00
jbsoc2	==	71.0000	0.02	0.02	0.02
jbsoc2	==	72.0000	0.00	0.01	0.01
jbsoc2	*****	73.0000	0.02	0.03	0.03
jbsoc2		79.0000	0.00	0.01	0.01
jbsoc2	==	80.0000	0.00	0.00	0.00
jbsoc2	==	81.0000	0.00	0.00	0.00
jbsoc2		82.0000	0.00	0.00	0.00
jbsoc2		83.0000	0.00	0.00	0.00
ibeoc2		85.0000	0.00	0.00	0.00
ibsoc2		86.0000	0.00	0.00	0.00
jbsoc2	==	87.0000	0.09	0.01	0.06
jbsoc2		88.0000	0.01	0.00	0.00
jbsoc2	==	89.0000	0.01	0.00	0.01
jbsoc2		90.0000	0.01	0.01	0.01
jbsoc2		91.0000	0.00	0.00	0.00
jbsoc2		92.0000	0.03	0.00	0.02
jbsoc2		93.0000	0.00	0.00	0.00
jbsoc2		94.0000	0.01	0.00	0.00
jbsoc2	22	95.0000	0.02	0.04	0.03
jbsoc2	==	98.0000	0.00	0.00	0.00
1050C2	==	99.0000	0.01	0.00	0.01

Note:						
jbsoc2 =	Two	Digits				
Jobs/Occupational						
Categories. That is, the first						
two digits	of occu	pational				
labels according to Standard						
Occupational Classification						
(SOC).						

ſ

Another interesting category is the classification (38) relating to creative activities. Although, self-employed women record a larger share of 8 percent point whereas self-employed men recorded slightly lower 5 percent point share, indicating that both men and women are actively engaged in this sector. Although, it is not clear why self-employed women record higher share compared to men, a possible explanation could be that the inclusion of clothing designer and entertainers in the classification bolsters the point in favour of self-employed women as against men. Furthermore, women as against men engaged in clerical, secretariat and weaving services from which self-employed men are excluded. On the other hand, large share of self-employed men tends to be in industries that involved the use of physical strength compare to women. Most of the occupations wherein men share larger percentage points tend to be exclusive to them. For instance, self-employed men occupy and dominate occupation class 50 (Bricklayer, Masons etc.), 52 (Fitters), 89 (Fork lift and mechanical truck driver) exclusively without self-employed women having any share point. While self-employed men engage in sharing some activities with self-employed women, self-employed men dominate many more sectors than do self-employed women.

From the foregoing, it is clear that gender differences influence preference for self-employment occupational engagements. Findings from this chapter show that the self-employed in Britain tend to concentrate more in particular occupational categories along gender divide. Given that gender differences dictate individuals self-employment decisions, and personality differences is influential to male and female career success and job performance, it is expected, by inference, that personality could determine differences in males and female entrepreneurial survival in different occupations, since it is argued that "individuals' personality may affect labour market success through the type of ... occupation chosen" (Heineck, 2011, p.1021).

Chapter 3

Behavioural Aspects of Self-employment

3.1 Introduction

Individuals witness varying degrees of events and experiences, which either brighten or dampen their morale and shape their lives. Among the life events and experiences individuals witnessed is the change in employment status to selfemployment and entrepreneurship particularly. Due to its significance to the socioeconomic fabrics of nations, many research studies have focused on different facets of self-employment. This chapter reviews the previous literature focusing on the three areas covered in this thesis in relation to self-employment, in preparation for the three main empirical investigations in chapters 4, 5 and 6. The themes of the three areas are Adaptation, Experienced vs. Decision utility, and Personality and self-employment survival.

3.2 Adaptation

The term "Adaptation" has been used in a number of ways, and has been variously defined in different fields, which include but not limited to the following: The act or process of adapting or fitting in to something, or the state of being adapted or fitted in to a situation or place. In the field of Biology, it means an alteration or adjustment in structure or habits, often hereditary, by which a species or individual improves its condition in relationship to its environment; and in Physiology, adaptation is the responsive adjustment of a sense organ, such as the eye, to varying conditions, such as light intensity. To the Behavioural Scientists however, adaptation means the change in behaviour of a person or group in response to new or modified surroundings (such as place, events, incomes etc.)

Although, the concept of adaptation was initially muted by economists in the 19th century, their attention has once again been caught by it recently (Bruni and Sugden, 2007). Contemporary works treat adaptation as the reaction or behaviour exhibited by an individual 'to stabilise' when exposed to a stimulus or stressor which will lessen with time or with repeated exposure to that stimulus (Diener, Lucas and Scollon, 2006). Similarly, adaptation is 'a reduction in the affective intensity of favourable and unfavourable circumstances' (Frederick and Loewenstein, 1999), or a process by which living things, organisms or organizations (or agents) adjust to their environment which may stimulate a response that may impel behaviour (Day, 2001). Adaptation also means the desensitization (sensitization) to the hedonic effect of income resulting from an upward (downward) adjustment of the standards (Wunder, 2008). Generally, "Adaptation means the process by which an agent's behaviour adjusts to and interacts with its external environment and internal conditions" (Day, 2001). Day (2001) argues further that the understanding of the behaviour of an agent and its environment depends on the consideration given to the internal dynamics of the agent's environment, the response of the agent to environmental changes and the effects of the agent's actions on its environment. Researchers however posit that the process through which adaptation occurs is not fully understood despite the exploration of several mechanisms (Booker and Sacker, 2012), thus positing that due to small economics literature on adaptation, the understanding of the extent of any hedonic adaptation in the world is imperfect (Oswald and Powdthavee, 2008; Georgellis, Gregoriou and Tsitsianis, 2008). In Clark et al.'s (2008) viewpoint, adaptation attempts to ascertain the likelihood of individuals returning to some baseline level of satisfaction.

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3.2.1 Adaptation Process: Linear or non-linear?

The study of adaptation process in the psychological literature is usually presented within the context of set point or baseline models with little empirical evidence on the dynamics of the adaptation process. Such presentations had generated debates on whether the process of adaptation is linear or non-linear. Prior to the contemporary studies (Georgellis, Gregoriou and Tsitsianis, 2008; Georgellis et al., 2008), most of the research study on adaptation process adopted linear methods or methodologies and often used cross-sectional data in measuring the process of adaptation. Using the German Socio-Economic Panel (GSOEP) data, a large-scale panel survey, to examine the dynamics of the adjustment process towards reference values for key labour market behaviour determinants (earnings, hours of work, and overall job satisfaction), Georgellis et al., (2008a) modelled the dynamics of adjustment as a non-linear process by fitting an Exponential Smooth Transition Autoregressive (ESTAR) model which was found to be superior to a linear model in characterising the path of adjustment towards reference points. Consistent with Rizzo and Zeckhauser (2003), they argue that reference income doesn't influence future income growth for physicians whose incomes are at or above their reference income; the adjustment process for the key work characteristics under consideration was nonlinear when actual values are below the reference values but no adjustment (linear or non-linear) was present when actual values are above the reference values. Georgellis, et al., (2008a) posit that the conclusion of non-linear adjustment to reference point derives from the ESTAR estimate implies a non-linear relationship between the speed of adjustment and the distance from reference points, and that a one standard deviation change in job satisfaction results in a much higher speed of adjustment towards reference values.

Establishing the superiority of ESTAR (a non-linear) model over linear models in determining the path of adjustment, and finding that the pattern of adjustment towards reference points is non-linear as evidenced by Georgellis, et al., (2008a) prompted another study (Clark et al., 2008) to mirror the approach in examining the path of adjustment towards other life events. Therefore, in examining the shape of adaptation relative to unemployment through modelling the direction of adjustment towards pre-unemployment levels of wellbeing for groups of workers with different characteristics, Georgellis, et al. (2008b) use the (GSOEP) data on full-time worker who experienced unemployment within the German labour market and the ESTAR model. They find that adaptation to unemployment occur in a non-linear fashion, with a higher speed of adjustment reported for those workers who suffered a larger reduction in wellbeing because of their job loss (such as high earners, people with high pre-unemployment levels of life satisfaction and those who were most satisfied with their jobs prior to becoming unemployed) and that adjustment path to unemployment for females also takes place in a non-linear pattern. Similarly, in a study examining the relationship between self-reported happiness (a measure of well-being) and unemployment (one of the measures of labour market status) duration using data from three European large-scale panel surveys, the British Household Panel Survey (BHPS), German Socio-Economic Panel (GSOEP) Survey and European Community Household Panel (ECHP), although no modelling was provided, the existence of nonlinear habituation (adaptation) to unemployment pattern was suggested (Clark, 2006). Clark (2006) posits that more complex pattern of the evolution of life satisfaction appeared not in a linear trend or pattern during an unemployment spell, although no strong evidence of non-linear habituation was mentioned.

3.2.2 Factors Affecting the Adaptation Process

Research studies have investigated the factors that affect or influence the process of adaptation. As evidenced in the adaptation literature, factors such as: (a) Personality (b) Reference values or group (c) Social Norms (e) Religious beliefs (f) Anticipation of an event (g) Societal support/influence (h) Family support/influence (i) Environmental influence (i) Individual differences and variability in people's reaction to similar events (k) Variability or differences in the nature of the event, have been identified to have influenced adaptation. For instance, some marriages are better than other and some divorces are better managed than others (Lucas, 2007) especially when such an evaluation is based on mutual consent/agreement to terminate the marriage contract as a result of prevailing situation such as physiological incompatibility or based on cultural or religious guidelines or regulations (e.g. Islamic concept of divorce). Further, adapting to events is dependent on how individuals are responding to the occurrence of such events. The literature suggests that response to events reflects a cushion or a "Coping Strategy". The literature sheds light on when people adapt or do not adapt to negative events, and it is common knowledge in the adaptation research that certain coping strategies are more effective than others, and that individuals differ in their preferred strategies. These coping strategies include (1) Re-appraisal strategy (2) Suspension strategy (3) Humour using Strategy (4) Seeking Strategy (5) "Keeping going" Strategy and (6) Denial Strategy. In the same vein, personal characteristics, including education, are found to affect habituation to unemployment for both sexes, even as evidence of habituation/adaptation to past unemployment is evidenced (Clark, Georgellis and Sanfey, 2012).

Literature evidence also suggests that personality moderates the adaptation process. For instance, evidence from psychology research suggests that personality traits such as extraversion and introversion are main moderating factors for how individual react and adapt to events. Therefore, happy people are more likely to adjust faster to unemployment due to adopting a positive attitude and an optimistic approach to dealing with (unemployment) event (Georgellis *et al.*, 2008; Georgellis, Gregoriou and Tsitsianis, 2008). Heading and Wearing (1989), in agreement with the earlier study by Brickman and Campbell's (1971) on the hedonic treadmill, also support the idea that the degree of adaptation/habituation might be influenced by individual personality; and that the baseline might be positive (Diener and Diener, 1996; Diener, Lucas and Scollon, 2006). Other factors influencing and moderating the adaptation process are religion, culture, income of the individual, and social capital - defined as a person's social characteristics such as social skills, charisma, and the size of one's Rolodex (or network ties) etc. - which enables him/her to reap market and non-market returns from interactions with others (Glaeser, Laibson and Sacerdote, 2002).

3.2.3 Methods of testing for Adaptation

Prior to the more recent studies on adaptation, researchers have relied on econometric techniques based mostly on cross-sectional data. Early findings on adaptation, as Lucas (2007) puts it, come from studies that examine the well-being of individuals who have experienced important life events. However, even these studies can be somewhat equivocal, that is, they often suffer from problem of interpretation. For example, research shows that lottery winners were not significantly happier than the control-group participants and those individuals with spinal-cord injuries "did not appear nearly as unhappy as might be expected" (Brickman, Coates and Janoff-Bulman, 1978; Diener, Lucas and Scollon, 2006; Lucas, 2007). Furthermore, Lucas (2007) argues that the conclusions that could be drawn from previous studies on adaptation were limited and restricted due to methodological limitations. The restricted conclusions arise because most of the studies were not longitudinal, although adaptation to subjective wellbeing (SWB) depends on knowledge of participants' preevent levels of SWB. In this respect, it is difficult to make comparison between individuals where pre-event levels of SWB for the individuals are not known. Lucas (2007) suggests that interpreting the results from such studies must be done cautiously. Further, the problem of "Demand Characteristics" is evidenced to affect the results from most of the previous adaptation studies. The problem of "Demand Characteristics" arises where people believe that the life event should have an impact on them. As such, the participant may over or under report SWB in an attempt to appear well adjusted thereby influencing the result of the study (Smith et al., 2006). For example, Smith et al., (2006) show patients with Parkinson's disease (PD) reporting lower life satisfaction when told that PD was a focus of study than when told that the study focused on general population. Essentially, these individual patients responded to survey questions in a way that would portray them as having higher life satisfaction believing that such a survey was meant for different purpose rather than research about their health conditions. Further, Clark et al., (2008) argue that studies that are based on cross-sectional data suffer from the inability to shed light on whether differences found between different groups reflect initial differences in SWB or preexisting group differences with respect to the situation in question. For instance, the argument that paraplegic are less happy than their reference group has been found to be inaccurate because several studies in the literature have shown that paraplegics are not less happy than their comparison groups.

In order to resolve the problems associated with previous adaptation literature, researchers have recently identified the use of large scale, nationally representative panel data as an important tool for testing adaptation and addressing questions about adaptation to life events (Lucas *et al.*, 2004; Clark *et al.*, 2008; Georgellis, Gregoriou and Tsitsianis, 2008; Georgellis *et al.*, 2008; Georgellis and Tabvuma, 2010; Clark and

Georgellis, 2012), and because large panel data have features which are not available in cross-sectional data or econometric techniques. At this juncture, it is worthy to mention that cross-sectional data differ from longitudinal (panel) data majorly in terms of features and results. First, while the former focuses on the information received from surveys and opinions at a particular time, in various locations, depending on the information sought, the latter focuses on results gained over an extended period of time. Second, comparison of two groups at one point in time (e.g. males and females) constitutes a significant shortcoming of most cross-sectional data, and comparability of these subgroups determines the reliability of the results therefrom (Hanglberger and Merz, 2012). Further, there are differences in terms of results from both cross-sectional and panel data. For example, cross-sectional studies have problem with generalising the results, whereas panel studies do not usually have such generalisation problem. More importantly, the use of panel data possesses a number of advantages over the use of alternative designs. These advantages include but not limited to: (a) being prospective in nature, that is, present levels of SWB are known; (b) being longitudinal, that is, changes over time can be modelled accurately; (c) involving very large sample - which means that even rare events are sampled, and according to Clark et al., (2008), enabling the identification of substantial number of people experiencing a range of significant life and labour market events, and to follow the evolution of their life satisfaction as they occur; (d) being nationally representative, thereby enabling results from them to be confidently generalised; (e) eradicating the problem of "demand characteristics" because designers often recruit nationally representative samples, and questionnaires often focus on a variety of issues; (f) allowing for teasing out the causality between SWB and life or labour market events (Clark et al., 2008) since some events such as marriage and unemployment are themselves correlated with individuals' past SWB level. For example, relatively unhappy people tend to be unemployed (Clark *et al.*, 2008) and happiness increases the chance of marriage (Stutzer and Frey, 2006); (g) panel data also have the advantage of fixed-effect analysis (or within-subject analysis). That is, the process of modelling adaptation within the same individual overtime rather than comparing two different individual with different years of experiences. Some of these large panel data are the German Socioeconomic Panel Study (GSOEP), British Household Panel Study (BHPS), Work and Employment Relation Survey (WERS) etc.

Although, large-scale panel data have gained reputation and prominence in recent times in testing adaptation, they do suffer from limitations such as assessment of relatively limited variables, which lead to inability to examine moderators and process (Lucas, 2007). In addition, some longitudinal surveys, for example, analysis of the study of paraplegics (Silver, 1982) which covered about two months, may not have fully captured adaptation development due to the short period the analysis covered. The good news however, is that they undergo constant and regular revisions and updates to accommodate new variables.

3.3 Life Events, Adaptation, and Subjective Well-being (SWB)

Brickman and Campbell's (1971) hedonic treadmill concept set the platform for the discussion on SWB - defined as an individual's subjective evaluation of quality of life from his/her own perspective (Diener, 1984), life event and adaptation. They posit that SWB changes temporarily when primed by the appearance of new incentives. Adaptation occurs where individual's subjective well-being is caused to depart from a baseline by the occurrence of events. Brickman, Coates and Janoff-Bulman (1978) argue that individual return to a baseline level of happiness after experiencing the satisfaction for some period and the positive and negative effects of the event that cause SWB to depart the baseline cease having an impact. Thus,

Frederick and Loewenstein's (1999) proposed an adaptation theory principle which suggests an "automatic habituation process" (Hanglberger and Merz, 2012) whereby individual's SWB varies around a stable, genetically determined set-point (Diener, Lucas and Scollon, 2006). This suggests that the baseline level of SWB of an individual is due to personality traits and past experience. Heady and Wearing (1989) posit that individuals will adapt back to a baseline level of SWB after an unexpected event because they have stable personality traits. Implicitly, "individuals temporarily move away from a set-point in response to positive and negative life events, but inevitably adapt back to baseline level of SWB within a short period of time" (Yap, Anusic and Lucas, 2012). Evidence from previous studies suggests that individual's life satisfaction may be highly affected by major positive and negative life events but the exact nature of the effects seems to vary for different events and individuals (Lucas, 2007). Similarly, studies have found varying degree of responses to different event. For instance, adaptation to marriage and childbirth is relatively quick, slow for widowhood, but incomplete for unemployment and start of disability (Lucas et al., 2003; Lucas et al., 2004; Lucas, 2007). Although, the effects of major life events on SWB and adaptation to changes in major life events is established in the literature, studies on (effects of) self-employment as a life event and SWB have so far ignored the adaptation theory (Hanglberger and Merz, 2012) thereby leading to erroneous conclusion that changes in satisfaction level resulting from self-employment is permanent. This argument finds no support and in-fact contradicts findings from recent empirical studies (Lucas, 2005; Clark et al., 2008; Oswald and Powdthavee, 2008; Clark and Georgellis, 2013). It becomes imperative therefore, to factor adaptation theory into the relationship between self-employment and aspects of SWB as characterized by job satisfaction of individuals transiting to self-employment from wage employment.

3.4 Self-employment and Job/Life Satisfaction

The relationship between self-employment and satisfaction (job and life satisfaction) has been widely researched from different facets. Although evidence are mixed, most of the extant studies conclude in favour of substantially higher job satisfaction for the self-employed compared to the salaried employees. These studies suggest that the reported increased satisfaction results majorly from non-pecuniary aspects of self-employment. For example, whereas Rees and Shah (1986) argue that individuals choose self-employment when higher return is expected from it relative to salaried employment (Taylor, 1996; Clark and Drinkwater, 2000), and Amit et al., (2001) posit that financial motives may be a secondary reason for becoming selfemployed since self-employment amongst professionals (e.g. lawyers, accountants and IT experts) are motivated by other intrinsic factors such as procedural utility and selfefficacy, away from monetary rewards. Similarly, Dennis (1996) found that majority of respondents (54 percent) reported that "greater control over their life" and "building something for the family" motivated their business formation decisions. Thus, Blanchflower and Oswald (1998) posit that perhaps higher level of satisfaction among the self-employed could be due to the selection of optimistic individuals into selfemployment. This position seems skewed towards factoring the psychological characteristics of the self-employed individuals (Brockhaus and Horwitz, 1986), especially the personality traits exhibited by individuals who decide to and does transit into self-employment, into the framework. Blanchflower and Oswald (1998) also suggested that the self-employed are more satisfied because they get higher utility than conventional employees, which perhaps could result from intrinsic motivation or the psychological (satisfaction) state of having their business and fortunes in their hands.

It is however intriguing that the literature has consistently found that selfemployed workers enjoy higher job satisfaction relative to salaried employees considering that self-employment is synonymous with low income (Carrington, McCue and Pierce, 1996; Hamilton, 2000), uneven income distribution (Merz, Böhm and Burgert, 2009) and longer working hours (Eden, 1975). In spite of these negative aspects, self-employment still finds favour among individuals due to the preference for independence and autonomy it offers (Gatewood, Shaver and Gartner, 1995; Benz and Frey, 2008); financial and human capital growth (Rodriguez, 2009) and because it offers flexibility, skill utilisation and to some extent, higher job security (Eden, 1975; Hundley, 2001). Dennis (1996) also found that using 'skills and abilities' is an important motivating factor for taking up self-employment. Such outcomes account for higher satisfaction associated with self-employment jobs. Furthermore, Benz and Frey (2008) argue that "interesting work of the self-employed account for 50-80% of higher job satisfaction while other work aspects such as pay, job security, or opportunity for advancement account for relatively little of the observed differences". Similarly, Lange (2012) showed that apart from values and personnel trait, autonomy and independence are determinants that lead to higher job satisfaction level for the self-employed. Although there is literature evidence that self-employment may be associated with job dissatisfaction (Kawaguchi, 2008) which may be a result of pressure of work undertaken by the self-employed individuals, or the tendencies of work-family conflicts (Parasuraman et al., 1996), such evidence is clouded by the preponderance of evidence stating otherwise. Nevertheless, the literature is mixed regarding self-employment and life satisfaction (well-being). While Blanchflower and Oswald, (1998) find that self-employment has a positive and significant effect on both job and life satisfaction, Andersson (2008) argues that self-employment increases job satisfaction significantly, but the effect of self-employment on life satisfaction is dependent on model specification. Despite all the positive elements associated with being self-employed, several constraints and barriers are encountered by individuals who decide to transit to self-employment. In spite of these constraints, several individuals still find it worthwhile to transit to self-employment by 'weathering the storm' and breaking the barriers in order to harness the possible benefits associated with self-employment.

As evidenced above, the literature on the self-employment transition and survival focus mainly on the factors that motivate business start-ups and the skills sets and attributes that contribute to their economic success and survival (Parasuraman and Simmers, 2001). Thus, prior research on self-employment survival is limited by focusing almost exclusively on pecuniary (economic) and demographic determinants of self-employment survival (Georgellis, Sessions and Tsitsianis, 2007). Although there are studies that provide some evidence on the effects of non-pecuniary variables on self-employment survival and exits (Bates, 1990; Georgellis, Sessions and Tsitsianis, 2007; Parasuraman and Simmers, 2001), very little attention has been devoted to investigating the relationship between the wellbeing of the self-employed and their survival. While possessing greater business acumen, labour markets skills, and capital are linked to survival (Bates, 1990) for instance, Georgellis, Sessions and Tsitsianis (2007) focus on some demographic and human capital variables that influence self-employment survival, as well as exit into single and competing risks.

3.5 *Experienced utility* vs. *Decision utility*

The focus of this section begins with a distinction between two core aspects of the term 'utility'. That is, *Decision utility* and *Experienced utility*. As initially suggested by Bentham, *Decision utility* (or "wanting") is contingent upon choices, and it is used to explicate choices i.e. it determines the choice between alternatives or represents the weight of an outcome of a decision. *Experienced utility*, by contrast, refers to the instantaneous level of pain and pleasure, or the hedonic experience associated with an outcome. *Decision utility* in the literature, is the subtype of reward utility most directly related to an actual decision, and it is the essence of an actual decision at the moment it is made. The valuation of the outcome manifests in choice and pursuit. Most typically, *Decision utility* is revealed by what we actually decide to do. Conversely, *experienced utility* is what most people think of the term reward. It is the hedonic impact of the reward that is actually experienced when it is finally gained. That is, it is the affective pleasure component of reward utility.

Integrating the terms (concepts) of "Experienced Utility" and "Decision Utility" within the context of the thesis and the data as the building block towards a theoretical argument for explaining self-employment is essential in the sense that the dataset is about individuals' previous experiences (experienced utility) which goes to inform the individuals' self-employment decisions. That is, the dataset records the (satisfactory or unsatisfactory) experiences of individuals in previous employment (self-employment) spells which then form the bases for whether or not to become selfemployed. Where the satisfaction or utility derived from the experiences is satisfactory, a form of repeat preferences emanates and vice versa. Utility (satisfaction), according to early scholars in this regards, was the sum of experienced pleasures minus pains. The reporting of *Experienced utility* can either be in real time (instant utility), or in retrospective estimation of past episodes i.e. remembered utility (Kahneman, Wakker and Sarin, 1997). Thus, while advocating the return to Bentham through a renewed utilitarian view points, Kahneman et al. (1997) argue that "Experienced utility is not only measurable, but also of fundamental importance for understanding behaviours and public policies selection, and that "Experienced utility" (enjoying) differs from "Decision utility" (wanting) in many significant ways". Implicitly, Experienced utility suggests that the expression of individual's behaviour

in any particular scenario is a function of the previous life experiences. Thus, *Experienced utility* is defined as:

"the hedonic impact of the reward that is actually experienced when it is finally gained. It is the affective pleasure component of reward utility. For many, Experienced utility is the essence of what reward is all about" and "Decision utility a subtype of reward utility most directly connected to an actual decision... is the essence of an actual decision at the moment it is made, the valuation of the outcome manifest in choice and pursuit. Most typically, it is revealed by what we decide to do." (Berridge and Aldridge, 2008, p. 510)

Kahneman *et al.* argue that the idea that both experienced and decision utilities make the same behavioural predictions and that individual chooses the options with the highest *Experienced utility* has always underlies economic research. Based on several studies, they however posit that individuals do not maximise total pleasure or minimise total pain in general, in their choices of which experiences to repeat (Kahneman *et al.*, 1993; Redelmeier and Kahneman, 1996). Rather, individuals' decisions are the result from averaging the peak experience and the experience at the end of the episode. This sensation (perception), according to Kahneman *et al.*, is known as the *peak-end theory*. In essence, the peak-end theory operationalises the *experience utility* vs. *decision utility* in decision making between choices (such as quit or stay decisions).

3.5.1 Peak-End Rule

Based on the analyses of a number of experiments presented in Kahneman et al.'s (1997) study in justifying the concepts of experienced and decision utilities, studies report individual's *experienced utility* overtime for a number of different events after which individuals indicated the events they would prefer to repeat when asked to choose. Rather than choosing to minimise total painful experiences or maximise total enjoyment, the average of the most severe pain (peak experience) and the (final) pain at the end of the experience recorded significantly predict the preference for the chosen event. That is, when individuals reflect on an experience, they remember the peak painful (pleasurable) experiences and how it ended, which influences their preferences (*Decision utility*) for a particular event. According to Kahneman et al., (1997), people do not look at the experience as a whole and average it; neither do they measure pain (pleasure) by how long it lasted, but by the most intense feeling experienced and the feeling left at the final moment of the experience. Thus, the argument that '*Decision utility*' could be seen as a transformation of the spread of *Experienced utility* overtime instead of being its sum. Consequently, Kahneman et al., (1997, p.381) argue that "the remembered utility of pleasant or unpleasant episodes is accurately predicted by averaging the Peak (most intense value) of instant utility (or disutility) recorded during an episode, and the instant utility recorded near the end of the experience" (i.e. Peakend rule).

Although, psychology studies measured the behaviours of experimental sample in terms of pain and pleasure, people's memories of pain and pleasure in many circumstances are measured in terms of remembered utility (satisfaction) to maximise (Kahneman, Wakker and Sarin, 1997). Relatedly, although individuals report pain or discomfort (or happiness) in minutes or short periods and report its overall evaluation after the experience has passed (Kemp, Burt and Furneaux, 2008), the levels of job satisfaction are measured and reported at specific time intervals or waves (Clark and Georgellis, 2012) thereby substituting the reported instantaneous utility. And overall evaluation is substituted for the observable decision whether or not to stop an experience. Whereas job satisfaction represents the instantaneous utility measure, the *Decision utility* measure will be the choice whether or not to remain in the labour force. The idea therefore, is that individuals be sure to attain a specific climatic moment and

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save best for the end regardless of what is pursued or created (Clark and Georgellis, 2012).

3.6 Personality and Entrepreneurial/Self-employment Survival

Personality, for decades, has had a far-reaching impact on behavioural research's efforts in explaining the individuals' attitudes and behaviours. Perhaps, this is due to the importance personality gained through being an enduring predictor of several noteworthy work behaviours that can neither be adequately predicted by job knowledge and skills nor by work situations or general mental ability (Barrick, 2005). If this is true of personality, and given that ventures creation and running depend on other variables, the personality - entrepreneurial survival relationship becomes apparent. Interestingly, factors affecting entrepreneurial venture creation and running include genetic factors (Nicolaou et al., 2008), which perhaps influence entrepreneurship through personality as mediating mechanisms (Shane et al., 2010), rather than financial considerations or entrepreneurs' personal characteristics like skills and abilities (Granovetter, 1985). Presumably, financial considerations could often ignore environmental influences, and structural and positional characteristics of the entrepreneurs. Moreover, entry into self-employment and success (survival) as self-employed entrepreneurs is significantly motivated by personality rather than being an arbitrary course of actions (Rauch and Frese, 2007).

Conflicting arguments exist regarding the significance of personality to entrepreneurial survival on the one hand, and those regarding the components of personality that are important even if personality is accepted as significant on the other hand. For example, Gartner (1985) argues that the diversity in personality traits amongst entrepreneurs is much greater than differences between entrepreneurs and non-entrepreneurs, and supported (it) with evidence that show personality structure as

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a vital explanatory component for entrepreneurial success (Zhao and Seibert, 2006). There are also arguments suggesting that research on personality traits and entrepreneurship has reached an apparent empirical dead end (Aldrich, 1999). Conversely, while some evidence promote personality traits (Big Five dimension) due to construct validity and reliability issues (Barrick and Mount, 1991; Zhao and Seibert, 2006), some others posit that this broad traits approach is insufficiently related to entrepreneurial tasks (Dudley *et al.*, 2006). Although this thesis adopts the former line of thought due to preponderance of evidence, the literature presented herein cuts across both lines of thought. Therefore, the relationship between personality and self-employment survival will be presented under two separate headings: Personality Traits (Big Five) and Entrepreneurial Survival, and Personality Characteristics (e.g. Risk Taking, Locus of control, Need for autonomy, Need for achievements and Assertiveness) and Entrepreneurial Survival.

3.6.1 Personality Traits and Entrepreneurial Survival

Personality Traits (Big Five) consist of *Openness to Experience*, *Conscientiousness, Extraversion, Agreeableness*, and *Neuroticism*, which are represented by the acronym "OCEAN"⁵. It is common understanding in the entrepreneurship literature that successful entrepreneurs exhibit innovative characteristics and express strong aspiration for creativity towards building businesses that would outlive them (Engle, Mah and Sadri, 1997). To do this, entrepreneurs need to be broad-minded, curious and creative in identifying niche markets, solve developing business problems, and adopt pioneering tactics to business strategies (Zhao and Seibert, 2006), as well as develop social network and ties that are vital for

⁵ A detail description of the Big Five personality traits and their composition is made in chapter 6 of this thesis.

the acquisition of business information, knowledge and resources that will drive entrepreneurial survival (Nahapiet and Ghoshal, 1998; Saparito and Coombs, 2013). Apparently, individual entrepreneur's tendency to perform or action these activities hinges on his/her disposition and personality traits and/or characteristics. Studies have examined the relationship between these phenomena but contrary to expectations, results and finding have been conflicting. For example, while negative relationship which indicate that adhering to the status quo could actually steer entrepreneurial ventures to survival contrary to expectation (Ciavarella et al., 2004) thereby suggesting that available resources should be focused and targeted at area of more competencies rather diversified, other empirical results report no evidence between personality and entrepreneurs' survival (Caliendo, Fossen and Kritikos, 2011). Based on evidence that Conscientiousness trait is a more consistent predictor of job performance (Barrick and Mount, 1991; Hurtz and Donovan, 2000), career advancement (Howard and Bray, 1990), and has established positive relationship with extrinsic career success (Barrick and Mount, 1991; Judge et al., 1999), entrepreneurship researcher hypothesised a positive relationship between Conscientiousness and venture survival. Findings are however mixed in this regards. For instance, Caliendo, Fossen and Kritikos (2011) found that Conscientiousness does not have any influence on self-employment survival, but the same entrepreneur's Conscientiousness was positively related to long-term venture survival in Ciavarella et al.'s (2004) study who argue that entrepreneurs who are disorganised and cannot persevere during turbulent periods of self-employment will lose enthusiasm, confidence and determination and fizzle out quickly, and thus have higher business failures. Thus conscientious is shown as predictor of venture survival. While Extraversion, emotional stability, and Agreeableness were unrelated to long-term venture survival, a negative relationship between the entrepreneur's openness and long-term venture survival is evidenced (Ciavarella et al., 2004).

The nature of self-employed entrepreneurship often requires direct interpersonal interactions with customers, suppliers, and employees (where available) and other business networks. Social network and social capital research show extraversion as vital for forming, nurturing and developing business networks that channel valuable business knowledge, information and resources required for venture growth and survival towards the entrepreneurs, and these networks ultimately lead to stronger relationship with customers and suppliers (Barringer and Greening, 1998) and increase the chance of venture survival (Baron and Markman, 2000). This being the case, McClelland (1987) shows that assertiveness (Extraversion component) differentiates successful entrepreneurs from average ones. Further, in a study of German self-employed entrepreneurs, results show that the more communicative (Extraversion element) entrepreneurs are, the less likely their exit tendency (Caliendo, Fossen and Kritikos, 2011). But the relationship between venture survival and Extraversion was not supported in Ciavarella et al.'s (2004) study of Americans. Generally, however, relationship of *Extraversion* with job performance in high interaction occupations has been established as strong (Barrick and Mount, 1991; Salgado, 1997). Further, based on interactional personality which facilitates creation of networks and ties as well as person-environment interaction, the presence of networks was found to have positive impacts on nascent entrepreneurs' long-term business survival (Korunka et al., 2010). The relationship between Agreeableness and venture survival may be multifaceted. Considering that entrepreneurship involves interacting and interrelating with internal and external stakeholders, Agreeableness may be a positive entrepreneurial trait because it may boost the building of vital relationships as agreeable entrepreneurs would likely enjoy repeat patronage which is

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imperative for venture growth and survival. On the other hand, Agreeableness would be detrimental to venture survival where it involves naive business relationships as this would impede entrepreneurs' disposition towards hard bargain, own interest protection during negotiations, or manipulating others towards one's advantage (Zhao and Seibert, 2006). While relationship between Agreeableness and performance in jobs that have strong interpersonal components shows little evidence (Barrick and Mount, 1991; Hurtz and Donovan, 2000), a positive relationship between Agreeableness and performance of job that are not people-oriented (skilled labourers and professional), and negative relationship with job performance on people-oriented jobs were found (Salgado, 1997). Consistent with Judge et al. (1999), Agreeableness was found to be negatively related to extrinsic career success (Seibert and Kraimer, 2001). In the context of self-employed entrepreneurs, Agreeableness showed no predictive power for venture survival (Ciavarella et al., 2004) among the Americans while Germans sample suggests that those who score high on Agreeableness (the weak bargainers) face a decreased survival prospect. Perhaps, this is due to giving up so easily during business negotiations thereby opening themselves to exploitation by others. Neuroticism is associated with negative affect and indicates individual's ability to endure stress (Costa and McCrae, 1992; Judge et al., 1999), research has positively linked the trait to both quit intention and actual quit or turnover (Barrick and Mount, 1996) and extrinsic career success (Turban and Dougherty, 1994; Judge et al., 1999). Further, Spector, Jex and Chen (1995) posit that highly neurotic individual are unfit for stressful and more complex higher level jobs like entrepreneurship due to the volatility of resources and business environments the self-employed entrepreneurship are faced with. Moreover, the construct in its positive form (emotional stability) is required to operate favourably and competitively in the unstructured and often unpredictable business environment, the absence of which becomes obstacles that result in unfavourable venture performance and failure subsequently (Ciavarella *et al.*, 2004). As important as the trait seems, empirical evidence relating it to entrepreneurial survival is in the opposite direction. That is, against the expected outcome, evidence report that venture survival could not be predicted by emotional stability (Ciavarella *et al.*, 2004; Caliendo, Fossen and Kritikos, 2011).

3.6.2 Personality Characteristics and Self-employed Entrepreneurship Survival.

Although, the Five Factor Models, particularly the Big Five, have gained prominence overtime having developed from factor analysis of several personality constructs, evidence supporting the importance and use of specific personality characteristics develops from the argument by the promoters of these characteristics that uniting various personality dimension (any Five Factor Model) in a meaningful way is practically impossible because there are contradicting effects from sub-factors of some of the factors so merged thereby losing information about individual personality (Caliendo, Fossen and Kritikos, 2011). It is further argued that not all aspects of personality can be situated in the Big Five personality dimension (Paunonen and Jackson, 2000; Ashton et al., 2004). Based on reclassification of data of a previous study, Ashton et al. (2004) concluded that there are lots of dimensions of behaviour beyond the Big Five as some clusters were identified as relatively independent of the Big Five and obviously do overlapped with one another, thereby corroborating the argument, based on several factor analyses, that the Five-Factor model is not comprehensive, and at least a sixth factor called hedonism/spontaneity can be replicated (Becker, 1999). Thus, the broad trait taxonomies are not better predictors (of entrepreneurial survival) than the specific characteristics that are precisely identical to the entrepreneurial personality (Vinchur et al., 1998). Several specific personality characteristic outside of the Big Five, which are embedded in theories, have been

related to self-employed entrepreneurial success/survival. These include among others, Risk taking propensity, Locus of control, Need for achievements, Need for autonomy and proactive personality (See: Korunka *et al.*, 2003; Korunka *et al.*, 2010). However, entrepreneurship researchers agree that the trio of risk taking propensity, locus of control and need for achievements are the attributes that influence venture success (survival) the most. The focus of this section, therefore, is to review the literature regarding the relationship between these three characteristics and venture or self-employed entrepreneurial survival rather than present detailed discussion of these specific personality characteristics.

Risk taking propensity: Since entrepreneurship at all levels involves varying degrees of risks considering that the status is often related to loss of income, workfamily conflicts, longer working hour etc. (Eden, 1975; Hamilton, 2000; Hyytinen and Ruuskanen, 2007; Merz, Böhm and Burgert, 2009), we should expect entrepreneurs to be risk takers. Entrepreneurship involves risk, and the entrepreneurs have to cope with unstructured and ambiguous circumstances around them as well as the outcome of their decisions, which are usually more difficult for risk averse individuals (Brandstätter, 2011). Nevertheless, studies have examined the relations of entrepreneurs' risk attitudes to venture survival. Converging evidence shows that entrepreneurs' risk attitudes are not strictly correlated with entrepreneurial success and survival propensity. The relation rather shows that an inverse U-shaped relationship exist between risk attitudes and entrepreneurial success (Caliendo, Fossen and Kritikos, 2010; Caliendo, Fossen and Kritikos, 2011) such that higher venture closure propensity will be a function of riskier investment through higher losses. In essence, entrepreneurs who are low or high on risk attitudes score are more prone to failures compare to those with medium risk attitudes who have relatively higher survival

probability (Caliendo, Fossen and Kritikos, 2011). This finding seems sensible and reasonable considering that "putting all of one's eggs in one basket" could be detrimental or spells doom, and taking no business risks at all does not make viable business sense either. Thus, the impression comes to mind that successful entrepreneurs are characterised by a preference for moderate risks as condition of entrepreneurial success (McClelland, 1987). However, based on some meta-analyses findings (Zhao and Seibert, 2006; Rauch and Frese, 2007), risk propensity is shown as a good predictor of intentions, but irrelevant for (entrepreneurial) performance and by extension, survival (Brandstätter, 2011).

The Need for Achievement (NFA) is another specific personality characteristic that has been related to entrepreneurship literature. It signifies the entrepreneur's competitive behaviour that is characterised by a standard of excellence, and "emerges as an important unmet need that requires satisfaction through entrepreneurial persistence" (Wu and Dagher, 2007, p.931). That significant number of individuals are motivated and driven to become self-employed entrepreneurs by a strong desire to succeed through satisfying a job well done - i.e. a need for achievement (Roper, 1998; Beugelsdijk and Noorderhaven, 2005), is significant. The significance of 'need for achievement' as entrepreneurial personality characteristics is observable through the efforts entrepreneurs exert when confronted with challenges that surround their business activities, as well as propel successful entrepreneurs to take calculated risks and be persistent in pursuing their entrepreneurial goals irrespective of the challenges (March, 1991). That entrepreneurs take risks in order to achieve the needed and anticipated objectives is evident, thereby signifying some sort of interrelationship between the two personality characteristics (Chen, Su and Wu, 2012). Evidence tends to consistently show a positive relationship between the need for achievement attribute

and entrepreneurial venture. For example, entrepreneur's orientation towards achievement was positively related to venture growth rate (Smith and Miner, 1984); entrepreneur's need for achievement was positively related to his/her will to make the company grow (Davidsson, 1989), and successful entrepreneurs attach high value to this need (Sexton and Bowman, 1984). In a more recent study investigating the effects of some personality attributes on established business owners' success, the need for achievement was one of the top variables having a greater effect on growth for small business entrepreneurs (Calvo and García, 2010) compared to micro-business entrepreneurs. These finding suggests that among the specific personality trait (outside the Big Five), need for achievement is a strong predictor of entrepreneurial survival since individuals who lack clear and strong impetus for success have higher failure propensity.

Locus of control refers to the generalised measurement of individual belief or perception about internal and external control of enforcement (Rotter, 1966). Internal locus of control measures peoples' believe about their personal capacity to influence or determine the future outcomes of situations around them while external locus of control refers to the believe that own future development is determined or influence by external factors rather than own actions or inaction (Rotter, 1966). As a specific personality characteristic, locus of control (particularly internal locus of control) has severally been related to ventures survival. Research findings have shown that internal locus of control is positively related to entrepreneurial success (Begley and Boyd, 1988; Evans and Leighton, 1990; Mueller and Thomas, 2001). Relatedly, entrepreneurs who are high on locus of control are found to be more successful than paid employees in income generation (van Praag, Van Witteloostuijn and Van der Sluis, 2009). Furthermore, two other studies show that internal locus of control has significant effect on venture growth, and survival by extension (Ward, 1993; Lee and Tsang, 2001) arguing that an individual who does not believe that the results of his/her business career are a result of his/her own activity is probably heading for failure. More recently, in a study investigating the factors influencing the success of established business owners, entrepreneur's internal locus of control was found to have positive effect on growth of small businesses, but has no effect on micro-businesses growth rate (Calvo and García, 2010). Consistent with previous studies, Caliendo, Fossen, and Kritikos (2011) report that entrepreneurs who are high on external (internal) locust of control have lower (higher) propensity to remain in business, and that the effect of external locus of control on entrepreneurial survival is negative after the first three years of self-employment.

The remainder of the thesis is organised as follows: The next chapter presents the study titled "Self-employment Transition and the evolution of job satisfaction: The Honeymoon and Hangover Revisited". Chapter 5 presents the study titled "Selfemployment Survival: Peak-End explanation of Job satisfaction Effect". Chapter 6 deals with yet another research titled "Does Self-employed Entrepreneurs' Personality influence Venture Survival?" The last chapter summarises the thesis, concludes, and makes some recommendations.

Chapter 4

Self-employment Transition and the Evolution of Job Satisfaction: The Honeymoon and Hangover Revisited.

4.1 Introduction

The decision to become self-employed is one of the most important in individuals' career and professional lives. For most people, the actual transition into self-employment is undoubtedly a rather salient event as it often involves a substantial investment in financial and physical capital, associated with more volatile earnings streams, and entails managing increased risks. Often, the transition into selfemployment also signals a lifestyle change, driven by a desire for more flexible work schedules, improved work-life balance, and more work autonomy. For most individuals, the transition into self-employment is a positive experience which is associated with higher levels of job satisfaction. Existing studies have shown that, compared to salaried employees, the self-employed are more satisfied with their job and that job satisfaction gains are among the main 'pull' factors into self-employment (Blanchflower and Oswald, 1998; Hundley, 2001; Benz and Frey, 2008a). Entrepreneurship literature suggests that employees who start new ventures are doing so possibly because of the dissatisfaction with their previous jobs (Brockhaus, 1980), and the anticipated improvement in job satisfaction often attributed to the nonpecuniary rewards that self-employment offer (Dawson, Henley and Latreille, 2014). Such non-pecuniary rewards include autonomy, flexibility, skill utilization, opportunity, self-realization, and self-efficacy (Brockhaus, 1980; Stoner and Fry, 1982; Cromie and Hayes, 1991; Kolvereid, 1996; Bradley and Roberts, 2004). Benz and Frey (2008b) attribute the gains in job satisfaction to procedural utility, that is, the process generating the pecuniary and non-pecuniary outputs, which is less likely in

large organizations where decisions are likely to be more centralized and formalized. Their findings suggest that procedural utility, linked to entrepreneurs' desire for independence, having greater autonomy, and doing an interesting work, explains 50% - 80% of their job satisfaction. Yet, a question that has attracted little attention in the literature is whether the realized job satisfaction gains associated with the entry into self-employment are long lasting or mostly transitory. A notable exception is the study by Hanglberger and Merz (2012), who use German longitudinal data and find that selfemployment has no long-term effect on job satisfaction. However, it remains to be seen whether the lack of any long-term effect is a general phenomenon, not confined only to the German labour market. If this is the case, then the argument of job satisfaction as an important pull factor into self-employment will be less compelling. Furthermore, a rapidly dissipating satisfaction pattern makes it more difficult to interpret the documented positive cross-sectional correlation between selfemployment and job satisfaction as a true causal relationship. Instead, it is likely that such a correlation reflects a compositional effect, whereby the self-employment pool at any point in time includes a disproportionately large number of satisfied individuals in the early stages of their entrepreneurial venture. This conjecture is consistent with the high failure rates for new businesses, and existing evidence confirming job satisfaction as a strong predictor of self-employment exit (Georgellis, Sessions and Tsitsianis, 2007).

There are various reasons why job satisfaction could dissipate with selfemployment tenure. Based on the assumption that the transition from paidemployment into self-employment is a positive event in individuals' lives, it is expected to boost their well-being above their baseline levels. However, as psychological theories of adaptation suggest, individuals adapt to their new circumstances and return to their baseline or set-point level of well-being as the novelty of the experience fades away (Brickman and Campbell, 1971). Hedonic adaptation aside, the job satisfaction gains associated with the transition into selfemployment are likely to be transitory as individuals start making sense of the increased requirements of their new employment after an initial learning period. Boswell et al., (2009) identified this effect in the context of salaried employment, whereby employees' feelings about their job vary as a function of job switches, suggesting a pattern of decreasing job satisfaction prior to job switching, reaching a climax at the time of switching and declining afterwards. They refer to this pattern as the 'honeymoon and hangover' effect. In a similar vein, opponent process theory predicts that employees return to their steady state (equilibrium) level of job satisfaction after potential disequilibrium in satisfaction levels caused by changes in work circumstances (Solomon and Corbit, 1973).

In this study, longitudinal data from Britain is used to investigate whether job satisfaction before and after transitions from salaried employment into selfemployment exhibits patterns that are consistent with the predictions of set-point theory, opponent process theory, and the honeymoon and hangover hypothesis. In addition to overall job satisfaction (global measure), we also investigate the pre- and post-transition patterns of domain satisfaction measures (composite measures), including satisfaction with pay, satisfaction with job security, satisfaction with working hours, and satisfaction is not necessarily equivalent to the sum of these facet satisfaction measures, our analysis promises to shed light into those aspects of selfemployment often identified as important pull factors (Scarpello and Campbell, 1983).

Consistent with the theoretical predictions, findings from this study suggest that the effect of self-employment transition on overall job satisfaction and its domains is generally short-lived, at least in the case of female employees. However, I find some

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evidence that male employees who make the transitions from salaried employment to self-employment experience a boost in their overall job satisfaction and satisfaction with pay, which is more permanent. To a lesser extent, this is also the case with satisfaction with the nature of work itself. Thus, the study's findings cast some doubt on the validity of the argument that working schedules flexibility and autonomy are important pull factors into self-employment. The results also show that the initial dissatisfaction with job security around the time of the transition into self-employment is only transient. This seemingly surprising result suggests that, in the long run, selfemployment could be considered as an equally secure venture as salaried employment.

The rest of the study is as follows. The next section reviews the literature linking self-employment and job satisfaction, and presents testable hypotheses formulation about the temporal evolution of job satisfaction before and after the transitions. Section 4.3 discusses the data and the empirical methodology. In section 4.4, the study's results are presented, while section 4.5 discusses the findings and suggests potential avenues for future research.

4.2 Related Literature

4.2.1. Job satisfaction and self-employment

The link between self-employment and job satisfaction is well established in the literature. Studies have shown, for example, that a declining job satisfaction pattern is often the precursor to self-employment transitions, suggesting that dissatisfaction with their current salaried employment is a critically influential factor affecting individuals' entrepreneurial decisions (Brockhaus, 1980). Most often, individuals take the decision to become entrepreneurs to enjoy a higher level of job satisfaction and other non-pecuniary benefits associated with self-employment. This perhaps is not surprising given that self-employment often implies lower income (Hamilton, 2000),

unequal income distribution (Merz, Böhm and Burgert, 2009) and longer working hours (Eden, 1975). Nevertheless, self-employment remains an attractive option for many individuals because it offers more autonomy and independence than salaried employment and increased flexibility of working schedules (Hyytinen and Ruuskanen, 2007). It also offers a potential for financial and human capital growth, opportunities for skills utilization, and in some ways, more job security than salaried employment. Amit et al. (2001) argue, in the case of professionals (e.g. lawyers, accountants, and IT experts), that financial motives are only secondary to intrinsic rewards as main motivating factors influencing their decision to enter self-employment. As Stoner and Fry (1982) argue, the motivating factors for the self-employed are the opportunities and capacity for growth, which being self-employed in the same area of expertise presents. In a similar vein, Benz and Frey (2008a) find that interesting work explains 50-80% of the higher job satisfaction reported by the self-employed compared to salaried employees, while extrinsic work aspects such as pay, job security or opportunity for advancement account for relatively little of the observed difference. More recently, Dawson et al., (2012) emphasize necessity, opportunity, lifestyle, and occupational choices as important elements in the decision to become self-employed. Furthermore, downsizing in many organizations have drawn professionals outside the organizational boundaries to focus on their core competencies as self-employed individuals.

Other related drivers behind the higher job satisfaction among the selfemployed include autonomy and independence (Lange, 2012), self-efficacy - defined as a person's belief in his/her capacity to perform a given task (Chen, Greene and Crick, 1998), and the opportunity to exercise control over their lives (Judge *et al.*, 1998). Judge et al., (1998) further argue that persons high on self-efficacy are more likely to be satisfied with their jobs and that the self-employed do report high levels of

self-efficacy. Thompson et al. (1992) attribute differences in job satisfaction between the self-employed and salaried employees to differences in the level of commitment. Acknowledging the importance of intrinsic motivation, Blanchflower and Oswald (1998) argue that higher levels of satisfaction among the self-employed are due to the selection of optimistic individuals into self-employment, emphasizing the importance of personality and other psychological traits as drivers of self-employment decisions. This is consistent with Cooper and Artz's (1995) finding that higher level of optimism positively affects the level of entrepreneur's satisfaction. In a similar fashion, Staw and Ross (1985) argue that the initial optimistic attitude may determine higher satisfaction later. Explaining the self-employment-job satisfaction relationship, Bradley and Roberts (2004) show that the higher job satisfaction enjoyed by the selfemployed compared to salaried employees is a function of their lower depression levels, while Andersson (2008) points out that the self-employed enjoy their work more and therefore are less likely to feel that their work is mentally straining. Focusing on gender differences in self-employment, higher job satisfaction from the women entrepreneur viewpoint may be attributable to less emphasis on monetary rewards, lower initial expectations, paucity of alternatives, and the greater flexibility of business ownership, which allows for combining career with childbearing and an improved work-life balance (Cooper and Artz, 1995). Generally, Cooper and Artz (1995) find that entrepreneurs whose initial goals are non-monetary in nature experience higher levels of satisfaction.

4.2.2. The stability of job satisfaction

Although the link between self-employment and job satisfaction is well established, there is little evidence on whether any job satisfaction gains associated with self-employment transitions are usually transient or more permanent. Most of the available evidence on how switching jobs affect temporal patterns of job satisfaction is prevalent within job-to-job switches, i.e. employer changes within the salaried employment sector. Breeden (1993), for instance, finds that individuals who change jobs and occupations (movers) report significantly higher job satisfaction than those who do not (stayers). Bowling et al. (2005) use three, mutually non-exclusive explanations for the observed patterns of job satisfaction following job switches: (a) employees' dispositions to work-related attributes, (b) opponent process theory and (c) adaptation-level theory. Individuals' dispositional effects as well as workplace environmental factors often moderate changes in job satisfaction. Consequently, it is possible that job satisfaction will be constant upon employees switching jobs (Judge and Hulin, 1993). Based on Solomon and Corbit's (1973) idea, Landy (1978) proposed the 'Opponent process theory' as a theory of job satisfaction. The theory implies that each worker has a typical level of job satisfaction that signifies the person's steady state or equilibrium level. Whenever a change in work situation or job position occurs, disequilibrium in job satisfaction levels arises. However, the employee's satisfaction returns to the equilibrium state overtime. This notion of job satisfaction returning to its equilibrium, steady-state level, resembles the notion of hedonic adaptation towards a baseline level as suggested by set-point theorists (Brickman and Campbell, 1971). It is also consistent with the 'Honeymoon and Hangover' hypothesis, whereby temporary improvements in job satisfaction upon accepting a new job could rapidly dissipate towards pre-transition levels (Boswell et al., 2009).

Examining the relationship between job satisfaction and job change, Boswell et al. (2009) argue that one's feeling about his/her job varies as a function of job change, suggesting a trend whereby job satisfaction reaches a climax initially and decline afterwards following a job switch. They further argue that satisfaction decreases in the year prior to job switching for those individuals who change employers, increases in the year of the job switch, and declines subsequently. Drawing on socialization theory, depicting the periods of transition to a new organization, Boswell et al. (2009) suggest that the positive features of the new job facilitate an initial honeymoon period, followed by a hangover period of declining job satisfaction as new recruits make sense of their job situation. It is conjectured that the socialization theory explanation is also relevant in the context of the transition into self-employment from salaried job, where a similar honeymoon and hangover pattern for job satisfaction is observable. That is, the ensuing enthusiasm and feelings, which vary as a function of job change, are expected to play themselves out in the experiences of the self-employed before and after the transition. Thus, the first hypothesis is formulated as follows.

Hypothesis 1. Employees who make the transition into self-employment from salaried employment experience an increase in overall job satisfaction compared to the job satisfaction in their previous job, which declines with self-employment tenure.

4.2.3. Self-employment and domain satisfaction measures

Domain satisfaction measures capture individuals' subjective evaluations of specific job aspects that matter to them, including pay, security, flexible schedules, and autonomy, among others. In this analysis, the pattern of satisfaction with such specific job facets before and after the transition into self-employment is explored. Specifically, the study focuses on the following four-domain satisfaction measures, relevant for both salaried work and self-employment, and for which data is available: (i) satisfaction with pay; (ii) satisfaction with job security; (iii) satisfaction with the nature of the work itself; and (iv) satisfaction with hours of work. Besides these four facets, the composite measures of job satisfaction also include satisfaction with fringe benefits, promotion, supervision, contingent rewards (performance-based rewards),
operating procedures (required rules and procedures), co-workers, and communication. However, many of these additional facets of job satisfaction inventories do not apply to the self-employed (e.g. the self-employed have no supervisors, *per se*).

4.2.3.1 Satisfaction with Pay

The volatile nature of self-employment earnings, with unpredictable and often meagre returns rewarding individual risk decisions, has been well documented. For example, studies show that switching into self-employment from salaried employment is associated with a striking and persistent income loss, which is likely to deter employees from voluntarily deciding to become self-employed (Hamilton, 2000). As Parker (1997) confirms, wage uncertainty remains a key deterrent to individuals interested in pursuing new ventures. Nevertheless, variety of factors that are often beyond aspiring entrepreneurs' control influenced their earnings potential. Such factors include external socio-economic conditions with a direct effect on the selfemployment ventures' performance and chances of survival. They could also include predetermined personality traits, cultural upbringing, and human capital investment choices made prior to entering the labour force. As in the case of salaried employment earnings, one of the most prominent predictors of self-employment earnings is the skills mix symbolizing individual's endowments. Most often, risk-averse individuals and aspiring entrepreneurs invest in a balanced mix of skills that improve their competencies across a wide range of areas and disciplines (Lazear, 2005). According to Lazear (2005), such a balanced human capital skills mix makes entrepreneurs jackof-all-trades (JAT), which allows them to earn higher average self-employment earnings than those with specialists skills. The predicted higher average earnings for JAT entrepreneurs with balanced skills than specialists (Lazear, 2005) might push individuals out of paid-employment into self-employment, as well as boosting the selfemployed satisfaction with pay and perhaps the work itself. Contrary to Lazear's (2005) JAT viewpoint, evidence from the German labour market show that selfemployed individuals do require more expert skills rather than just basic skills for higher earnings to be achieved relative to employees (Lechmann and Schnabel, 2011).

Focusing on the self-employed attitudes towards entrepreneurial earnings, Åstebro and Thompson (2011) argue that the self-employed who have a taste for variety are likely to be content with lower earnings as they are willing to forgo income in order to enjoy some of the non-pecuniary benefits associated with more job and task variety. This is consistent with the view that individuals choose self-employment when the combined job attributes (i.e. income, work effort, independence, and other working conditions) provide greater utility (satisfaction) than the corresponding combination of the best employment options (Douglas and Shepherd, 2000), rather than just a simple comparison of earnings. Cooper and Artz (1995) suggest that mostly, entrepreneurs whose goals were noneconomic in nature experience higher level of satisfaction. Nevertheless, Carter (2011) finds the 'poor-but-happy' hypothesis oversimplistic at best, as it appears inconceivable that so many individuals would be prepared to accept the non-pecuniary rewards of entrepreneurship in compensation for low personal financial rewards. Based on expectation-reality gap theory, Taylor (1996) posits that a direct comparison of pre- and post- self-employment transition earnings is less relevant. Instead, entrepreneurs are more likely to be satisfied with their earnings when the realized earnings match their expectations. Brenner et al. (1991) buttress this viewpoint arguing that people who prefer to operate their own business expect the career to provide higher income potential, perhaps because of the absence of a cap or upper limit on entrepreneurial earnings.

Satisfaction with entrepreneurial earnings could also be influenced by the multifaceted nature of financial rewards that include different types and amounts of rewards at different stages of the business life cycle (Carter, 2011). Carter (2011) argues that business rationality do not always determine financial rewards, instead family and household needs do. The decision to make the transition into self-employment has wider repercussions for the family who also sacrifice the certainty and regularity in household income. That is, the self-employed satisfaction with pay might not necessarily be determined by the absolute value of his/her earnings from the business, but by whether or not the income can meet the home and family needs and requirements, as well as how the net pay came about (e.g. tax rebate, avoidance etc.) (Aldrich and Cliff, 2003).

By and large, the existing evidence on whether the self-employed are satisfied with their earnings is rather mixed and it highlights the complex interaction between actual earnings and non-pecuniary rewards. Considering these complexities, it is hypothesized that:

Hypothesis 2a. Employees who make the transition into self-employment from salaried employment experience an increase in satisfaction with pay compared to the job satisfaction in their previous job, which declines with self-employment tenure.

4.2.3.2 Satisfaction with Job Security

Job security is a main concern for the self-employed and one of the most important reasons behind people's employment choice between salaried employment and self-employment (Kolvereid, 1996). Self-employment/entrepreneurship is likely to be associated with risks not usually faced by salaried employees. The self-employed

often put all their eggs in one basket, which increases the chances of failure when economic conditions are unfavourable or when negative external shocks prevail. The risk of business failure for the self-employed is much higher than the risk of job loss for the salaried employees, especially during the business start-up phase (Carter, 2011). Evidence shows that only about 50-60% of new business start-ups in Europe survive the first three years of activity (European Commission, 2004). Also observed is that people who place a high value on job security prefer paid-employment to selfemployment, but the opposite holds for people who are attracted to a certain occupation by the type of work (Taylor, 1996). As self-employed entrepreneurs tend to have lower social security or employment protection and almost non-existing pension plan or health insurance scheme, they are expected to be less satisfied with their job security than salaried employees are. Millán et al., (2013) use the expectationreality gap theory to explain the observed low satisfaction with job security among the self-employed. In a similar vein, Hundley (2001) argues that high levels of satisfaction with job security among the self-employed stems from the belief that they could shape their business future fortune (due to independence, autonomy and flexibility perhaps), which results in higher positive expectations about meeting business opportunities and targets, and surmounting threats. Nevertheless, the likely variability over time caused by changes in the external environment and business challenges compounds the difficulties of predicting job security while self-employed.

The self-employed job security has been positively linked to having more than five employees in the venture. An increasing number of employees could be a signal of healthy business growth and an increased chance of survival, as employees contribute human capital and resources to the ventures. Other factors likely to improve perceptions of job security among the self-employed include income and higher relative earnings, while higher national unemployment is likely to have a detrimental effect (Millán et al., 2013). Furthermore, if entrepreneurs acquire a variety of skills through a more balanced human capital investment strategy they will be in a good position to cope through periods of volatility and external shocks by offsetting the decline in one part of their venture with expansion or improvement in another area. As Lazear argues, jack-of-all-trade entrepreneurs are more proficient in multi-tasking and multi-discipline activities, which instil a sense of job security. Similarly, Hsieh (2012) argues that (would be) entrepreneurs would invest in balanced skills in order to diversify their human capital due to higher risk aversion. Given this analysis, the following hypothesis is tested:

Hypothesis 2b. Employees who make the transition into self-employment from salaried-employment experience an increase in satisfaction with job security compared to the job satisfaction in their previous job, which declines with self-employment tenure.

4.2.3.3 Satisfaction with Working Hours

Longer working hours are expected to have detrimental effects on the selfemployed individuals' well-being. After all, escaping from the debilitating experiences of long working hours is one of the main push factors into self-employment, as individuals seek to achieve a better work-life balance by commanding greater control of their working schedules. Indeed, self-employment facilitates flexible working and as long as the self-employed can enjoy the flexibility of working schedules that their new status offers, they should be reporting higher satisfaction with working hour scores. In practice, however, the need to meet business requirements such as business travel, obligations, and customers' expectations, often necessitate that the selfemployed work long hours. If this is the case, with the success of the business venture depending on the long-hours commitment by the self-employed, deterioration in satisfaction with hours of work should be expected. The negative effect of long hours on work-life balance could actually be more prominent for the self-employed who might not have access to other work-life balance schemes (e.g. Crèche) enjoyed by some employees in salaried work. As in the case of salaried employees, the impact of family life on the self-employed working hours is commensurate with the number of children, which has direct implications for the time commitment required for child minding and caring as well as the financial resources required to meet the children's needs. Specific family structures and cultural considerations influencing the gender division of labour within the household unit could also be important factors influencing how family life impacts upon self-employment work hours. Eikhof et al. (2007) argue that there is no relationship between long working hours and having children for men but there is for women - perhaps because females, more than males, take higher caring responsibilities in the more traditional family settings. Although working hours might negatively be related to having children for male entrepreneurs/self-employed, having children could also be one of the reasons for longer hours in order to secure additional financial resources.

While the self-employed claim to work very long hours, such long working hour could simply be a measure of self-insurance against wage uncertainty (Parker, Belghitar and Barmby, 2005). That is, working long hours ensures that adequate income is earned, not only for current consumption, but also for financing future consumption during periods of a possible income shortfall. This is perhaps an additional manifestation of the greater control that the self-employed command over their working hours in an inter-temporal context, which is often mentioned as one of the important pull factors into self-employment (Dennis, 1996). Nevertheless, working long hours to meet business obligations as well as working more into the evenings and weekends compared to employees within an organization (Hyytinen and Ruuskanen, 2007) may jeopardize the level of flexibility and freedom enjoyed by the selfemployed. The reported long work hours could equally be exaggerated in an attempt to convey the perceived pressures and the importance of their roles, as well as prone to overstatement in relation to employees at least (Carter, 2011). Moreover, the part of the long working hours claimed might have been used doing activities unrelated to the venture. For instance, the argument that the self-employed with small children are more likely to work after 5pm, when the communal day-care centres are close could indicate that part of the long working hours claimed is been spent tendering and caring for children and not necessarily on business related activities as it were (Hyytinen and Ruuskanen, 2007). Actually, previous studies have shown that the opportunity to vary the work-family time dichotomy boosts the satisfaction of women, considering the effect of gender role demands with wellbeing (Gutek, Searle and Klepa, 1991). Findings also suggest that self-employed women interrupt their spells of work more frequently and spend a smaller fraction of their 'real' work time at the workplace than those employed by an organization, even though they are more often under timepressure and in a hurry than regular employees (Hyytinen and Ruuskanen, 2007). The time pressure could however be either a symptom of poverty (trying to meet personal needs or make ends meet) or a characteristic of the occupation. Whether such a boost in satisfaction with hours of work persists in the long-run remained to be seen, and it will depend on whether individuals express a "positive" attitudinal disposition towards the longer work hours against the trade-off of more flexibility in working schedules as well as other non-pecuniary benefits. Thus, it is hypothesised that:

Hypothesis 2c. Employees who make the transition into self-employment from salaried employment experience an increase in satisfaction with working hours compared to the job satisfaction in their previous job, which declines with self-employment tenure.

4.2.3.4 Satisfaction with work itself

Finally, this study tests whether employees who make the transition from salaried jobs to self-employment experience a boost in the satisfaction with the nature of the work itself. According to Prottas and Thompson (2006), satisfaction with the nature of work itself is one of the relatively more important domains for understanding overall job satisfaction. The nature of self-employment work is one that encompasses the following elements - (a) Autonomy i.e. the ability to decide when, where, and how jobs are undertaken; (b) Variety i.e. the extent to which the job allows the application of different skills, ability, talents, dexterity, and knowledge; (c) Task Identity i.e. the degree to which the job requires the completion of a whole and identifiable task from start to finish with visible outcome; (d) Task significance i.e. the perception that the job has positive impact on other people, and (e) *Feedback* i.e. the opportunity to get direct and clear information on the effectiveness of work performance after completing the task (Kulik, Oldham and Hackman, 1987). Studies have documented a strong positive effect between these job characteristics and the self-employed job satisfaction (Schjoedt, 2009) in that "they enhance the individuals sense of responsibility which provide the intrinsic motivation and resources to cope with the demands of work which translate to satisfaction with (nature of) the job" (Hytti, Kautonen and Akola, 2013, p. 2038). For instance, preference for self-employment/entrepreneurship have been linked to varieties they provide and that taste for variety provides utility (satisfaction) because variety is in itself reward, and enables individuals to be multi-talented or apply their knowledge/skills in multi-facet disciplines (Åstebro and Thompson, 2011). Further, Schjoedt (2009) posits that entrepreneurs engage in many different activities, thereby requiring the use of different skills. He shows that task variety is significantly higher on average for entrepreneurs than for non-founding managers, a finding which perhaps explains entrepreneurial satisfaction with their jobs.

Regarding independence (Autonomy), the higher job satisfaction among the self-employed has been attributed partly to the level of autonomy enjoyed by them because they could decide where, when and how to work (Schjoedt, 2009). Conversely, however, entrepreneurial autonomy is limited or restricted by deadlines, customers' requests, business travels, meeting etc. (Parasuraman et al., 1996). Further, VandenHeuvel and Wooden (1997) argue that independence is a misnomer because (self-employed) contractors depend on organizations for their income. They may be independent to a certain degree because they can choose the organization they affiliate with, but they still have no true independence. Nevertheless, they bear all of the risks associated with self-employment, such as poor job security and the absence of benefits typically enjoyed by employees. Theoretically, self-employed individuals have consistently been found to be more satisfied than employees because of the nonpecuniary benefits accruable from self-employment like procedural utility (doing what you like to do), being their own boss, enjoyment of greater personal freedom, and work schedules flexibility to meet personal commitments, which are more valued beyond material benefits. Realistically however, unlike employees whose job roles and specifications are spelt out to avoid role conflicts, entrepreneurial work is multifaceted in nature. For instance, entrepreneurs are responsible for the survival and economic success of the venture. The multi-facet entrepreneurial work would be adequately accomplished when entrepreneurs are generalists who possess multiple and balanced skills (Lazear, 2005). Further, it is assumed that entrepreneurs, being

generalists, will be satisfied with the nature of their job because "the value of having multiple skills... (make it) easier to innovate when the entire situation can be seen" (Lazear, 2005, p. 661). That is, entrepreneurs should be able to device ways to solve business problems and facilitate improved business performance because they should be able to understand every aspect of the business operations given their balanced skills, which make them fit firmly (round balls in round holes phenomenon). Expectedly, the ease to innovate allows for the introduction of new operational ideas and methods that enhance self-employed business prospects without constraints from any quarter. Achieving business survival and success requires growing business demands, which reduce the freedom, independence, and flexibility, needed to meet other personal commitments like family and social engagements. It is expected that the greater resources committed to the business survival and/or family will 'consume' the time available to the self-employed, which in turn pressures the flexibility benefit thereby resulting in some sought of inflexibility (Parasuraman et al., 1996). Similarly, studies have shown that most self-employed people juggle between work and family life, have work roles that are highly demanding and involve various stressors (e.g. overloads, ambiguity and conflict in role expectation) in a work environment, which negatively affect individual well-being (Naughton, 1987). Perhaps, a bit of selfselection of personality characteristics and job demands at work whereby the work roles and personality pattern of the self-employed fit many of the characteristics of people in high stress occupations (Boyd, 1984; Naughton, 1987) provide some explanations. Conversely, positive enrichment rather than stress, strains and other negative effects have also been portrayed in the small business literature. For instance, the effects of positive experiences, which outweigh the strain and stress associated with self-employed work (i.e. role accumulation). The positive experiences and positive aspects of work may increase energy (motivation, enthusiasm) levels even when there is a high demand for personal energy built into the job. Considering these conflicting views, would the self-employed individuals still be satisfied with the nature of work itself, as satisfaction (dissatisfaction) with the nature of (self-employment) work hinges on the extent to which individuals enjoy the non-pecuniary (intrinsic) benefits of self-employment? Thus, it is hypothesized that:

Hypothesis 2d. Employees who make the transition into self-employment from salaried employment experience an increase in satisfaction with the nature of work itself compared to the job satisfaction in their previous job, which declines with self-employment tenure.

4.3 Methodology

4.3.1. Data and sample procedure

The empirical analysis in this study is based on data from the British Household Panel Survey (BHPS) described in section 1.4.2 of chapter 1 above. By limiting the sample to include males aged between 16 and 64 years of age and 16 and 60 for females, the estimated sample of this study comprises 32,427 person-year observations for males and 32,988 person-year observations for females. Individuals whose information about the variables of interest are unavailable are excluded from the sample. Exploiting the longitudinal nature of the data, the study traces individuals' employment status overtime and identifies those full-time employees who made the transition from paid-employment into self-employment during the survey period covering the years from 1991 to 2008. In this sample, 775 and 458 transitions from salaried employment into self-employment were observed for males and females respectively. The use of the BHPS data in the study's analysis captures the dynamics of selfemployment transitions, addressing some of the limitations of previous studies in the job-satisfaction/self-employment literature that rely predominantly on cross-sectional analyses. As Kiely (1986) notes, cross-sectional estimates confound the determinants of self-employment switching and survival, and only longitudinal studies could mitigate possible endogeneity issues, raising confidence that past values are a cause rather than a consequence of self-employment.

4.3.2 Empirical methodology

Self-employment transitions were identified by tracing the self-reported employment status of each individual at time t which was compared with the reported status at time t-1. A transition from paid-employment into self-employment in the analysis is identified when individuals report self-employment as the main employment status at time t, while they had reported "full-time employee" as their employment status at time t-1. For examining the movement of job satisfaction in the period before, during, and following the transition into self-employment, the study adopts the approach used by Clark et al. (2008) and by Clark and Georgellis (2013). More specifically, lag and lead dummy variables were constructed to capture the elapsed duration since the event, i.e. transition into self-employment, and the time coming up to the event. In the analysis, the study follows the job satisfaction scores for four years prior to the transition and up to a maximum of five years following the transition. The study analysis was restricted to the first observed self-employment transition for each individual during the survey period.

More specifically, the study estimates fixed effects job satisfaction regressions of the following form:

$$JS_{ii} = a_i + \beta' X_{ii} + q - 4_{ii} + q - 3_{ii} + q - 2_{ii} + q - 1_{ii} + q 0_{ii} + q 1_{ii} + q 2_{ii} + q 3_{ii} + q 4_{ii} + q 5_{ii} + e_{ii}$$
(1)

Where:

 $JS_{it} =$ Job satisfaction of individual *i* at time *t*,

 a_i = unobserved individual characteristics which remains constant over the period of observation thereby following same individual over the self-employment duration,

 β = a vector with the respective coefficients,

 X_{it} = vector of control variable,

q = coefficient of the average effect of being self-employed, and

 e_{it} = the error terms.

The dummy variables q_{1u} , q_{2u} , q_{3u} , q_{4u} and q_{5u} indicate the self-employed status of an individual over 1-2, 2-3... up to 5years or more after the transition. The value of q becomes less negative when adaptation takes place and the hangover effect starts to dominate. The value of q remains stable if there is no hangover effect. If an individual was engaged in salaried employment a year prior to becoming selfemployed at time t, then $q_{0u} = 1$, and 0 otherwise. Similarly, the lead dummy variables $q_{-4u} + q_{-3u} + q_{-2u} + q_{-1u}$ capture job satisfaction prior to the transition. If, for example, the individual will make the transition into self-employment within four years, the dummy q_{-4u} takes the value 1, while all other lead dummies take 0 values. A dummy will take value 0 if an individual does not transit or change his/her employment status to self-employment during the consideration period (within the next four years). In order words, self-employed dummy (main independent variable) will take the value 1 for those becoming self-employed and take the value 0 for those that do not switch to self-employment (i.e. those remaining paid employed). That is, the dummies are

defined such that only one of the dummies can be 1 at a time, and all other dummies must be 0. Thus, the coefficients can be interpreted with reference to those years when an individual is employee and not getting self-employed in the coming 4 years. Table 4.1 shows the number of observation of leads and lags durations and the number of self-employment transitions for males and females respectively. For instance, the table shows that there were 381 males and 226 females (individuals) who reported being employed three to four years prior to becoming self-employed, and 747 males and 408 females were recorded to become self-employed within the next year. However, within the first year, 362 males and 211 females self-employed were reported while only 66 males and 32 females were still self-employed at the end of the fifth year of selfemployment. This tends to suggest that fewer number of individuals survive selfemployment for longer period. Although, there were more males (271) and female (97) reporting self-employment during 5 or more years of self-employment, relative to the previous year (66) and (32) respectively, it might be that the higher number of observation in that year reflect new self-employment cases compared to the observation in year 4-5 for instance.

Number of observations of	of Lags and Leads		
	MALES	FEMALES	
Leads			
3-4 years hence	381	226	
2-3 years hence	445	260	
1-2 years hence	546	312	
Within the next year	747	408	
Lags			
0-1 years	362	211	
1-2 years	220	106	
2-3 years	141	60	
3-4 years	95	40	
4-5 years	66	32	
5 or more years	271	97	

Table 4.1

4.3.3 Measures

4.3.3.1. Global Job Satisfaction

The global job satisfaction variable is measured using a construct that has appropriately been used in the literature extensively. Information about the measure of global (overall) job satisfaction is based on the question "All things considered, how satisfied or dissatisfied are you with your present job overall...?" Respondents were asked to rank their responses on a 7-point Likert scale ranging from 'completely satisfied" (7) to 'not satisfied at all'(1).

4.3.3.2. Composite Job Satisfaction Measures

Similar to the global (overall) job satisfaction above, a 7-point Likert type scale with ranks (1) = 'not satisfied at all'; (7) = 'completely satisfied' and (4) = neither satisfied nor dissatisfied was used to report responses to describe how satisfied or dissatisfied respondents were with aspects of their jobs. In the current study, the domain satisfaction was measured as follows: satisfaction with pay was measured with the question "How satisfied would you say you are with the total pay, including any overtime or bonuses in your present job". Satisfaction with job security was measured with the question "How satisfied would you say you are with the job security in your present job". Satisfaction with hours of work was measured with the question "How satisfied would you say you are with the hours you work in your present job"; and satisfaction with the nature of the work itself was measured with the question "How satisfied would you say you are with the actual work itself in your present job". Respondents are required to rank their responses from 1 to 7 on the scale.

MALES										
Pank	Overall Job Satisfaction		Satisfaction with Pay		Satisfaction with Job Security		Satisfaction with Work itself		Satisfaction with Hours	
Rairk										
	Count	%	Count	%	Count	%	Count	%	Count	%
1	99	1.2	355	4.2	403	4.8	78	0.9	233	2.8
2	192	2.3	371	4.4	347	4.1	133	1.6	356	4.2
3	452	5.4	856	10.2	670	8.0	300	3.6	992	11.8
4	650	7.8	736	8.8	974	11.6	543	6.5	956	11.4
5	1790	21.4	2453	29.2	1591	19.0	1432	17.1	1765	21.0
6	3886	46.4	2729	32.5	2727	32.6	3744	44.7	2905	34.6
7	1313	15.7	887	10.6	1661	19.8	2152	25.7	1179	14.1
Total	8382	100	8387	100	8373	100	8382	100	8386	100
FEMALE	ES					<u></u>				
	Overall Job		Satisfaction with		Satisfaction with		Satisfaction with		Satisfaction with	
	Satisfac	tion	Pay		Job Sec	urity	Work it:	self	Hours	
Rank						-				
	Count	%	Count	%	Count	%	Count	%	Count	%
1	41	1.4	150	5.0	112	3.8	36	1.2	69	2.3
2	57	1.9	129	4.3	114	3.8	41	1.4	103	3.5
3	156	5.2	289	9.7	279	9.4	105	3.5	290	9.8
4	172	5.8	267	9.0	292	9.9	152	5.1	245	8.2
5	532	17.9	691	23.2	472	15.9	457	15.4	553	18.6
6	1356	45.6	964	32.4	916	30.9	1237	41.6	1092	36.7
7	658	22.1	484	16.3	777	26.2	946	31.8	621	20.9
Total	2972	100	2974	100	2962	100	2974	100	2973	100

The Distribution of Job Satisfaction for the Self-employed

Table 4.2

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Table 4.2 shows the distribution of the overall and domain satisfaction measures for the self-employed. The median overall job satisfaction score is 6 for both men and women, although both distributions are skewed. Notably, a higher proportion of women report the highest score of 7 than men. The median score for satisfaction with pay is 5, with a less skewed distribution than that for overall job satisfaction. Satisfaction with job security and satisfaction with the nature of the work itself are characterized by similar distributions with a median score of 6. The distribution of satisfaction with hours of work for men has a median score of 5, while the corresponding median score for women is 6.

4.3.4. Control Variables

To control for the effects of potential confounding variables, data on personal, demographic, and labour market characteristics were also included in the analysis. Such controls include age, tenure, health, education, number of children, marital status, household income, region, and year dummies, which have all been linked to job satisfaction in the existing (psychology, economics and management) literatures. For instance, evidence seems to show that there is no impact of number of children (under 14 years) on satisfaction with job security for self-employed individuals. Possessing university qualifications is less likely to influence self-employed satisfaction with job security and higher relative household income earnings which facilitate meeting family needs and requirements are positively related to job security (for the selfemployed and employees), while educational attainment generally seems not essential in determining job satisfaction with the type of work for the self-employed (Millán et al., 2013). Because of the well-documented gender differences in labour market attachments, opportunities, and motives for self-employment transitions, the analysis in this study was performed separately for men and women (Georgellis and Wall, 2005). The definitions and sample means of all variables are presented in Table 4.4 below.

4.4. Results

Table 4.3 summarizes the estimated leads and lags coefficients of the fixed effects regression (equation 1), which are also plotted and shown graphically in Figures 4.1 and 4.2 respectively. As column 1 of Table 4.3 shows, prior to the transition into self-employment, male employees experience a drop in their overall job

satisfaction right from year 4 up to one year prior to the transition event (at year zero)⁶, with reported scores below their baseline level (See: Fig. 4.1). This drop in job satisfaction often signals heightened intentions to quit. Consistent with previous evidence linking job satisfaction to guit behaviour, the drop in job satisfaction could be a precursor of actual quits (Clark, Georgellis and Sanfey, 2012). As the estimated lag coefficients in column 1 suggest, the drop in satisfaction prior to the transition into self-employment is followed by a statistically significant boost in job satisfaction at the time of the transition. This is represented by the segment between periods -1 and 0 on Fig. 4.1a. Soon after the initial euphoria and enthusiasm linked to the selfemployment switch, the newly converted self-employed start experiencing a gradual reduction in their job satisfaction. However, this reduction in job satisfaction is not statistically significant at conventional levels. Instead, the boost in job satisfaction following the self-employment transition persists for up to five years after the transition, suggesting that male employees switching into self-employment, after a period of increasing dissatisfaction with their previous job, enjoy a more permanent boost in their job satisfaction. The segment between year 0 and 5 on Fig. 4.1a represents this scenario. Hence, the pattern of job satisfaction emerging is not entirely consistent with the pattern suggested by Hypothesis 1. While there is evidence of an initial boost in satisfaction, this effect, as hypothesis 1 suggests is not necessarily transitory.

⁶ Year zero (0) corresponding to the red vertical lines on all the graphs is the effective year of migration from paid employment to being self-employed.

	Overall Job Satisfaction		Satisfaction with Pay		Satisfaction with Job Security		Satisfaction with Work Itself		Satisfaction with Work Hours	
	Males	Females	Males	Females	Males	Females	Males	Females	Males	Females
3-4 Years hence	-0.167**	-0.049	-0.109	-0.010	-0.054	-0.128	-0.039	-0.133	-0.170*	-0.014
	(0.06)	(0.08)	(0.07)	(0.10)	(0.08)	(0.10)	(0.06)	(0.08)	(0.07)	(0.09)
2-3 Years hence	-0.091	-0.087	-0.034	0.019	-0.022	-0.003	-0.124*	-0.049	-0.056	0.010
	(0.06)	(0.08)	(0.07)	(0.09)	(0.07)	(0.09)	(0.06)	(0.08)	(0.07)	(0.09)
1-2 Years hence	-0.114*	-0.177*	0.019	-0.116	-0.049	-0.132	-0.054	-0.127+	-0.039	-0.118
	(0.06)	(0.07)	(0.07)	(0.09)	(0.07)	(0.09)	(0.06)	(0.07)	(0.06)	(0.08)
Within the next Year	-0.230**	-0.271**	0.087	-0.083	-0.303**	-0.167*	-0.124*	-0.068	-0.025	-0.077
	(0.05)	(0.07)	(0.06)	(0.08)	(0.06)	(0.08)	(0.05)	(0.07)	(0.06)	(0.07)
0-1 Years	0.339 **	0.234**	0.350**	0.319**	-0.380**	-0.638**	0.284**	0.305**	0.228**	0.152+
	(0.07)	(0.08)	(0.08)	(0.10)	(0.08)	(0.10)	(0.07)	(0.09)	(0.07)	(0.09)
1-2 Years	0.213*	0.125	0.473**	0.288*	-0.335**	-0.129	0.279**	0.317**	-0.024	-0.193
	(0.09)	(0.12)	(0.10)	(0.14)	(0.10)	(0.14)	(0.09)	(0.12)	(0.09)	(0.13)
2-3 Years	0.174+	0.040	0.218+	0.062	-0.227+	-0.607**	0.169+	0.256+	-0.226*	-0.203
	(0.10)	(0.15)	(0.12)	(0.18)	(0.12)	(0.19)	(0.10)	(0.16)	(0.11)	(0.17)
3-4 Years	0 .191	-0.154	0.281*	0.144	-0.274+	-0.482*	0.225+	0.107	-0.115	-0.259
	(0.12)	(0.18)	(0.14)	(0.22)	(0.15)	(0.22)	(0.12)	(0.19)	(0.13)	(0.20)
4-5 Years	0.227	-0.120	0.234	0.364	-0.060	-0.313	0.078	0.049	-0.206	-0.124
	(0.14)	(0.20)	(0.17)	(0.25)	(0.17)	(0.25)	(0.14)	(0.21)	(0.15)	(0.23)
5 or more Years	0.241*	-0.160	0.313*	0.301	0.085	0.090	-0.008	-0.176	-0.092	-0.251
	(0.11)	(0.17)	(0.12)	(0.20)	(0.13)	(0.20)	(0.11)	(0.17)	(0.11)	(0.18)
N	30,427	32,988	30,427	32,985	30,383	32,926	30,435	32,998	30,441	32,998

Table 4.3

+ p<0.1; * p<0.05; ** p<0.01; other controls include age, tenure, health, education, number of children, marital status, household income, region, and year dummies

The results based on the female sample, in column 2, provide a stronger support for Hypothesis 1. Female employees experience a pattern of a declining trend in their overall job satisfaction during the four years of the previous employment with a higher slope during the last two years of the same employment (see segment between year -4 to 1 of Fig. 4.2a), which is reversed when they switch into self-employment (segment between year -1 and 0 of 4.2a). However, this increase in job satisfaction is only temporary, with clear evidence of adaptation and presence of hangover effect at the very early stages of the self-employment spell as the segment between year 0 and 5+ shows. The hangover effect became so deep that the decline in job satisfaction overall enters points below the baseline levels after the second year of self-employment and remained so for the consideration periods (Fig. 4.2a, segment between year 2 to 5).

Differences between men and women are apparent in terms of the patterns of satisfaction with pay, consistent with previous evidence on gender differences in individuals' motives to become self-employed (Georgellis and Wall, 2005). As the results in columns 3 and column 4 of Table 4.3 show (see also Fig. 4.1b and 4.2b), both men and women are more satisfied with their pay when they make the transition from salaried work into self-employment. This increase in satisfaction with pay peaks in the first two years after the transition event. However, in subsequent years, there is a gradual decline in satisfaction with pay, consistent with the evidence of hedonic adaptation and the hangover effect, which is more prominent and statistically significant in the case of women. Although there is a slight rise in satisfaction with pay between year 2 and 3 for males (Fig. 4.1b) and year 2 to 4 for females (Fig. 4.2b), this rise was not sustainable. Men experience only a weak hangover effect, not statistically significant at conventional levels, implying a more permanent boost in their satisfaction with pay when they become self-employed.

The next set of results show the pattern of satisfaction with job security (Fig. 4.1c and Fig. 4.2c). It is apparent that there is no evidence of a honeymoon and hangover effects, thus no support for Hypothesis 2b. Instead, the pattern of satisfaction with job security around the time of the transition into self-employment is diametrically opposite to the one suggested by the honeymoon and hangover hypothesis. Satisfaction with job security declines prior to the transition, reaches a lowest peak at the time of the transition, and then gradually increases at a relatively slow rate. For both men and women, satisfaction with job security remains low, in a statistically significance sense, for at least three years after the transition into self-employment for males (Fig. 4.1c, segment between years 0 to 3) and females (Fig. 4.2c). This pattern confirms job security as one of the negative aspects of self-employment and it is consistent with the widely held view of self-employment as a riskier employment status than paid work.

The flexibility of working schedules and working hours is often advanced as one of the main pull factors behind individuals' self-employment decisions. The estimated coefficients in Table 4.3 for satisfaction with hours of work tend to confirm this view, in the sense that both men and women experience an increase in satisfaction with their hours of work upon making the transition into self-employment (Fig. 4.1e and Fig 4.2e, segment between years -1 to 0). However, this increase in satisfaction with work hours is only temporary and does not last beyond the first year of self-employment. Actually, as the estimated lag coefficients for men suggest, there is evidence of a reduction in satisfaction with work hours, which is below the baseline (pre-transition) level. It is noteworthy to mention that the hangover effect (speed of decline) for satisfaction with hours of work is faster for the females than the males (Fig 4.1e and Fig. 4.2e). Thus, these results are broadly consistent with Hypothesis 2c and previous







Fig. 4.1c









Figure 4.1: Transitions into self-employment and job satisfaction (Males)

















Fig. 4.2: Transitions into self-employment and job satisfaction (Females)

evidence suggesting that the self-employed work long hours and even into the evenings and weekends (Hyytinen and Ruuskanen, 2007).

Finally, turning to Hypothesis 2d, the results reveal that both male and female employees who switch into self-employment experience a peak in their satisfaction with the nature of work itself in the year of the transition (Column 7 and 8), which are graphically represented by Fig. 4.1d and Fig. 4.2d respectively. For men, this boost in satisfaction with the work itself lasts up to three years after the transition, and for women, it lasted for about two years before satisfaction scores edge back towards their baseline levels. For females, the satisfaction with work itself reaches the baseline level quicker than that of males (year 4 and year 5 respectively) indicating some sought of gender differences in self-employment work engagements.

Generally speaking, Job satisfaction is seen as a proxy for unobserved objective factors, such as employee evaluation of the "quality of the match", and this makes job satisfaction a relevant variable for predicting quits. If relevant aspects of the work place (such as organisation of work and physical work conditions) are left out of the estimation of the quit behaviour and if these aspects are correlated with the observable factors included in the estimation, then the parameters of the observed factors will be biased. Consistency will be gained by including a proxy for the unobserved factors – and job satisfaction could be such a proxy.

Table 4.4Variable Definitions and Sample Means

Variable	Definition	Mean (at t-1, the year before transition)	Standard Deviation (at t-1, the year before transition)
Age	Age in years.	37.69	10.93
Higher Education	Equal one if respondent's education includes a higher degree, a first degree, a teaching qualification, or some other higher qualification.	0.50	0.50
Medium Education	Equal one if respondent's education includes a nursing qualification, GCE A levels, or GCE O levels.	0.34	0.47
Lower Education	Equal one if respondent's education includes a commercial qualification (with no GCE O level), CSE Grade 2-5 or Scot G, apprenticeship, other qualifications, or no qualifications.	0.16	0.37
Health Excellent	Equal one if respondents report excellent health.	0.30	0.46
Health Good	Equal one if respondents report good health.	0.50	0.50
Health Poor	Equal one if respondents report poor health.	0.20	0.40
Children	Respondent's number of children.	0.78	1.05
Married	Equal one if respondent is married.	0.58	0.49
Separated	Equal one if respondent is separated from spouse.	0.03	0.16
Divorced	Equal one if respondent is divorced.	0.09	0.28
Widowed	Equal one if respondent is widowed.	0.08	0.08
Never married	Equal one if respondent has never been married.	0.30	0.46
Household Income	Annual household income	34,590	21.29
Overall Job Satisfaction	Self-reported satisfaction with job (scale 1 to 7)	5.20	1.47
Satisfaction with Pay	Self-reported satisfaction with pay (scale 1 to 7)	4.77	1.67
Satisfaction With job	Self-reported satisfaction with security (scale 1 to 7)	5.15	1.75
Satisfaction with work	Self-reported satisfaction with work itself (scale 1 to 7)	5.45	1.41
Satisfaction with work hours	Self-reported satisfaction with hours (scale 1 to 7)	5.11	1.51
Regional dummies	Equal one if respondent lives in Inner London, Outer London, Rest of South East, South West, East Anglia, East Midlands, West Midlands Conurb, Rest of West Manchester, Greater Manchester, Merseyside, Rest of North West, South Yorkshire, West Yorkshire, Rest of Yorkshire and Humber, Tyne and Wear, Rest of North, Wales, Scotland, or Northern Ireland.		

4.5. Discussion and Conclusions

This study offers some of the first empirical evidence on the temporal variation of job satisfaction and its domains in the context of self-employment. The findings confirm that the initial boost in job satisfaction following the transition from paidemployment into self-employment is not necessarily permanent. For women, the initial boost in job satisfaction seems to last for only the first two years after the transition, while for men this boost in overall job satisfaction is more permanent. This pattern of the dynamic evolution of job satisfaction around the time of self-employment transition is consistent with existing evidence about the honeymoon-hangover hypothesis in the context of paid-employment, with job satisfaction dropping prior to switching to self-employment, increasing after the switch, and declining afterwards. In that sense, self-employment transitions are no different from other job-to-job transitions, with job satisfaction scores responding in a similar manner to the realities of the new employment and the newcomers' experiences.

However, exploring the dynamic stability of job satisfaction in the context of self-employment takes on a greater significance given the emphasis on job satisfaction and non-pecuniary job aspects as main drivers behind individuals' decision to become self-employed. If the boost in job satisfaction following the transition into self-employment is only transitory, then this will negate the argument about job satisfaction as a main driver of individuals' self-employment decisions. It also casts doubt on the causal inference about the link between self-employed are generally more satisfied with their jobs than salaried employees, the transitory nature of the boost in job satisfaction and self-employment is the result of a compositional effect. This is because the less satisfied self-employed are likely to quit thereby altering the composition of the self-employment pool with a

disproportionally higher number of satisfied individuals at the early stages of their selfemployment venture. Indeed, evidence suggests that 25 to 40 per cent of all selfemployment ventures across the OECD countries fail in the first year.

By exploring the dynamic stability of domain satisfaction measures, before and after the transition into self-employment, this study finds that the self-employed experience a boost in the satisfaction with their take home pay, which is seemingly at odds with previous evidence suggesting that self-employment is associated with lower earnings than paid-employment. A possible explanation is that the self-employed report high scores of satisfaction with pay because they value the intrinsic and nonpecuniary aspects of self-employment more. Alternatively, high scores of satisfaction with pay could reflect the potential of self-employment for high income at any point in time without necessarily investing in longer working hours, depending on market and profit opportunities arising during the self-employment venture. The results suggest that males who switch to self-employment experience a more permanent boost in their satisfaction with pay in the post transition period. This might be indicative of their ability to anticipate such opportunities mentioned above prior to becoming selfemployed. On the other hand, the reported satisfaction with pay by self-employed females is less persistent like that of men, with the satisfaction scores starting to dissipate after the second year of the transition. This perhaps indicates scenarios whereby female self-employed experience difficulty matching-up satisfaction in the home front with that of pay from work (Taylor, 1996). In a sense, it reflects expectation-reality gap in work-life balance, thus creating conflict.

Generally, it is expected that individual satisfaction (or happiness) will depend on what one achieves in comparison with others due to the interdependence of preferences. For instance, someone who has a cheaper car would likely feel unhappy with it if everyone else were to drive a Rolls Royce. Thus, individual happiness and

welfare depend not only on the material achievements and income in absolute terms but also on one's position income wise relative to others. Maybe the paid employees quit their jobs because they feel that their income is below a reference income and they have to take some steps to redress the trend. That is, switch to an employment status that allows earning of incomes from several sources in a way that bridges the gap between their current income and the reference income. Although, Rizzo and Zeckhauser (2003) argue that reference income doesn't influence future income growth for physicians whose incomes are at or above their reference income (see page 29 above), but those individuals whose incomes are below reference income would perhaps take some steps such as increasing their skill sets or knowledge in order to increase their labour supply so as to meet up to the reference point. Similarly, such individuals might result to being JAT (Lazear, 2005) in order to harness the accruable benefits with the aim of measuring up to the reference income level.

The study also finds that satisfaction with the nature of the work itself is significant in the post transition period for both genders; while the findings on the stability of satisfaction with job security confirms previous evidence about selfemployment as a riskier venture than paid-employment. The findings also reveal that individuals who transit into self-employment experience only a short-lived boost in their satisfaction with hours of work, which casts some doubt on the validity of the argument about work hours' flexibility as a main attraction to self-employment. Although, varying work time schedule is possible because the self-employed are independent and autonomous but when the realities of self-employment set in, working longer time (into the night and weekends) may become the norm rather the exception resulting in an increased dissatisfaction with work hours, and perhaps pay when such pay is not commensurate with time (hour) invested in the venture.

Taken together, the findings suggest that men who make the transition from paidemployment into self-employment enjoy a more permanent boost in overall job satisfaction, satisfaction with pay and to some extent satisfaction with the nature of the work itself. Thus, these three aspects of self-employment could justifiably be promoted as the main pull factors into self-employment. On the negative side, men who switch into self-employment experience a reduction in job security and there is no evidence that they are more satisfied with hours of work. For women, the strongest pull factor into self-employment emerging from these findings is the higher satisfaction with the nature of the work itself that they experience after the transition, and some boost on satisfaction with pay. However, both of these boost for women are limited to the first couple of years into self-employment, which questions to some extent earlier evidence and arguments in favour of job satisfaction, work schedule flexibility, and work-life balance as some of the main drivers behind female self-employment.

Given the discussion about utility in chapter 1 above, inference about utility or well-being could be effective and reasonable for changes of job satisfaction over time under some quite plausible maintained assumptions. First, it could be inferred that individuals' job satisfaction could positively be impacted upon where such individuals enjoy good and/or enhanced well-being experience at home and work (e.g. conducive work environment, co-workers etc.) fronts over time and vice versa. This is because literature evidence has established that the relationship between work and home lives (work-life balance) is inseparable. That is, both (work and home) lives have reciprocal effects on each other. Further, the particular value of job satisfaction data lies in its trends. If it can be assumed that the norms against which job satisfaction judgements are made are stable in the medium term, the trend data then convey information about changes in well-being. If job satisfaction is rising (falling) it could be concluded that workers' well-being is rising (falling), conditional on the assumption that their norms that their norms are changing little or not at all. Whether that assumption is valid must depend on the circumstances, which partly depends in turn on the time horizon. Taken over the very long term of many decades the validity of the assumption would be dubious, because even slow-moving norms could build up to substantially changed ones over this period. Over the medium term of a decade or so, however, it may be reasonable to assume comparatively stable norms, so that any shifts in job satisfaction indicate real changes in affective well-being.

Finally, in this study, the focus was on the dynamic stability of job satisfaction and its domains in the context of transitions from paid-employment into selfemployment. While this research design allows following and reporting individuals' job satisfaction before and after the transitions, the analysis could be extended to explore the wider welfare effects of transitions into self-employment from other employment states, including transitions from unemployment and out-of-the labour force as well as transition back to paid employment from self-employment. Also, assuming that any shifts in job satisfaction over a (decade) time period indicate real changes in affective well-being, the origins in possible changes in the underlying quality of jobs merit investigation. This may be possible using the BHPS data which spans over an 18 year period between 1991 and 2008.

Chapter 5

Self-employment Survival: Peak-End Explanation of the Job Satisfaction Effect

5.1 Introduction

The importance of job satisfaction as a non-monetary measure of employment success contributes to its being widely researched at several levels of analysis. Research has established the relationship between job satisfaction and employee/labour turnover (Mobley, 1977; Ryan, Schmit and Johnson, 1996; Clark, 2001). Studies have shown that job satisfaction, more than the effect of lagged wages, predicts job mobility because individuals often value non-pecuniary aspects of the job, since intrinsic motivation more than compensates for the pecuniary or extrinsic rewards forgone (Freeman, 1978; Clark, 2001; Green, 2010), and it reduces the likelihood of guits the more satisfied workers are with their jobs (Akerlof et al., 1988; Clark, 2001). In a meta-analysis account of the antecedents of turnover (or quit), job satisfaction was the most important among other determinants (Griffeth, Hom and Gaertner, 2000). Job satisfaction was also linked to measures of workers propensity to quit or stay, arguing that its residual is a better predictor of quits than the overall level of satisfaction (Lévy-Garboua, Montmarquette and Simonnet, 2007), but in another study, it (job satisfaction) is establish to be a strong predictor of quits (Clark, Georgellis and Sanfey, 2012). These studies measure job satisfaction as being determined by wage gap, expected present value of current job or job amenities. However, satisfaction with the type of work is also shown as the most significant job characteristic in predicting or determining job quit (Kristensen and Westergård-Nielsen, 2004). What is more, job satisfaction explains transitions into other careers, and it is an important consideration in predicting or determining transitions into selfemployment/entrepreneurship (Brockhaus, 1980; Stoner and Fry, 1982; Cromie and Hayes, 1991; Cooper and Artz, 1995; Bradley and Roberts, 2004; Hessels *et al.*, 2011). The importance of job satisfaction, as an attitudinal variable that influences turnover much more than any other job domain or attribute is also highlighted in the literature (Steel, 2002). Thus, employee retention is consistently predicted by work attitudes, particularly job satisfaction (Boswell, Boudreau and Tichy, 2005), thereby suggesting higher likelihood of exit the lower the individual's job satisfaction level and vice versa.

Although, studies have established job satisfaction as determining selfemployment entry, not much evidence has related job satisfaction with selfemployment survival. The few studies that investigate job satisfaction effects on selfemployment exit suggest that overall job satisfaction determine survival and/or exit. For instance, in a study examining the determinants of self-employment survival in Britain with particular attention to self-reported job satisfaction variables, findings show that job satisfaction explains self-employment survival and exit (Georgellis, Sessions and Tsitsianis, 2007), concluding that job satisfaction strongly predicts selfemployment exit after controlling for standard economic and demographic variables. This study re-examines the link between job satisfaction and self-employment survival/exit, and argues that it is not necessarily a contemporaneous relationship. That is, job satisfaction at time t is not necessarily the best predictor of exit at time t. Instead, it is the whole experience during self-employment that determine exit rather than the last reported satisfaction. A bad experience in the past might actually have more predictive power than a most recent experience (in terms of job satisfaction) for selfemployment survival.

This study argues that the concept in the experimental study (Kahneman, Wakker and Sarin, 1997) whereby individuals were subjected to varying experiences at different points during different episodes and then asked which of the experiences they would choose to repeat (distinguishing Experienced utility from Decision utility) might be a stronger predictor of self-employment survival. Kahneman's study suggests that individuals do not always choose to maximise total enjoyment or to minimise total pain, rather with respect to pain, the average of the most intense pain recorded and the pain recorded at the end of the experience is a powerful predictor of their desire (Decision utility) to repeat the event. "Decision utility is hence some specific transformation of the distribution of Experienced utility, rather than just being its sum, as might have been supposed" (Clark and Georgellis, 2012). Kahneman et al., (1997) termed this as the "peak-end theory". The theory states that individuals judge their experiences largely based on how they were at their peak and at their end (how they ended) regardless of whether they were pleasurable or obnoxious. In other words, the total amount of pain was well predicted by the average of the level of pain reported at the worst moment of the experience and at its end. Other information including net pleasantness or unpleasantness and how long the experience lasted, aside from that of the peak and end of the experience though not lost, are not considered.

We know that job satisfaction is not stable over time either for paid employees (Boswell, Boudreau and Tichy, 2005) or the self-employed as evidenced in chapter 4 above. These studies suggest that job satisfaction initially peaked prior to job change (Honeymoon) then declines subsequently after job change once the realities of the new status manifest (Hangover), especially where pecuniary factors motivate transition. Therefore, investigating the efficacy of the peak-end theory in predicting selfemployment exit appears empirically important. Unlike the abundance of evidence showing job satisfaction as a major predictor of the decision to exit paid employment and to transit into self-employment, few studies have focused attention on the role of job satisfaction in predicting self-employment survival. To the knowledge of the author, no work in the extant literature has researched the effect of Peak-end theory on self-employment survival using large-scale panel survey data. A very close study is Clark and Georgellis' (2012) work. However, their study focused on exit from paid employment rather than self-employment. Thus, this study is perhaps the first to look at peak-end theory in the context of self-employment. In this study, the focus is on this particular area by applying "*Experienced* vs. *Decision utility*" concepts (Kahneman, Wakker and Sarin, 1997) to investigating whether (falling) overall job satisfaction overtime determines self-employment quit. Specifically, this study applies the "peakend theory", an offshoot from *Experienced* vs. *Decision utility*, to the decision to stay in (quit) self-employment in order to investigate the influence of the highest (lowest) job satisfaction level recorded during the self-employment experience on selfemployment duration, while controlling for current job satisfaction and the standard set of demographic variables.

The study utilises self-employment data from the British Household Panel Survey (BHPS) over the years 1991-2009 for its analysis. The length, broad coverage of adult population, and the comprehensive description of jobs and their characteristics in the data make this panel data particularly interesting. The knowledge of the actual determinants of self-employment survival/exit in Britain is pertinent being an economic powerhouse in Europe. The study examines the predictive capability of selfemployed entrepreneurial job satisfaction on the probability of being in business for up to four years after the start-up. The results show that job satisfaction does not predict the probability of survival. Rather, the maximum job satisfaction and the peak-end combinations during the self-employment episode are better predictors of survival.

[\] The remainder of the chapter follows thus: The next section presents the theoretical distinction between *experienced utility* and decision utility, and review the literature on determinants of self-employment survival and exit. Section 5.3 contains the hypotheses development and presents the key hypotheses. Whereas section 5.4

presents the data, method and control measures, section 5.5 contains the empirical results and section 5.6 discusses the finding and concludes.

5.2 Theoretical Development and Prior Research

5.2.1 Experience Utility vs. Decision utility and Peak-End Rule

To the utilitarian Economists, Experienced utility refers to the instantaneous level of pain and pleasure, and Decision utility determines the choice between alternatives. These earlier researchers posit that utility (satisfaction) was the sum of the pleasures individuals experienced minus pains. In a renewed utilitarian view points, Kahneman, Wakker and Sarin, (1997) argue that "Experienced utility is not only measurable, but also of fundamental importance for understanding behaviours, and that there are substantial difference between "Experienced utility" (enjoying) and "Decision utility" (wanting). Implicitly, experienced utility suggests that the expression of individual's behaviour in any particular scenario is a function of the previous life experiences. Berridge and Aldridge, (2008, p. 510) defined experienced utility as "the hedonic impact of the reward that is actually experienced when it is finally gained. It is the affective pleasure component of reward utility. For many, experienced utility is the essence of what reward is all about" and "Decision utility a subtype of reward utility most directly connected to an actual decision... is the essence of an actual decision at the moment it is made, the valuation of the outcome manifest in choice and pursuit. Most typically, it is revealed by what we decide to do." Kahneman et al. argue that the idea that both experienced and decision utilities make the same behavioural predictions and that individual chooses the options with the highest Experienced utility has always underlined economic research. Based on several studies, they however posit that individuals do not maximise total pleasure or minimise total pain in their choices of which experiences to repeat (Kahneman et al., 1993; Redelmeier and Kahneman, 1996), instead, individuals take the average of the highest distress (pleasure) and the distress (pleasure) at the end of the experience into consideration in deciding whether or not to continue (repeat) the experience or event. Thus, the 'Peak-end' theory was advocated.

5.2.2 Peak-End Rule

Analyses of the various experiments justifying the above concepts report individual's *Experienced utility* overtime for a number of different events after which individuals indicated the events they would prefer to repeat. Rather than choosing to minimise total painful experiences or maximise total enjoyment, the average of the most severe pain (peak experience) and the (final) pain at the end of the experience recorded significantly predicts the preference for the event. That is, when individuals reflect on an experience, they remember the peak pain (pleasure) experiences and how it ended which then influence or determine the preference (Decision utility) for a particular event. According to Kahneman, Wakker and Sarin (1997), people do not look at the experience as a whole and average it, neither do they measure pain (pleasure) by how long it lasted, but by the most intense feeling experienced and the feeling left at the final moment of the experience. Thus, 'Decision utility' seems a transformation of the spread of experienced utility overtime instead of being its sum (Clark and Georgellis, 2012). Consequently, Kahneman, Wakker and Sarin, (1997, p.381) argue that "the remembered utility of pleasant or unpleasant episodes is accurately predicted by averaging the Peak (most intense value) of instant utility (or disutility) recorded during an episode and the instant utility recorded near the end of the experience". This phenomenon is termed Peak-end rule. The peak-end rule states that individuals judge their experiences largely based on how they were at their peak and at their end (how they ended) regardless of whether they were pleasant
or unpleasant. In other words, the total amount of pain was well predicted by the *average* of the level of pain reported *at the worst moment of the experience* and at its *end*. Other information including net pleasantness or unpleasantness and how long the experience lasted aside from that of the peak and end of the experience though not lost, are not considered. For example, how students' judge university life will be affected by how best (bad) their performances were during their university (school) days and how they ended. "When people assess past experience, they pay attention, above all, to two things: how it felt at the peak and whether it got better or worse at the end. A mild improvement, even if it is an improvement from 'intolerable' to 'pretty bad', make the whole experience seem better and a bad ending makes everything seem worse" (Kahneman et al. 1997). Kahneman's experiments thus show that peak-end rule affects and causes people to rate more painful (pleasant) incidents better than less painful (pleasant) ones. Therefore, the decision to repeat (stay or quit) an experience (self-employment) is controlled by whether the experience had a peak pleasurable (painful) moment and how it ended.

Although, psychology studies measured the behaviours of experimental sample in terms of pain and pleasure, people's memories of pain and pleasure in many circumstances are measured in terms of remembered utility (satisfaction) to maximise (Kahneman, Wakker and Sarin, 1997). Whereas individuals report their pain or discomfort (or happiness) in short periods (minutes) in psychology research (e.g. Kemp, Burt and Furneaux, 2008) and report its overall evaluation after the experience has passed, Clark and Georgellis' (2012, p.4) approach whereby individual's reported their levels of satisfaction at each wave replaces the reported instantaneous utility, and overall evaluation is substituted for the observable decision whether to stop the experience or not is adopted in this study. While job satisfaction represents the instantaneous utility measure, the *Decision utility* measure will be the choice whether or not to remain in self-employment. The idea therefore, is that individuals be sure to attain a specific climatic moment and save best for the end regardless of what is pursued or created (Clark and Georgellis, 2012).

The self-employment literature has viewed self-employment start-up as a *Decision utility*, which satisfies and maximises individuals' welfare. However, the reality has shown otherwise as most entrepreneurship ventures fail or the self-employed quit usually within the first four years (Taylor, 1999; Dawson and Henley, 2012), thus corroborating Kahneman & colleagues' proposition that preference or choice based conceptions of utility (satisfaction) cannot be used to judge the optimality of behaviours because they (individuals) assume it. Kahneman thus proposed experience utility as an alternative welfare criterion (Loewenstein and Ubel, 2008).

5.2.3 Determinants of self-employment survival

In spite of the early works on self-employment survival, recent studies on entrepreneurial survival have focused on the determinants of survival and the destination states. The destination states are classified into single-risk (the probability of exit from self-employment, irrespective of destination state), competing-risks (the probability of exit to different destination states) and retention - the probability of moving from one self-employment state to another self-employment state (Georgellis, Sessions and Tsitsianis, 2007). Although, some researchers argue that rational individuals will quit self-employment when expected utility is lower than that obtainable from wage employment may be an involuntary abandonment of selfemployment (pushed out), such survival/exit determinants are dictated by either individual, demographic and socio-economic factors (Millán, Congregado and Román, 2012).

There are plethora of variables that the literature identified to affect selfemployment survival such as individual characteristics, human capital, parental selfemployment, leadership experience etc.⁷ However, discussion in this section will concentrate on those factors that tally with the focus and data in this study.

5.2.3.1 Education/Qualification

Considering that education is expected to broaden people's mind-set and expose them to wide spectrum of experiences, more education and qualification should expectedly enhance self-employment survival because the more educated/qualified an individual is, the better grounded he/she should be in business related environment. Perhaps, this is because higher education can enhance the quality of the self-employed entrepreneurs' social capital, which enables him/her to garner market and non-market benefits from interaction with others. On the other hand, Millán, Congregado and Román (2012, p. 235) posit on the basis of 'signalling hypothesis'- the idea that economic agents take actions motivated by the desire to portray positive signal about themselves to other agents, rather than by their apparent purposes - that those entering self-employment need not indicate their quality by acquiring more qualification or formal education. They further argue that higher educational level might positively influence higher wage prospects, which could pull individual to wage employment at the expense of self-employment. Similar view is held by Georgellis, Sessions and Tsitsianis (2007) who suggest that exit from self-employment to paid-employment seems accelerated by higher education. Thus, the resulting effects of education and qualification on self-employment survival are mixed. Although, the negative effect of education level on self-employment duration in emerging markets and developing

⁷ See appendix C5a for more discussion about the determinants of self-employment survival.

countries (India and Zimbabwe) is found (Nafziger and Terrell, 1996; Nziramasanga and Lee, 2001), there is evidence of higher and lower exit rate probabilities during boom and bust periods respectively from a study investigating the role of education in self-employment success using data from Finland (Kangasharju and Pekkala, 2002). These imply that economic prosperity, perhaps, encourages individuals to seek employment and livelihood within the organised labour market such as public and private organisations and vice versa rather than engaging in the uncertainties and risks of self-employment. The evidence from some previous research shows that higher qualifications have significantly positive influence on survival rate. These studies find education to be significant in influencing self-employment duration (Bates, 1990; Brüderl, Preisendörfer and Ziegler, 1992; Saridakis, Mole and Storey, 2008; Haapanen and Tervo, 2009). Conversely, some other studies find no statistically significant effect of education on self-employment survival (Taylor, 1999; Johansson, 2000).

5.2.3.2 Entrepreneurs' Age and Survival

Intuitively, it would be expected that experience would be positively related to age i.e. individual will reap more experience as they aged, and that self-employment survival will have positive relation with age and vice versa. The intuition is based on the assumption that people acquire exposures as they advance in age, or because requirements of entrepreneurship human capital take time to accomplish, and that building entrepreneurship networks and opportunity identification are time dependent (Hessels *et al.*, 2011). Researchers have consequently investigated entrepreneurs' age effects on survival. For example, the youngest groups of entrepreneurs are found to be more likely to exit from self-employment (Cooper *et al.*, 1992; Nafziger and Terrell, 1996; Gimeno *et al.*, 1997), perhaps due to entrepreneurial inexperience, inadequate social capital and entrepreneurship networks, and limited access to finance and capitals

necessary to keep the status alive. In contrast, the effect of age on self-employment exit was found to be negative and non-linear with turning point around age 40-50 years, suggesting that individuals tend to quit self-employment or entrepreneurship after this age (Haapanen and Tervo, 2009). This, perhaps, is due to individuals taking early retirement or health issues. It might also be due to socio-economic factors such as meeting increasing family obligations or venturing into other activities or even taking up salaried employment to cushion the effect of dwindling income because of economic meltdown. However, Millán Congregado and Román (2012) using the European Community Household Panel (ECHP) find a positive nonlinear effect of age on self-employment survival with a turning point of 55 years old for exit to salaried employment, while age 37 and 38 years old are the turning point for exit to inactivity and unemployment respectively. This is consistent with Johansson's (2001) finding that the young are among those who face a higher risk of exiting self-employment and Georgellis, Sessions and Tsitsianis' (2007) finding that age has significant and nonlinear effect on self-employment, perhaps due to being superior to labour market experience as both an indicator of learning and capital accumulation.

5.2.3.3 Number of Children

The literature evidence on the effect of children on self-employment survival or duration is mixed. Some studies show negative effects while others show positive effect of number of children on survival. The conclusion from the literature indicates that whatever finding is reported depends on the age and number of children. That is, whether the children are still dependent toddlers or otherwise. For instance, evidence from studies where the children are dependent or toddlers show that resources absorbed and spent caring for these children which might have been utilised for business planning and operation, could lead to higher business failure rate (Hyytinen

and Ruuskanen, 2007). Consistently, a study using the European Community Household Panel Survey (ECHPS) data to estimate the effect of time spent caring for children on self-employment (Williams, 2004) find that caring for children significantly reduces the duration of self-employment ventures for both male and female. Conversely, where the children are a bit matured, studies suggest that the number of children might be a source of ready (cheap) labour for the entrepreneur thereby contributing to service or production cost saving which consequently lead to increased earning, profit and motivation to continue in business, and hence ventures success and survival (Williams, 2004). Considering that, children are family members, Georgellis, Sessions and Tsitsianis (2007) posit that they could possibly provide both labour and financial supports, which might make self-employment less demanding than it would be otherwise. However, they empirically find that the presence of children is associated with higher probability of self-employment exit pushing the selfemployed out of labour force by 33% and by 20% to other destinations, suggesting that individuals with children might be less inclined toward risk (in order not to jeopardize the survival of the vulnerable children and his/her family livelihood). Unlike Georgellis, Sessions and Tsitsianis (2007), Millán, Congregado and Román (2012) did not find a statistically significant effect of the number of children under 14 years on self-employment duration by whatever exit route (unemployment, paid employment and inactivity).

5.2.3.4 Marital Status/Family/Spouse's employment

It could be argued that those who are married as well as having partners/spouse who are engaged in some forms of employment may enjoy social/human capital and ability. Thus, consistent with previous research evidence which argue that married entrepreneurs will optimise the allocation of labour resulting from the motivation to

maximise family wealth, Georgellis, Sessions and Tsitsianis (2007) find that marital status is negatively and significantly related to survival, suggesting that being married reduces the likelihood of self-employment exit. Similarly, where the spouse of a self-employed person works, it is expected that the income stream from the spouse's employment will supports the entrepreneur financially and perhaps provides and/or increases the extrinsic motivation to continue in self-employment. Although, the effect of marriage seems a strong predictor of retention rates, reducing self-employment exit by about 50%, it is not as pronounced for paid- or non-employment.

5.2.3.5 Gender differences and Self-employment Duration

Most of the previous studies investigating the effect of gender on selfemployment duration have reported higher failure rates for females relative to males, suggesting the finding to be related to social factors like family circumstances and access to finances (Cooper et al., 1992; Taylor, 1999; Nziramasanga and Lee, 2001; Georgellis, Sessions and Tsitsianis, 2007; Haapanen and Tervo, 2009). Once these obstacles have been overcome, Millán et al. (2012) posit however, that there should be no pre-emptive reason for females not to have similar survival rates like the males. Consistent with previous studies, they conversely find that males are more likely to remain self-employed for longer than females. Furthermore, males are more likely to make reverse switch to paid employment, less likely to switch to inactivity but no significant difference between the genders regarding transition to unemployment exists. A probable explanation, perhaps, is that males are usually the bread winners, engage less in child caring and want to be seen doing something to fend for the family, except when forced into unemployment by socio-economic factors. Furthermore, Georgellis, Sessions and Tsitsianis (2007) suggest that disparity in human capital investment and endowment across gender dictates labour market experience, and thus self-employment longevity. Conversely, some research findings have shown that gender effect on survival rate is insignificant (Brüderl and Preisendörfer, 1998).

5.3 Hypotheses Development

Empirical evidence regarding influence of (low) job satisfaction on quit intention, actual guits and job mobility abound in the literature. However, most of these literatures focus specifically on salaried workers or paid employees (e.g. Clark, 2001; Clark, Georgellis and Sanfey, 2012). Other works relate job satisfaction to negative or positive aspects of the job. For instance, studies investigating the relationship between job satisfaction and absenteeism (e.g. Clegg, 1983; Scott and Taylor, 1985) showed that significant negative relationship between certain facets of job satisfaction and absenteeism exist, and that the relationship between job satisfaction and employee absenteeism is not direct. Similarly, while investigating the job satisfaction - profitability and productivity relationship (Patterson et al., 1997), findings suggest that declining worker's productivity indicates to a large extent declining job satisfaction, and that a direct link exists between low job satisfaction and workers' productivity level. Consequently, individual worker's contribution to profitability and overall organisational performance decline. In a meta-analysis account of the predictors or antecedents of turnover (or quit), job satisfaction happened to be the first predictor of turnover among others (Griffeth, Hom and Gaertner, 2000).

The decision to stay on or quit a particular employment has also been related to the expected present value of present job and that of alternative job status (Lévy-Garboua, Montmarquette and Simonnet, 2007). Workers will expectedly stay on a particular job when available information at their disposal positively favours expected present value of current employment status, and will decide to quit or exit to alternative employment state when expected present value is higher than that of current status. Given that the tendency to stay or quit a job has not been quantitatively measured, and because future expectations and/or outcomes accruable from the alternative employment status to which individual is transiting cannot be measured objectively, the use of proxies for the quit propensity has been adopted by researchers. For instance, the value of current job was compared to that of an alternative job by introducing the current wage gaps as the residual of an earning equation (Viscus, 1979; Lynch, 1991). Job amenities as an important determinant of job satisfaction and guits is also accentuated in the literature. Consequently, studies have reported job satisfaction has a good predictor of switch as against the effects of wages (Freeman, 1978) because individuals often value non-pecuniary aspects of the job more due to the believed that intrinsic motivations more than compensate for the pecuniary or extrinsic motivations forgone. Thus, individuals are less likely to quit, the more satisfied they are with their jobs. Consistent with Freeman (1978), job satisfaction is argued to be determined not only by expected wages but working conditions as well (Akerlof et al., 1988; Clark, Georgellis and Sanfey, 2012). Again, these studies focused specifically on organisationally employed workers with no mention of the self-employed entrepreneurs. Job satisfaction, defined as "a worker's experienced or post-decisional preference for her job relative to outside opportunities" (Lévy-Garboua, Montmarquette and Simonnet, 2007, pg 252), is premised on "the assumption that individual worker's reported job satisfaction arises from ranking the mental opportunity of choosing the same work from the beginning to the present date or even into the future, with today's knowledge or happenings on the job and available alternatives" (Lévy-Garboua and Montmarquette, 2004). In a more recent study of job satisfaction and quit (Lévy-Garboua, Montmarquette and Simonnet, 2007), it is argue that the likelihood to stay in present job is related to the residual of job satisfaction and that the residual is a better predictor of quits than the overall level of satisfaction. The

residual of job satisfaction, perhaps, connotes the same meaning as the satisfaction at the end of the individual's experience, which leads to the decision to quit or stay on a job (*Decision utility*). That being the case, individual will quit a job when satisfaction declines to a low point that it can no longer motivate him/her to stay on the job any longer, and vice versa. Furthermore, it is argued that the ability to predict actual quit behaviour is improved by job satisfaction level since low overall job satisfaction significantly increases the probability of quit (Kristensen and Westergård-Nielsen, 2004). Since job satisfaction is pertinent to stay (quit) tendency, it is presumed that satisfaction levels at time t will be more likely to predict self-employed entrepreneurial survival between t and t+1. Thus, it is hypothesised that:

H1: Self-employed entrepreneurs' job satisfaction (overall) will positively predict the likelihood of venture survival for 4 years after the start-up.

5.3.1 Domain satisfaction measures and self-employment survival

The job satisfaction domains refer to individuals' feelings about or the subjective evaluation of specific job aspects, the measurements of which may help in identifying the specific job aspects requiring improvements (Kerber and Campbell, 1987). This segment of the thesis focuses on analysing four facets of job satisfaction relevant to self-employment and for which data is available – satisfaction with pay, satisfaction with job security, satisfaction with work itself, and satisfaction with hours of work- relative to self-employed venture survival. Although several other composite job satisfaction measures exist (e.g. satisfaction with supervision, contingent rewards, fringe benefits, promotion, co-workers etc.), the reality of self-employment does not

justify their inclusion because the self-employed entrepreneurs do not experience these components.

5.3.1.1 Satisfaction with Pay and self-employment survival

Individual self-employed entrepreneurs strive to enhance their productivity and proficiencies across diverse disciplines through investment in balance mix of skills that would perhaps make them jack-of-all-trades which facilitate average higher selfemployment earnings potentials (Lazear, 2005). The availability or anticipation of such higher average earnings for JAT entrepreneurs with balanced skills than specialists (Lazear, 2005) might increase the self-employed entrepreneurs' satisfaction with pay so that such earning potentials would make the individual to continue being self-employed. Although, contrary to Lazear's (2005) JAT viewpoint, self-employed individuals in German labour market do need more expert skills to achieved higher earnings (Lechmann and Schnabel, 2011) that would make them stay in selfemployment, both viewpoint tend to agree on higher earnings having retention capabilities.

The business life-cycle include distinct amount and type of reward which are not always determined by financial considerations but family and household needs (Carter, 2011) such that the self-employed individual would continue in business as long as the earnings from the enterprise meet and satisfy his/her family need. In other words, the pay or earning that makes individual satisfied and wanting to remain in business might not necessarily be the absolute value of earnings from the business, it might rather be whether or not the income can meet the home and family needs/requirements, as well as how the net pay came about. For example, tax holiday, pooled resources, undeclared earnings for tax purposes etc. (Aldrich and Cliff, 2003). Furthermore, based on expectation-reality gap theory, entrepreneurs are more likely to be satisfied with their earnings when the realized earnings match their expectations (Taylor, 1996) in a way that a cap or upper limit on what the expected earnings would be does not exist (Brenner, Pringle and Greenhaus, 1991). In as much as the potential self-employment earning fulfil this requirements, individual would maintain a continuous preference for self-employment entrepreneurship.

However, literature evidence has established the volatility of self-employed entrepreneurship earnings and income, and meagre returns for risk taking decision by individual who choose self-employment. Given that self-employment is associated with persistent loss of income might drive away or push individual out of entrepreneurship (Hamilton, 2000). Similarly, wage uncertainty is established as a major deterrent for individuals' continued interest in new ventures (Parker, 1997). The evidence regarding the importance of satisfaction with pay on business continuity is mixed and seems complex. Thus, it is hypothesised that:

H2a: Self-employed entrepreneurs' satisfaction with pay will positively predict the likelihood of venture survival for 4 years after the start-up.

5.3.1.2 Satisfaction with job security and self-employment survival

Being one of the most important reasons behind people's employment choice, job security is a foremost concern for the self-employed entrepreneurs (Kolvereid, 1996) as it affects the prospect of continuity. Even when the entrepreneurs wish to remain in business, the prevailing situation around the business could make continuity difficult, if not impossible. Plethora of factors or reasons could be against the continuity of the self-employment ventures. These factors could range from hostile business environment to poor or small customer base among others. Although, all activities involve some level of risk, self-employed entrepreneurs are faced with considerably higher risk in all aspects of the enterprise. That most of the self-employed entrepreneurs often possess specialist skills (Lechmann and Schnabel, 2011) with which they ply their trades with little or no likelihood of diversification, as against being jack-of-all-trade (Lazear, 2005) which makes accumulation of diverse competencies a possibility increases the chances of failure during unfavourable economic conditions, cyclical disruptions and prevalence of negative external shocks. Although, it is argued that self-employed entrepreneurs would invest in balanced skills in order to diversify their human capital due to higher risk aversion (Hsieh, 2012), available evidence show that the risk of business failure for the self-employed is much higher especially during the business start-up phase, within the first 5 years (Carter, 2011). European evidence established that only a little above average of the number of new business (about 50-60%) survive the first three years of activity (European Commission, 2004).

Along the expectation-reality gap argument, researchers argue that higher satisfaction with job security levels arising from believing in the likelihood of shaping the fortune and future of the business could induce the self-employed individual to drop any quit intention and stay in self-employment continuously because of higher positive expectations about business opportunities, and lower threats (Hundley, 2001). Nevertheless, the likely variability over time caused by changes in the external environment and business challenges compounds the difficulties of predicting job security while self-employed. Furthermore, satisfaction with job security that would enhance the individual's preference for entrepreneurship could be relative to higher national unemployment, which could also be detrimental (Millán *et al.*, 2013). Consequently, given that the influence of self-employed job security is somewhat complex, it is hypothesised thus:

H2b: Self-employed entrepreneurs' satisfaction with job security will positively predict the likelihood of venture survival for 4 years after the start-up.

5.3.1.3 Satisfaction with work itself and self-employment survival

This section examines whether self-employed entrepreneurs who express higher satisfaction with nature of the self-employed entrepreneurial activities (work itself) survive in the business for longer periods. Since individual who become self-employed have some expertise and/or experience around the field in which they established businesses, it is expected that they should be satisfied with the nature of the work constituting the ventures. Therefore, satisfaction with the nature of work itself should relatively be a more important domain for understanding overall job satisfaction (Prottas and Thompson, 2006). The nature of self-employment work comprises various dimensions - autonomy, variety, task identity, task significance, and feedback (Kulik, Oldham and Hackman, 1987) which have positive relations with selfemployed job satisfaction (Schjoedt, 2009) because they offer intrinsic motivations that drive and enhance individual's to continue enduring work demands over time (Hytti, Kautonen and Akola, 2013), hence business survival. If self-employed entrepreneurs are jack-of-all-trades (Lazear, 2005) thereby facilitating individuals to be multi-talented and apply their knowledge/skills in multi-facet disciplines (Schjoedt, 2009; Åstebro and Thompson, 2011), it is assumed that such situation would enhance the motivation of the self-employed to continue and sustain the venture for longer because the self-employed showed preferences for varieties, and taste for variety provides utility (satisfaction) which in itself is rewarding (Åstebro and Thompson, 2011). Perhaps the ability of the entrepreneurs to engage in multi-facet disciplines, decide where, when and how to work is partly attributable to the level of autonomy they enjoy (Schjoedt, 2009). However, the reality of successful self-employment usually requires that the self-employed entrepreneurs meet set targets, satisfy business demands and customer requests, business travels etc. which are often time consuming (Parasuraman *et al.*, 1996) and associated with some risk levels such as low patronage, lack or low capital base or absence of fringe benefits (VandenHeuvel and Wooden, 1997), thereby infringing on the survival chance of self-employed entrepreneurship.

Although, there are literature evidence suggesting that no individual will likely forgo pecuniary and financial benefits to opt for self-employment due to the nonpecuniary benefits inherent in the status because the 'poor-but-happy' theory is rather too simplistic and inconceivable (Carter, 2011), plethora of evidence in the selfemployment and entrepreneurship literature established that self-employed entrepreneurs enjoy consistent satisfaction with their work because of the nonpecuniary benefits accruable from self-employment. Such non-pecuniary benefits include procedural utility, enjoyment of greater personal freedom, work schedules flexibility to meet personal commitments, and being their own boss etc. that are more valued beyond material benefits have been highlighted in the literature. Given that selfemployed entrepreneurs are satisfied with the nature of the work they do due to the many aspect of the job they enjoy should be enough motivation and drive to want to ensure the survival of the enterprises, particularly because they are responsible for the survival and economic success of the venture, and because many non-pecuniary benefits are hardly available in paid employment for example.

However, business success and survival is dependent on increasing business demands, which reduce the autonomy, freedom and flexibility required to achieve other personal, family and social engagements. Parasuraman et al. (1996) argue that devoting greater self-employment resources and time to social engagements tends to 'guzzle' the time available to the self-employed, thereby pressuring the flexibility benefits which may be detrimental to the venture survival. Correspondingly, most selfemployed people alternate between family and work life, and experience various work stressors (e.g. overloads, ambiguity and conflict in role expectation) (Naughton, 1987) which negatively affect business survival. Considering these conflicting views, could the self-employed entrepreneurs' satisfaction with the nature of work yield a positive venture survival chances? Thus, it is hypothesize that:

H2c: Self-employed entrepreneurs' satisfaction with actual work itself will positively predict the likelihood of venture survival for 4 years after the start-up.

5.3.1.4 Satisfaction with work hours and self-employment survival

Intuitively, satisfaction with work hours should encourage the self-employed entrepreneurs to continue the business and run it for longer period, given that devastating experiences of long working hours is a major push factors into selfemployment, as individuals seek to achieve a better work-life balance by commanding greater control of their working schedules. However, the reality of self-employment suggests that business requirements that need to be met require the self-employed individual to commit longer time, which translate into or necessitate that the selfemployed entrepreneurs work long hours. If this is the case, with the success of the business venture depending on the long-hours commitment by the self-employed, deterioration in self-employed satisfaction with hours of work should be expected. Consequently, such deterioration in satisfaction with hour of work should de-motivate the self-employed individual from continuing in the business, thus business failure or exit from self-employment. Although, working hours might seem debilitating in terms of time-use or timeshare between different endeavours the self-employed engages in, working relatively longer hours might be preferred in order to secure additional financial resources to meet family needs, represent a measure of self-insurance against wage uncertainty (Parker, Belghitar and Barmby, 2005) in such a way that ensures adequate income is earned to meet current consumption, as well as financing future consumption especially during period of possible income shortfall. That the self-employed enjoy the flexibility of varying the time they work and how long is perhaps an additional manifestation of the greater control they command over their working hours, which is often mentioned as one of the important pull factors into self-employment (Dennis, 1996). Nevertheless, working long hours to meet business obligations as well as working more into the evenings and weekends may endanger the level of flexibility and freedom enjoyed by the self-employed (Hyytinen and Ruuskanen, 2007) thereby negatively impacting on the motivation and optimism to sustain the enterprise into the future.

The opportunity to vary the work-family time dichotomy boosts the satisfaction of women (Gutek, Searle and Klepa, 1991) because self-employed women could split their actual work time between locations or spend smaller portion of the time at the workplace and interrupt their self-employment job spells (Hyytinen and Ruuskanen, 2007). All of these possibilities might motivate the female self-employed at least, to remain in business. It therefore remains to be seen whether satisfaction with hours of work will be strong enough to boost the self-employed entrepreneurs' willingness to sustain, manage and maintain the venture into the long-run. Of course, this will depend on whether individuals express a "positive" attitudinal disposition towards the longer work hours against the trade-off of more flexibility in working schedules as well as other non-pecuniary benefits. It is therefore hypothesised that

H2d: Self-employed entrepreneurs' satisfaction with work hour will positively predict the likelihood of venture survival for 4 years after the start-up.

5.3.2 Peak-End Job Satisfaction and Self-employment Survival

Suppose that self-employment job satisfaction reflects *Experienced utility* rather than *Decision utility*, the onus then is converting experiences in the past (*Experienced utility*) to achieve *Decision utility*. An evident process is to apply Kahneman et al.'s (1997) experimental approach, which suggests that the average of peak and end could be the best transformation of *experienced utility* into *Decision utility*. Experimental evidence (Fredrickson, 2000; Schreiber and Kahneman, 2000; Stone *et al.*, 2005; Kemp, Burt and Furneaux, 2008) have confirmed the peak-end rule has being viable in predicting overall evaluations of events (experiences). Thus, the average job satisfaction over the whole job is calculated through averaging the best and the worst (highest & lowest) satisfaction reported on the job to explain self-employment survival behaviours.

Although, peak-end theory (rule) has been applied in fields like psychology, sport science, marketing, economics, and organisation behaviour, this study is the first to apply the concept to self-employment (entrepreneurship) research. In a study of employees' desire to stay in their job, Fraser (2013) finds that employees do not average out the good (bad) experiences over entire job, but recall the peak moments (good or bad) and the most recent interactions thus concluding that peak moments of satisfaction were twice as powerful, like any other variable, in the decision to quit (stay in) the job. In a study assessing whether memory of exercise experience influences future exercise decisions, it was established that affective responses during exercise is relevant to future exercise behaviour (Parfitt and Hughes, 2009). That is, either quit or continue exercising in future. Similarly, since remembered utility of an event is anticipated to manoeuvre future behavioural decisions (Levine, Safer and Lench, 2006), the relationship between remembered utility and future exercise behaviour shows that peak-end rule predicted up to 58% global affective evaluation (remembered utility) (Hargreaves and Stych, 2012). Conversely, another study (Miron-Shatz, 2009) argues that though participants reported having a wonderful (peak) and/or awful (low) moment during the previous day, but contrary to peak-end rule prediction, it was the average that was the best predictor of retrospective evaluation of previous day's feelings. He further argues that the results suggest that retrospective evaluations of multi-episode events rely on the averaged ratings of emotions, ignore ends, and also consider the presence of lows, and occasionally peaks thus concluding that peaks and lows contribute more to comparative, rather than absolute evaluations. Miron-Shatz's study seems consistent with a previous study (Seta, Haire and Seta, 2008) investigating individuals' perceptions of positive life events which revealed that individuals often responded to average positivity level and preferred less (versus more) positive events. They show, for instance, that respondents felt more positive affect when exposed to highly positive events than a mix of highly positive and mildly (less) positive ones. This evidence purportedly supports the average/summation model of life event integration against the peak-end rule.

Given Kahneman's submission that the average of peak and end could be the best transformation of *Experienced utility* into *Decision utility*, the two candidates were tested by introducing them separately into the survival equation. As a result, the study hypothesise that: H3: The peak-end (average of highest & lowest) job satisfaction of the selfemployed entrepreneurs will predict the likelihood of self-employment venture survival for 4 years after start-up.

5.4 Data and Methods

The study in this chapter of the thesis uses the same dataset from waves 1 to wave 18 (1991 to 2008) of the British household Panel Survey (BHPS) like that of the previous chapters. For this reason and to circumvent repetition in describing the same dataset, the detailed description of the BHPS dataset presented in section 1.4.2 of chapter 1 above would be sufficient for the purpose of analysis in this chapter. Exploiting the longitudinal nature of BHPS dataset, the study traces individuals' employment status over time and identifies those full-time employees who switched from salaried employment into self-employment during the consideration periods.

Limiting the sample to males aged between 16 and 64 years of age and 16 and 60 for females, generated estimated sample for this study to comprise 2911 personyear observations for males and 1519 person-year observations for females. Individuals' complete self-employment history was created from the BHPS spell data combined with employment status information gathered from each wave. As in the previous chapter where individuals were dropped or excluded from the sample because they do not possess information about the variables of interest (overall job satisfaction and domain satisfaction variables), this chapter adopts the same approach as well. Utilising a large longitudinal data set in the present study's analysis captures the dynamics of self-employment, and addresses some of the limitations of previous crosssectional studies in the job-satisfaction/self-employment. This is because only longitudinal data based studies could moderate likely endogeneity issues and raise confidence that past values are a cause rather than a consequence of self-employment, as cross-sectional estimates confound the self-employment survival determinants (Kiely, 1986).

5.4.1 Measures

Overall (global) job satisfaction information in the BHPS dataset is derived from the question asking respondents to rank their responses to the question -"All things considered, how satisfied or dissatisfied are you with your present job overall...?"- on a 7-point Likert scale ranging from 1 = `not satisfied at all' to 7 =`completely satisfied'. The composite (components of) job satisfaction are measured on a similar 7-point Likert scale ranging from 1 = `not satisfied at all' to 7 =`completely satisfied'. The components of job satisfaction were measured with questions relating to each one thus: satisfaction with pay was measured with the question "How satisfied would you say you are with the total pay, including any overtime or bonuses in your present job". Satisfaction with job security was measured with the question "How satisfied would you say you are with the job security in your present job". Satisfaction with hours of work was measured with the question "How satisfied would you say you are with the hours you work in your present job"; and satisfaction with the nature of the work itself was measured with the question "How satisfied would you say you are with the actual work itself in your present job".

This study is concerned with self-employment survival behaviour as a function of previously-reported job satisfaction rather than as a function of only the most recently-reported job satisfaction level (within one year). Venture survival is measured by the probability of being in business four years after the start-up. The preference for 4years post start-up relates to the average of what the literature evidenced. For instance, the average of the first 5 years (Carter, 2011) and first three years of activity were (European Commission, 2004). The study particularly test the explanatory power of current satisfaction against various combinations of current and past satisfaction using the BHPS that has adequate number of long job spells having been running for long enough periods.

5.4.2 Methods:

Job satisfaction and self-employment survival relationship is modelled using the Logit marginal effects regression model. The Logit marginal effects model is particularly preferred for this chapter of the thesis due to its consequential advantages. Since the response variable (dependent variable or regressand) in this situation is whether or not the self-employed is likely to survive, it assumes a qualitative measure rather than continuous or interval measure. For this reason estimation by Ordinary Least Square regression (OLS) cannot be applied. Applying OLS regression to qualitative dependent variable as in the present case may:

- seriously misestimate the magnitude of the effects of independent variables (IVs)
- results in all of the standard statistical inferences (e.g. hypothesis tests, construction of confidence intervals) being unjustified
- (make) regression estimates to be highly sensitive to the range of particular values observed (thus making extrapolations or forecasts beyond the range of the data especially unjustified).

Since the dependent variable (Y) in this study is qualitative, the objective is to find the probability of something happening (survive or not survive). This suggests that Y can only be either Yes (1) or No (0) thus requiring a binary response regression model for solution. There are three possible approaches to developing a probability model for a binary response variable:

- 1. The linear probability model (LPM),
- 2. The logit model,
- 3. The probit model

Although the LPM is comparatively simplistic and can be estimated by OLS, its inherent problems make it unsuitable for application in this study. These problems include:

- Heteroskedasticity - A residuals versus fitted plot in OLS ideally looks like a random scatter plot of points but LPM graphs does not look like scatter plots.

- Errors Are Not Normally Distributed (non-normality of e,) - Also, OLS assumes that, for each set of values for the k independent variables, the residuals are normally distributed. This is equivalent to saying that, for any given value of yhat, the residuals should be normally distributed. This assumption is also clearly violated, i.e. one cannot have a normal distribution when the residuals are only free to take on two possible values.

- Linearity (possibility of \hat{Y}_i lying outside the 0–1 range) - Probabilities can only range between 0 and 1. However, in OLS, there is no constraint that the yhat estimates fall in the 0-1 range; indeed, yhat is free to vary between negative infinity and positive infinity. The OLS assumptions of linearity and additivity are almost certainly unreasonable when dealing with a dichotomous dependent variable.

- The Generally Lower R2 Values.

Although, some of these problems could be resolved mathematically, the assumption of linearity is the biggest problem because it assumes that $P_i = E(Y = 1 | X)$ increases linearly with X. That is, the marginal or incremental effect of X remains constant throughout. This seems patently unrealistic as one would expect that P_i is nonlinearly related to X_i in reality. Therefore, a (probability) model that has the following two features is required: (1) As X_i increases, $P_i = E(Y = 1 | X)$ increases but never steps outside the 0–1 interval, and (2) the relationship between P_i and X_i is nonlinear, that is, "one which approaches zero at slower and slower rates as X_i gets small and approaches one at slower and slower rates as X_i gets very large." This leave the decision to either logit or probit models.

Which model is then preferable between logit and probit? In most applications the logit and probit models are quite similar, the main difference being that the logistic distribution has slightly fatter tails. That is, the conditional probability P_i approaches zero or one at a slower rate in logit than in probit. Therefore, there is no compelling reason to choose one over the other. However, compared with the LPM and logit model, the computation of changes in probability using the probit model is a bit tedious. Thus, in practice many researchers choose the logit model because of its comparative mathematical simplicity. As a result, this study adopts the logit model for its estimations.

To recap therefore, Logit model takes preference over the other models because it is embedded with simplicity of analysis and interpretability of findings because of its capability to provide a good approximation to the amount of change in Y that will be produced by a 1-unit change in X_k . Second, the marginal effects is advantageous over the Linear Probability Model for example, because it expresses the effect of a variable on P(Y=1) using a single number, with binary dependent variables. Furthermore, marginal effects model, particularly for categorical variables with more than two possible values (e.g. ethnicity), show the difference in the predicted probabilities for cases in one category relative to a reference category (holding all other Xs equal). Therefore, the capability of summarising how change in a response is related to change in a covariate makes marginal effect informative, useful and easy to understand (Stata 11 Reference Manual, p. 975). In the case of continuous independent variables on the other hand, marginal effects can be quite intuitive and beneficial when it measures the instantaneous rate of change, if the instantaneous rate of change is similar to the change in P(Y=1) as X_k increases by one (Williams, 2006).

Thus, for the purpose of this chapter, the logit model of the following form is adopted.

$$F(\mathbf{x}'\boldsymbol{\beta}) = \Lambda(\mathbf{x}'\boldsymbol{\beta}) = \frac{e^{\mathbf{x}'\boldsymbol{\beta}}}{1 + e^{\mathbf{x}'\boldsymbol{\beta}}} = \frac{exp(\mathbf{x}'\boldsymbol{\beta})}{1 + exp(\mathbf{x}'\boldsymbol{\beta})}$$

Where:

- F(x'β) is the cumulative distribution function (cdf) of the logistic distribution
- The predicted probabilities are limited between 0 and 1.

And the Marginal effects for the binary model is calculated as:

$$\partial p / \partial \mathbf{x}_j = \mathbf{F}(\mathbf{x}'\boldsymbol{\beta}) \boldsymbol{\beta}_j$$

Note:

- Since the marginal effects depend on x, its estimation need to be at a specific value of x (typically the mean values).
- The coefficients and marginal effects have the same signs because $F(x'\beta) > 0$.

5.4.3 Controls

Several variables affecting self-employment survival (exits) have been established in the literature. Georgellis, Sessions and Tsitsianis (2007, p. 95) suggest that comprehending the determinants of self-employment survival would aid policies and policy makers' response to the view that entrepreneurship is the key to job creation, since such policies will be defective without addressing entrepreneurial success, survival and exit. To avoid the effects of potentially confounding variables, data on additional background variables are assessed in order to monitor for effects that might influence the relationships hypothesised. The usual demographic variables such as age, gender, education, marital status, numbers of self-employed entrepreneurs' children etc. were controlled for. Gender and age are included in the framework because job satisfaction has been related to age and gender in the literature, and findings have been mixed. Gender was coded male=1, female=0; Age was reported in years; tenure was reported in years.

5.5 Empirical Results

Tables 5.1 to 5.10 show the results of logistic regression analysis for the satisfaction measures (domains) and self-employment survival for men and women respectively. Whereas three of the hypothesised relationships were not supported for the analysis, one relationship was partially supported for only men but not for women and the other was supported for both genders. Neither overall job satisfaction, nor satisfaction with pay, nor satisfaction with work itself was predictive of preserving or sustaining the self-employed entrepreneurial enterprise up to the four years span (H1, H2a & H2c) for both men and women. Hypothesis 2b which states that self-employed entrepreneurs' satisfaction with job security will positively predict likelihood of the venture survival for four years after start-up was positively significant for both men (β

= 0.012, p < 0.05) and women ($\beta = 0.014$, p < 0.05). That is, satisfaction with job security is 1.2% (1.4%) more likely to sustain the self-employed entrepreneur men (women) in business for the four years after start-up. This finding seems somewhat surprising since research evidence show that individuals who value job security prefer paid-employment (Taylor, 1996), and that self-employed entrepreneurs are generally expected to be unsatisfied with job security because they tend to have lower social security or employment protection and almost non-existing pension plan or health insurance scheme. However, the magnitude of predictive probability for venture survival recorded could be attributable to individual's optimism that they could shape the future and fortune of their business because of higher positive expectations about business opportunities and lower threats (Hundley, 2001).

Hypothesis 2d which predict that satisfaction with work hour will positively predict likelihood of venture survival was also significant for self-employed men only but in the opposite direction (negative) (β = -0.014, p < 0.05). That is, satisfaction with work hour is 1.4% less likely to predict self-employed ventures survival for men even for four years after start-up. Perhaps, this suggests that the argument that individuals become self-employed because of the anticipated flexibilities (Hyytinen and Ruuskanen, 2007) may not hold, and may actually be unrealistic, as one would have expected that such opportunities would prompt the individuals to remain in the business for longer. However, this result tends to suggest that some other more important factors (e.g. procedural utility) outside flexi-time for instance, are predictors of survival. Moreover, the result for women seems not straight forward, considering that the opportunity to vary the work-family time dichotomy boosts the satisfaction of women (Gutek, Searle and Klepa, 1991) as well as the evidence that show that selfemployed women could split their actual work time between locations and interrupt their job spells to suit their requirements (Hyytinen and Ruuskanen, 2007). Further, it

Column		···· ` '		<u></u>			******
Age	0.003**	0.003**	0.002*	0.004**	0.003**	0.004**	0.003*
	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)
Higher degree	-0.216**	-0.217**	-0.223**	-0.172**	-0.225**	-0.190**	-0.227**
	(0.063)	(0.063)	(0.059)	(0.063)	(0.061)	(0.064)	(0.060)
First degree	-0.125**	-0.124**	-0.089**	-0.133**	-0.113**	-0.133**	-0.105**
	(0.029)	(0.029)	(0.028)	(0.029)	(0.029)	(0.029)	(0.028)
Household income	-0.000	-0.000	-0.000	0.000	-0.000	0.000	-0.000
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Number of own children	-0.001	-0.000	0.004	-0.004	0.001	-0.003	0.002
	(0.010)	(0.010)	(0.010)	(0.010)	(0.010)	(0.010)	(0.010)
Married	0.020	0.021	0.031	-0.004	0.027	0.005	0.029
	(0.027)	(0.027)	(0.026)	(0.027)	(0.027)	(0.027)	(0.027)
Separated	0.004	0.003	-0.002	0.000	0.000	0.005	-0.001
	(0.068)	(0.068)	(0.067)	(0.064)	(0.068)	(0.067)	(0.068)
Divorced	-0.138**	-0.138**	-0.135**	-0.159**	-0.136**	-0.148**	-0.135**
	(0.040)	(0.040)	(0.040)	(0.038)	(0.040)	(0.039)	(0.040)
Widowed	-0.132	-0.133	-0.116	-0.112	-0.133	-0.120	-0.130
	(0.106)	(0.107)	(0.115)	(0.093)	(0.111)	(0.098)	(0.113)
Job Satisfaction		0.005					
		(0.009)					
Job Satisfaction Maximum			0.136**				
			(0.014)				
Job Satisfaction Minimum				-0.079**			
				(0.007)			
Job Satisfaction Peak-End Maximum					0.055**		
					(0.012)		
Job Satisfaction Peak-End Minimum						-0.062**	
						(0.010)	
Weighted Job Satisfaction Peak-End Maximum							0.085**
							(0.013)
Ν	2.911	2,911	2,911	2,911	2,911	2,911	2.911
	_,	+ ~ 0 1. * ~	0.05. **0.01			_,	_,

Table 5.1: Job satisfaction (Overall) and self-employment survival (MEN)

+ p < 0.1; + p < 0.05; + p < 0.01

Column							
Age	0.003+	0.003+	0.003*	0.002	0.003*	0.002	0.003*
	(0.002)	(0.002)	(0.002)	(0.001)	(0.002)	(0.001)	(0.002)
Higher degree	0.154*	0.156*	0.210**	0.108+	0.177**	0.126*	0.189**
	(0.063)	(0.063)	(0.064)	(0.064)	(0.063)	(0.063)	(0.063)
First degree	-0.000	0.003	0.061+	-0.055	0.031	-0.034	0.045
	(0.040)	(0.040)	(0.037)	(0.039)	(0.039)	(0.040)	(0.039)
Household income	-0.000	-0.000	-0.000	0.000	-0.000	-0.000	-0.000
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Number of own children	-0.017	-0.016	0.006	-0.031+	-0.008	-0.026	-0.002
	(0.017)	(0.017)	(0.017)	(0.017)	(0.017)	(0.017)	(0.017)
Married	0.007	0.005	-0.053	0.037	-0.016	0.027	-0.029
	(0.042)	(0.042)	(0.042)	(0.041)	(0.042)	(0.041)	(0.042)
Separated	0.081	0.082	0.076	0.097	0.087	0.084	0.086
	(0.110)	(0.110)	(0.115)	(0.106)	(0.114)	(0.107)	(0.115)
Divorced	0.037	0.036	-0.008	0.038	0.021	0.042	0.011
	(0.057)	(0.057)	(0.056)	(0.056)	(0.057)	(0.057)	(0.056)
Widowed	-0.095	-0.099	-0.176+	-0.089	-0.131	-0.080	-0.149
	(0.108)	(0.108)	(0.102)	(0.114)	(0.105)	(0.111)	(0.103)
Job Satisfaction		0.007					
		(0.011)					
Job Satisfaction Maximum			0.199**			4	
			(0.017)				
Job Satisfaction Minimum				-0.059**			
				(0.008)			
Job Satisfaction Peak-End Maximum					0.074**		
					(0.016)		
Job Satisfaction Peak-End Minimum						-0.047**	
						(0.011)	
Weighted Job Satisfaction Peak-End Maximum							0.118**
							(0.017)
N	1.610	1.510	1.510	1 610	1 510	1 5 1 0	1.510
/V	1,319	1,319	1,319	1,319	1,319	1,319	1,319

Table 5.2: Job satisfaction (Overall) and self-employment survival (WOMEN)

+*p*<0.1; **p*<0.05; ***p*<0.01

Column						
Age	0.003**	0.003**	0.003**	0.003**	0.004**	0.003**
	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)
Higher degree	-0.218**	-0.207**	-0.189**	-0.225**	-0.195**	-0.228**
	(0.062)	(0.059)	(0.071)	(0.061)	(0.065)	(0.060)
First degree	-0.123**	-0.096**	-0.118**	-0.118**	-0.125**	-0.110**
	(0.029)	(0.029)	(0.029)	(0.029)	(0.030)	(0.029)
Household income	-0.000	-0.001+	0.000	-0.000	0.000	-0.000
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Number of own children	-0.001	0.003	-0.000	-0.000	-0.003	0.001
	(0.010)	(0.010)	(0.010)	(0.010)	(0.010)	(0.010)
Married	0.022	0.046+	0.006	0.027	0.009	0.031
	(0.027)	(0.026)	(0.027)	(0.027)	(0.027)	(0.027)
Separated	0.005	0.029	-0.005	0.008	-0.004	0.009
	(0.068)	(0.070)	(0.068)	(0.068)	(0.067)	(0.068)
Divorced	-0.139**	-0.111**	-0.144**	-0.134**	-0.152**	-0.132**
	(0.040)	(0.040)	(0.039)	(0.040)	(0.039)	(0.040)
Widowed	-0.133	-0.154	-0.068	-0.138	-0.116	-0.137
	(0.107)	(0.104)	(0.095)	(0.109)	(0.100)	(0.112)
Job Satisfaction	0.003					
	(0.006)					
Job Satisfaction Maximum		0.110**				
		(0.009)				
Job Satisfaction Minimum			-0.055**			
			(0.005)			
Job Satisfaction Peak-End Maximum				0.036**		
				(0.010)		
Job Satisfaction Peak-End Minimum					-0.046**	
					(0.008)	
Weighted Job Satisfaction Peak-End Maximum						0.069**
						(0.012)
N	2.899	2.911	2.911	2.899	2.899	2.899
			_,,		_ ,	=,

Table 5.3: Job satisfaction (with Pay) and self-employment survival (MEN)

+ p<0.1; * p<0.05; ** p<0.01

Column				с. 		
Age	0.002	0.003*	0.002	0.003+	0.002	0.003+
	(0.002)	(0.002)	(0.001)	(0.002)	(0.001)	(0.002)
Higher degree	0.158*	0.201**	0.127*	0.175**	0.131*	0.189**
	(0.064)	(0.068)	(0.064)	(0.064)	(0.064)	(0.065)
First degree	-0.001	0.030	-0.016	0.009	-0.023	0.021
	(0.040)	(0.037)	(0.040)	(0.039)	(0.040)	(0.039)
Household income	-0.000	-0.001*	0.000	-0.001	-0.000	-0.001
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Number of own children	-0.018	0.001	-0.019	-0.015	-0.025	-0.010
	(0.017)	(0.017)	(0.016)	(0.017)	(0.017)	(0.017)
Married	0.008	-0.041	-0.002	0.002	0.019	-0.008
	(0.042)	(0.042)	(0.040)	(0.042)	(0.041)	(0.042)
Separated	0.079	0.095	0.037	0.085	0.079	0.086
-	(0.110)	(0.119)	(0.106)	(0.112)	(0.107)	(0.113)
Divorced	0.035	0.032	0.003	0.033	0.032	0.026
	(0.057)	(0.057)	(0.055)	(0.057)	(0.057)	(0.056)
Widowed	-0.079	-0.145	-0.073	-0.099	-0.066	-0.119
	(0.111)	(0.101)	(0.118)	(0.108)	(0.116)	(0.106)
Job Satisfaction	-0.003			. ,		
	(0.007)					
Job Satisfaction Maximum		0.111**				
		(0.010)				
Job Satisfaction Minimum			-0.047**			
			(0.006)			
Job Satisfaction Peak-End Maximum			· · ·	0.036**		
				(0.013)		
Job Satisfaction Peak-End Minimum				()	-0.042**	
					(0.010)	
Weighted Job Satisfaction Peak-End Maximum					(*****)	0.076**
·····						(0.015)
	1.50/	1.610	1 610	1.507	1.50/	1.500
<u>N</u>	1,500	1,319	1,519	1,300	1,506	1,300

Table 5.4: Job satisfaction (with Pay) and self-employment survival (WOMEN)

+*p*<0.1; **p*<0.05; ***p*<0.01

Column						
Age	0.003**	0.002	0.003**	0.003**	0.003**	0.003*
	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)
Higher degree	-0.216**	-0.226**	-0.247**	-0.217**	-0.209**	-0.219**
	(0.063)	(0.059)	(0.059)	(0.063)	(0.063)	(0.062)
First degree	-0.122**	-0.093**	-0.145**	-0.112**	-0.132**	-0.104**
	(0.029)	(0.029)	(0.029)	(0.029)	(0.029)	(0.028)
Household income	-0.000	-0.000	0.000	-0.000	-0.000	-0.000
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Number of own children	-0.001	0.000	-0.000	-0.001	-0.001	-0.000
	(0.010)	(0.010)	(0.010)	(0.010)	(0.010)	(0.010)
Married	0.022	0.037	0.020	0.025	0.015	0.028
	(0.027)	(0.026)	(0.027)	(0.027)	(0.027)	(0.027)
Separated	0.007	0.006	0.004	0.009	-0.002	0.009
-	(0.069)	(0.068)	(0.066)	(0.069)	(0.067)	(0.068)
Divorced	-0.135**	-0.103**	-0.134**	-0.132**	-0.146**	-0.130**
	(0.040)	(0.040)	(0.040)	(0.040)	(0.039)	(0.040)
Widowed	-0.136	-0.154	-0.079	-0.137	-0.124	-0.135
	(0.105)	(0.097)	(0.112)	(0.106)	(0.105)	(0.107)
Job Satisfaction	0.012*	. ,				
	(0.005)					
Job Satisfaction Maximum		0.096**				
		(0.009)				
Job Satisfaction Minimum		. ,	-0.037**			
			(0.004)			
Job Satisfaction Peak-End Maximum			`` ,	0.045**		
				(0.009)		
Job Satisfaction Peak-End Minimum				``	-0.030**	
					(0.008)	
Weighted Job Satisfaction Peak-End Maximum						0.076**
.						(0.011)
N	2 904	2 911	2 911	2 904	2 904	2 904
2 · ·	+ n<() $1 \cdot * n < 0.05 \cdot * *$	<u>~,,,,</u> n<0.01	2,70	2,701	2,707
	· p ~	···, p·····, j				

Table 5.5: Job satisfaction (Job Security) and self-employment survival (MEN)

may be that these possibilities as well as work-family life pressures actually work against the operations and growth of women-managed ventures in the long-run.

Turning to the peak-end relationships with enterprise survival chances, the results show that whereas 'job satisfaction minimum' and 'job satisfaction peak-end minimum' are negatively significant for all the satisfaction measures, the duo of maximum job satisfaction and peak-end maximum are positively significant at 10% s.f. for all of the satisfaction measures including overall job satisfaction. For overall job satisfaction, maximum satisfaction show that men are 13.6% ($\beta = 0.136$, p < 0.1) more likely to sustain venture survival, whereas women are 19.9% ($\beta = 0.199, p < 0.1$) to do the same. Both genders' maximum satisfaction with pay are about 11% (β = 0.110, p < 0.1; $\beta = 0.111$, p < 0.1) more likely to predict venture survival chance for up to 4years. Maximum satisfaction with job security is about 9.7% ($\beta = 0.096$, $p < 10^{-10}$ 0.1; $\beta = 0.097$, p < 0.1) more likely to predict survival chances of men and women managed enterprises respectively. The likelihood of maximum job satisfaction with work itself to sustain venture survival chances is 15.5% more likely for men and 19.7% more likely for women ($\beta = 0.155$, p < 0.1; $\beta = 0.197$, p < 0.1) respectively. Job satisfaction maximum for work hour is 6.9% more likely for men ($\beta = 0.069$, p < 0.1) and 9.6% ($\beta = 0.096$, p < 0.1) more likely to predict survival probability for women.

In the case of job satisfaction Peak-End maximum, overall job satisfaction is about 6% ($\beta = 0.055$, p < 0.1) more likely to predict venture survival for men and 7.4% ($\beta = 0.074$, p < 0.1) more likely for women entrepreneurs. Satisfaction with pay has 3.6% ($\beta = 0.036$, p < 0.1; $\beta = 0.036$, p < 0.1) predictive capability for both men and women self-employed entrepreneurs. The likelihood of satisfaction with job security to predict venture survival is 4.5% more for men ($\beta = 0.045$, p < 0.1) and 5.8% more for women entrepreneurs ($\beta = 0.058$, p < 0.1). The job satisfaction Peak-End for work itself is 5.4% more likely to maintain men-managed enterprises ($\beta = 0.054$, p < 0.1) as against 8.6% more likelihood to predict women managed enterprises survival ($\beta = 0.086$, p < 0.1). Compared to 1.6% more likelihood of satisfaction with work hour to predict survival for self-employed men ($\beta = 0.016$, p < 0.1), there is a 3.2% ($\beta = 0.032$, p < 0.1) more likelihood of the same variable to predict survival of self-employed women. This shows that women actually have twice or double the tendency of survival with respect to work hour than men.

The first point that is deduced from the Job Satisfaction Maximum and Job Satisfaction Peak-End Maximum result suggests that women satisfaction levels for all domains have higher tendencies of predicting venture survival for the 4 years estimated duration, or even beyond. There are several plausible reasons that may explain these results. First, individuals who are being motivated or pulled into self-employment by some pecuniary rewards or extrinsic factors have very small and negligible likelihood of maintaining entrepreneurial enterprises over time. Second, men and women who anticipate a stable and guaranteed job might be surprise to find that their pre-transition view of self-employment in term of job security may actually be unrealistic as volatility in business environments could increase negative external shocks, which increase the failure rates. Third, that self-employed entrepreneurs spend considerably higher time attending business necessities often necessitate that the self-employed work long hours. Given that self-employed venture survival depends on the long-hours commitment, deterioration in satisfaction with hours of work is expected. The negative effect of long hours on work-life balance could actually be more pronounced for selfemployed entrepreneurs without access to other work-life balance schemes (e.g. Crèche). These are some of the reasons that could account for the tendency of the satisfaction domains to predict self-employment survival.

Column						
Age	0.003+	0.004*	0.001	0.003*	0.002	0.004*
	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)
Higher degree	0.167**	0.224**	0.126+	0.189**	0.135*	0.203**
	(0.063)	(0.065)	(0.064)	(0.064)	(0.064)	(0.064)
First degree	0.010	0.048	-0.037	0.029	-0.018	0.043
	(0.040)	(0.039)	(0.039)	(0.040)	(0.040)	(0.039)
Household income	-0.001	-0.001+	0.000	-0.001	-0.000	-0.001
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Number of own children	-0.013	0.005	-0.026	-0.006	-0.023	-0.000
	(0.017)	(0.017)	(0.017)	(0.017)	(0.017)	(0.017)
Married	-0.003	-0.039	0.039	-0.023	0.024	-0.038
	(0.042)	(0.042)	(0.041)	(0.042)	(0.042)	(0.042)
Separated	0.075	0.039	0.110	0.067	0.089	0.063
•	(0.110)	(0.102)	(0.114)	(0.110)	(0.109)	(0.110)
Divorced	0.033	0.027	0.045	0.020	0.043	0.010
	(0.057)	(0.058)	(0.055)	(0.057)	(0.057)	(0.056)
Widowed	-0.076	-0.129	-0.035	-0.099	-0.054	-0.118
	(0.110)	(0.100)	(0.116)	(0.108)	(0.115)	(0.107)
Job Satisfaction	0.014*		、 ,	``		(
	(0.007)					
Job Satisfaction Maximum	(,	0.097**				
		(0.010)				
Job Satisfaction Minimum		()	-0.034**			
			(0.006)			
Job Satisfaction Peak-End Maximum			(0.000)	0.058**		
				(0.012)		
Job Satisfaction Peak-End Minimum				(0.012)	-0.024*	
Job Satisfaction I car-Ling Minimum					(0.024	
Weighted Job Satisfaction Peak-End Maximum					(0.010)	0 000**
weighted sob banslaction i cak-Ling Maximum						(0.014)
						(0.014)
N	1,511	1,519	1,519	1,511	1,511	1,511

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Column						
Age	0.003**	0.001	0.004**	0.003**	0.004**	0.003*
	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)
Higher degree	-0.216**	-0.235**	-0.187**	-0.226**	-0.184**	-0.228**
	(0.063)	(0.058)	(0.067)	(0.061)	(0.064)	(0.060)
First degree	-0.126**	-0.097**	-0.129**	-0.114**	-0.136**	-0.105**
	(0.029)	(0.029)	(0.029)	(0.029)	(0.029)	(0.029)
Household income	-0.000	-0.000	-0.000	-0.000	0.000	-0.000
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Number of own children	-0.001	0.002	-0.003	0.002	-0.004	0.003
	(0.010)	(0.010)	(0.011)	(0.010)	(0.011)	(0.010)
Married	0.019	0.057*	0.010	0.025	0.004	0.028
	(0.027)	(0.027)	(0.027)	(0.027)	(0.027)	(0.027)
Separated	0.003	0.028	0.006	-0.001	0.008	-0.003
	(0.068)	(0.070)	(0.067)	(0.069)	(0.066)	(0.069)
Divorced	-0.138**	-0.137**	-0.129**	-0.141**	-0.143**	-0.141**
	(0.040)	(0.038)	(0.040)	(0.040)	(0.039)	(0.039)
Widowed	-0.132	-0.082	-0.126	-0.132	-0.120	-0.128
	(0.106)	(0.109)	(0.102)	(0.109)	(0.100)	(0.111)
Job Satisfaction	0.002					
	(0.008)					
Job Satisfaction Maximum		0.155**				
		(0.016)				
Job Satisfaction Minimum			-0.053**			
,			(0.006)			
Job Satisfaction Peak-End Maximum				0.054**		
				(0.012)		
Job Satisfaction Peak-End Minimum					-0.071**	
					(0.010)	
Weighted Job Satisfaction Peak-End Maximum						0.087**
						(0.014)
N	2.909	2.911	2.911	2,909	2,909	2,909
		0.05. **	· · · · · · · · · · · · · · · · · · ·		······	······································

Table 5.7: Job satisfaction	(Work itself)	and self-employment survival	(MEN)
radie 5.7. 500 satisfaction	WOIR ROUT	and sem-employment sulvival	

+*p*<0.1; **p*<0.05; ***p*<0.01
	1 7 1	, 1			·	
column						
Age	0.003+	0.003+	0.002	0.003+	0.002	0.003+
	(0.002)	(0.002)	(0.001)	(0.002)	(0.001)	(0.002)
Higher degree	0.153*	0.148*	0.170**	0.163**	0.135*	0.175**
	(0.063)	(0.058)	(0.060)	(0.062)	(0.063)	(0.062)
First degree	0.005	0.045	-0.038	0.030	-0.031	0.044
-	(0.040)	(0.039)	(0.040)	(0.040)	(0.040)	(0.039)
Household income	-0.000	0.000	-0.000	-0.000	-0.000	-0.000
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Number of own children	-0.017	-0.009	-0.026	-0.011	-0.023	-0.006
	(0.017)	(0.016)	(0.017)	(0.017)	(0.017)	(0.017)
Married	0.008	-0.023	0.007	-0.003	0.018	-0.017
	(0.042)	(0.041)	(0.041)	(0.041)	(0.041)	(0.041)
Separated	0.085	0.025	0.088	0.091	0.082	0.090
•	(0.111)	(0.108)	(0.100)	(0.115)	(0.107)	(0.117)
Divorced	0.038	0.015	0.003	0.029	0.036	0.019
	(0.057)	(0.053)	(0.056)	(0.056)	(0.057)	(0.056)
Widowed	-0.095	-0.158	-0.103	-0.111	-0.093	-0.129
	(0.107)	(0.110)	(0.123)	(0.105)	(0.112)	(0.103)
Job Satisfaction	0.013					
	(0.011)					
Job Satisfaction Maximum		0.197**				
		(0.017)				
Job Satisfaction Minimum			-0.070**			
			(0.007)			
Job Satisfaction Peak-End Maximum				0.086**		
				(0.016)		
Job Satisfaction Peak-End Minimum					-0.048**	
					(0.012)	
Weighted Job Satisfaction Peak-End Maximum						0.133**
-						(0.017)
N	1.519	1.519	1.519	1.519	1.519	1.519
••	-,:			- ,		

Table 5.8: Job satisfaction (Work itself) and self-employment survival (WOMEN) +p<0.1; *p<0.05; **p<0.01

A a a	0.003**	0.003**	0.00/**	0.002**	0.004**	0.002**
Age	(0.003)	(0.003)	(0.004)	(0.003**	(0.004)	(0.003**
Higher degree	0.210**	0.001)	.0 167#	-0.220**	0.19/**	0.001
Higher degree	-0.210	-0.250	(0.073)	-0.220	-0.164	(0.061)
First degree	-0 120**	-0 100**	-0.120**	-0.121**	_0 137**	-0.112**
I hist degree	(0.020)	-0.100	(0.020)	(0.020)	-0.137	-0.112
Household income	-0.000	-0.000	0.029)	-0.000	0.029)	(0.029)
Tiousenoid income	(0.000)	-0.000	(0.000)	-0.000	(0.000)	-0.000
Number of own children	-0.001	0.000)	-0.003	-0.000	-0.003	(0.000)
Number of own children	-0.001	(0.001	-0.003	-0.000	-0.003	(0.001
Morried	0.010	0.025	(0.010)	0.010)	0.010)	(0.010)
Married	(0.077)	(0.023	-0.001	(0.023	(0.001	(0.027)
Senarated	0.027	0.027)	(0.020)	0.027)	0.027)	(0.027)
Separated	(0.003	(0.070)	(0.065)	(0.003	(0.067)	(0.062)
Divorced	0.140**	(0.070)	0.145**	.0.127++	(0.007)	0.126**
Divolcea	-0.140	-0.144	(0.038)	-0.137	(0.030)	-0.130**
Widowed	-0.128	(0.039) _0 143	-0.090	-0 134	-0 113	(0.040)
Widowed	-0.126	-0.143	-0.090	-0.134	-0.115	-0.134
Job Satisfaction	(0.104)	(0.112)	(0.000)	(0.108)	(0.097)	(0.111)
JOU Satisfaction	-0.014					
Job Satisfaction Maximum	(0.000)	0.060**				
Job Sansiaction Maximum		(0.009)				
Job Satisfaction Minimum		(0.009)	.0.065**			
Job Satisfaction Minimum			-0.005			
Jah Satisfaction Deals End Maximum			(0.003)	0.016		
Job Satisfaction Peak-End Maximum				0.010		
Int Cation Date Date Cations				(0.010)	0.0(2**	
Job Satisfaction Peak-End Minimum					-0.003	
Weishard J. b. Cadioferation Deats Find Maximum					(0.008)	0.049**
weighted job Satisfaction Peak-End Maximum						0.048**
						(0.012)
N	2.911	2.911	2.911	2.911	2.911	2.911

Table 5.9: Job satisfaction (with Work Hours) and self-employment survival (MEN)

Column						
Age	0.003+	0.003+	0.003*	0.003+	0.002	0.003+
	(0.002)	(0.002)	(0.001)	(0.002)	(0.001)	(0.002)
Higher degree	0.149*	0.207**	0.063	0.177**	0.118+	0.195**
	(0.064)	(0.071)	(0.061)	(0.064)	(0.065)	(0.065)
First degree	-0.005	0.020	-0.049	0.011	-0.035	0.026
	(0.040)	(0.038)	(0.037)	(0.040)	(0.039)	(0.039)
Household income	-0.000	-0.000	-0.000	-0.000	-0.000	-0.000
	(0.000)	(0.000)	(0.001)	(0.000)	(0.000)	(0.000)
Number of own children	-0.018	-0.007	-0.019	-0.013	-0.027	-0.008
	(0.017)	(0.017)	(0.016)	(0.017)	(0.017)	(0.017)
Married	0.008	-0.025	0.018	-0.002	0.025	-0.015
	(0.042)	(0.042)	(0.039)	(0.042)	(0.041)	(0.042)
Separated	0.076	0.073	0.097	0.082	0.080	0.083
	(0.107)	(0.121)	(0.089)	(0.113)	(0.103)	(0.115)
Divorced	0.035	0.008	0.011	0.030	0.036	0.021
	(0.057)	(0.058)	(0.051)	(0.057)	(0.056)	(0.057)
Widowed	-0.094	-0.167	-0.102	-0.109	-0.086	-0.128
	(0.109)	(0.109)	(0.127)	(0.107)	(0.113)	(0.106)
Job Satisfaction	-0.014					
	(0.009)					
Job Satisfaction Maximum		0.096**				
		(0.014)				
Job Satisfaction Minimum			-0.085**			
			(0.007)			
Job Satisfaction Peak-End Maximum				0.032*		
				(0.014)		
Job Satisfaction Peak-End Minimum					-0.056**	
					(0.011)	
Weighted Job Satisfaction Peak-End Maximum						0.077**
						(0.016)
Ν	1,518	1,519	1,519	1,518	1,518	1,518

Table 5.10: Job satisfaction (with Work Hours) and self-employment survival (WOMEN)

For the control variables, whereas there were no evidence found for household income, number of children, married, separated and divorced couple in predicting self-employment survival of men and women across board. Only age and higher degree of the self-employed entrepreneurs have consistent predictive powers of survival probabilities across all the satisfaction domains for men and women. Although, age has consistent positive significant relationship with survival probability for both genders, the likelihood or predictive power is very small at the highest of 0.4% ($\beta = 0.004$, p < 0.05) with regards to satisfaction with job security.

Relative to those with first degree, self-employed entrepreneurs possessing higher degrees are less likely to maintain their business up to 4 years survival periods particularly with respect to overall job satisfaction for men (β = -0.227, p < 0.1), while women possessing higher degrees are more likely to preserve their ventures with respect to job security for up to 4 years (β = 0.203, p < 0.1). These findings seem consistent with previous evidence in the extant self-employment and entrepreneurship research which argue that older individuals tend to manage self-employment enterprises for longer period because they are more experienced, more connected within business ties, build more social networks (Hessels *et al.*, 2011) which are vital for venture survival as against younger persons (Cooper *et al.*, 1992; Nafziger and Terrell, 1996; Gimeno *et al.*, 1997). All of these factors increase the sustainability of the venture thereby enhancing self-employment job security.

Further, that the overall job satisfaction of self-employed men with higher degrees is less likely to sustain the ventures is also not surprising given that higher degrees tend to open more doors of opportunities within the paid employment sector thereby pulling these individuals into paid employment at the expense of selfemployment. Hence, irrespective of the entrepreneurial overall job satisfaction level, the associated risk, volatilities and uncertainties seem to be more than compensated for by the higher wage prospects in paid employment (Georgellis, Sessions and Tsitsianis, 2007; Millán, Congregado and Román, 2012). Concerning women with higher education whose satisfaction with job security is more likely to sustain them in business, it might be that the hostilities and discriminations they experience within the paid employment sectors informed their preference for self-employment activities such that they avoid the discriminations, hostilities and unfavourable work environments and take responsibilities for their own future and fortunes through selfemployment.

5.6 Discussion and Conclusion

This study offers some of the first empirical evidence on the application of the peak-end rules to job satisfaction and its domains in the context of self-employment towards predicting the survival probabilities of self-employment enterprises. In examining the probability of self-employed entrepreneurial enterprises survival based on reported overall job satisfaction and satisfaction domains, this study employs Kahneman, Wakker and Sarin's (1997) peak-end theory which argues that individuals judge their experiences largely based on how they were at their peak and at their end (how they ended) regardless of whether they were pleasant or unpleasant. The study argues that survival (measured by being in business for 4 years after start-up) of self-employed entrepreneur's venture are not dependent on the levels of satisfaction during the self-employment experience and the peak-end combinations that are likely to determine self-employment survival. Put differently, the peak-end combinations and the maximum satisfaction during entrepreneurial experience are better predictors of survival for men and women. The findings from this study bear novel and distinctive

manners of explaining the survival chances of new or nascent self-employment enterprises.

There are several implications from this study. First, that the likelihood of selfemployed entrepreneurial survival over time is not determined by the actual reported job satisfaction might implied that the overall and domain satisfactions are important to drive individuals transition decision, particularly from paid employment to selfemployment, but not to nurture the venture or motivate the entrepreneurs to remain in self-employment businesses so created for longer period after the start-ups. This implication is particularly important and deserve close attention as it shed some light on previous studies in the area focused in this study. For example, prior studies have looked at survival from the quit or exit point of view rather than as the probability of continuing in business over time thereby concluding that job satisfaction is indeed a strong predictor of self-employment exit (e.g. Georgellis, Sessions and Tsitsianis, 2007) or quits from paid employment (Lévy-Garboua, Montmarquette and Simonnet, 2007; Clark, Georgellis and Sanfey, 2012), a conclusion that seems supported by the findings in the present study given that job satisfaction minimum is insignificant in predicting likelihood of survival as expected. That is, individuals tend to guit when job satisfaction is at the lowest ebb.

Second, that women satisfaction with the domains has higher probabilities of leading their ventures to survival relative to those of men speaks volume. Perhaps, this implies or suggests that self-employed men and women have different connotations of what constitute some of the dimensions of job satisfaction (Eikhof, Warhurst and Haunschild, 2007) as well as have different preferences about the motivations for being in self-employed entrepreneurship. A further possible explanation could be the different compositional characteristics of both men and women. Furthermore, that selfemployed men and women engage in clearly distinct self-employment activities and

are found in different occupational categories (Georgellis and Wall, 2000; Georgellis and Wall, 2005)⁸ could proffer an explanation for the divergence in survival probabilities. This perhaps could be explained by the expectation-reality gap theory. For example, male self-employed entrepreneurs may have higher expectation of selfemployment relative to females which hitherto led to their higher failure rates when such expectations became unrealistic.

Third, the main findings of this study show that maximum job satisfaction and the peak-end combinations during self-employed experience are better predictors of survival. This suggest that a higher or peak satisfaction level experienced or witnessed at any point during the self-employment episode is what motivates the self-employed entrepreneurs to continue in the business. That is, a single satisfactory experience or a single higher satisfaction at any point during the self-employment episodes might be the boost towards which the individuals anticipate continuously. As long as there is the anticipation that a peak satisfaction might or will reoccur sometimes in the future, the self-employed individual will remain in self-employment hoping for a repeat or occurrence of the satisfactory experience rather than decide to quit because of some low satisfaction at other times. This suggests a kind of hope or anticipation or optimism effects. This particular implication is a major contribution to the self-employed entrepreneurship literature, which has not been examined before in any prior study within the literature, at least to my knowledge.

It is known from the literature that the (decision) utility as discussed by Kahneman and Tversky (1979) has an S-shaped format. This S-shape represents Kahneman and Tversky's (1979) surprising but universal finding that individuals are

⁸ Similar evidence is shown in a section of chapter 2 of this thesis.

generally risk averse when making decisions about gains but risk loving when making decisions about losses (Figure 1 below)



Figure 5.1: The S-Shaped Curved Decision Utility

The above figure depicts such a function that is concave in gains but convex in losses. The S-shape has been accepted and therefore provides a benchmark for understanding how outcomes are valued. The S-shaped value function assumed in Prospect Theory (Kahneman and Tversky, 1979; Tversky and Kahneman, 1992) provides perhaps the best known example of a theory inspired by the empirically derived S-shape. Given research evidence establishing that experienced utility is S-shaped (Carter and McBride, 2013), what determines the reference point that separates gains from losses? Consistent with Kahneman and Tversky (1979), the reference point is dependent on past incomes (payments), social comparisons and subjective expectations, along with hedonic adaptation. Taking individuals' social comparisons or individuals' expectations (anticipation) of achieving a high level of job satisfaction

at some point during the self-employment duration as the reference for example, and considering that these contextual factors matter for judgement of hedonic experiences like job satisfaction (Tversky and Griffin (2000 [1991]), self-employed individuals who anticipate experiencing a high peak in overall and/or composite (domain) satisfaction relatively, is bound to ignore all the intervening occurrences (and consider them as distractions or noise) during the self-employment experience prior to the anticipated level of satisfaction which informs the decision to keep going as selfemployed individuals. Perhaps, this scenario explains the finding in this study which show that more than anything, it is the maximum job satisfaction and the peak-end combinations during self-employed experience that are better predictors of survival. It should be noted however, that the continuity of the business enterprise based on the finding is consequent upon the proviso that all other things (e.g. business environment, social capital) will remain constant and in favour of the continued existence of the enterprise.

Given the discussion about utilities (Experienced and Decision) and peak-end rule (section 5.2.1 and 5.2.2) above, it may sound reasonable to suggest that the study's finding showing job satisfaction maximum as a better predictor of survival reflects a (positive) experienced utility because this utility represents the individual's preference or satisfaction derived during the self-employment experience (i.e. post-employment decision event). Taking the individual's overall experience as a cycle (Pre-Selfemployment, Self-employment and Post-self-employment experiences) however, an individual might witness decision utility twice – forward and reverse self-employment transitions - within a cycle, since Decision utilities are the utilities that are relevant when transition or switch is contemplated and that which determine choices. Similarly, considering that the frequency of reported job satisfaction increases with age (Clark et al., 1996, Levy-Garboua and Mont-marquette, 2004) could suggest that individuals survive in self-employment (entrepreneurship) overtime due to some (positive) experienced utility. On the other hand, the finding in this study re-establishes the efficacy and/or importance of peak-end rule to human behavioural decisions. As in experimental psychology studies where people judge an experience by its most intense point and its end, as opposed to the total sum or average of every moment of the experience (Kahneman, Wakker and Sarin, 1997), this study shows that it is the selfemployment peak-end job satisfaction maximum (and job satisfaction maximum) that determine entrepreneurial survival overtime rather than the whole experience during the self-employment duration and not just the residual job satisfaction (Lévy-Garboua, Montmarquette and Simonnet, 2007). Consequent upon the argument that "the remembered utility of pleasant or unpleasant episodes is accurately predicted by averaging the Peak (most intense value) of instant utility (or disutility) recorded during an episode and the instant utility recorded near the end of the experience" (Kahneman, Wakker and Sarin, 1997, p.381), it appears reasonable to suggest that the findings in this study reflect this viewpoint more favourably at it is shown that neither the whole overall satisfaction nor the minimum satisfaction during the self-employment experience predict the entrepreneurs' survival overtime.

Although, this study advanced new horizon for self-employment and entrepreneurship literature, it is not without limitations. First, that all the satisfaction variables are self-reported measures, which could lead to self-deception, and social desirability bias may seem to be a limitation as individuals can alter their scores. However, the use of a large panel data set (BHPS) in this study would have avoided that assertion, as 'demand characteristic' (self-deception) does not affect responses in large longitudinal data because respondents usually do not have prior knowledge of the use of such surveys. Thus common method bias is not known to be a plausible explanation for result demonstrating global and composite satisfaction relationship with survival. Furthermore, though the study segregates between self-employed men and women and is based on large panel data, it did not differentiate the sample or segregate along occupational categories to look in-depth into likely variations in findings. This might be a valuable and worthy area for further research. Further, the study is based on data from Britain, which perhaps reflect large similarity with much of the developed countries. Whether the findings in this study are generalizable across the world remain to be seen. Therefore, further research replicating this study is obviously required particularly based on data from less developed and developing countries of the world.

Finally, the study concludes that there is more to role of job satisfaction in relations to self-employment entrepreneurship than meet the eyes. Above all, since job satisfaction per se does not predict self-employment survival probability, the study concludes that self-employed entrepreneurial survival may be related to individual dispositional characteristics, which tend to be related to individual personality characteristics and personality traits. This presumption forms the focus of the next chapter of this thesis.

Chapter 6 Does Self-employed Entrepreneurs' Personality influence Venture Survival?

6.1 Introduction

Over the years, research in entrepreneurship has focused on venture creation and the factors that determine or contribute to the creation of such ventures. These determining factors include pecuniary or financial aspects of self-employment and entrepreneurship, the nature and personal characteristics of the entrepreneurs promoting the ventures (Brockhaus, 1980; Brockhaus, 1982), and the personality types possessed and exhibited by individuals who are more likely to venture into entrepreneurship (Gartner, 1988). Subsequently however, researchers assert that creating and running these ventures depends on other variables, varying from entrepreneurs' personal characteristics, skills and abilities (Granovetter, 1985) to genetic factors (Nicolaou et al., 2008) rather than just narrowly focused financial considerations, which generally ignore environmental influence and structural and positional characteristics of the entrepreneurs. In this chapter, it is argued that investigating the impact of entrepreneurial genetic factors (personality) on entrepreneurial success and survival is imperative considering that the behavioural aspects of entrepreneurship entail the recognition and exploitation of opportunities (Shane and Venkataraman, 2000; Nicolaou et al., 2008), the prospect of which is facilitated by individual's personality. Further, personality traits are reflections of genetic factors (Digman, 1990), and they are dispositional characteristics that induce individuals to display particular types of response in particular circumstances. These personality traits are enduring, have high degree of stability overtime (Roccas et al., 2002) and accordingly conceptualised as the tendency to act in certain manner, and are therefore thought as predictors of entrepreneurial behaviours (Rauch and Frese, 2000;

Rauch and Frese, 2007). Thus, "personality traits are (defined as) the relatively enduring patterns of thoughts, feelings, and behaviours that reflect the tendency to respond in certain ways under certain circumstances" (Roberts, 2009, p. 140). Since entrepreneurial behaviours tend to be instrumental to survival, this study's objective is to examine the influence or relationship of individual personality on entrepreneurial survival, generally and by occupations.

Although several prior studies have examined personality elements around or within the five-factor model (Hornaday and Aboud, 1971; Brockhaus, 1980), their exploits are divergent from the focus of this study. Brockhaus' study, for example, compares successful and unsuccessful entrepreneurs using risk taking propensity and locus of control as measures. Hornaday and Aboud's study investigates the difference between (male) entrepreneurs and men generally using need for achievement, aggression, and autonomy/independence as personality variables. With the exception of Ciavarella *et al.*, (2004) who investigate the link between personalities measured by the Five-Factor Model (FFM) and venture survival and find a positive relationship between personality and venture survival, no other study, to the author's knowledge, has related the Big Five model to entrepreneurial survival or the survival of enterprises by gender or occupation. Most of the extant literature either relates the Big Five model with performance or growth in terms of profitability or expansion. However, this present study differs from, and actually extends Ciavarella *et al.*'s (2004) study further.

The present study contributes to entrepreneurship literature in a number of distinct ways. First, for investigating entrepreneur's personality and entrepreneurial survival relationships, this study utilises the British Household Panel Survey (BHPS), which is a large longitudinal panel dataset that cuts across a broader spectrum drawn from the British society unlike previous studies that use cross-sectional datasets. Secondly, this study addresses and mitigates the suspicion generated by post survival

measurement of entrepreneur's personality, a process criticised by entrepreneurship researchers (e.g. Gartner, 1989), because respondents in panel dataset had no prior idea of the purpose of the survey. Drawing on the robust measures of personality to forecast the survival chances of men and women-managed enterprises, and by occupations, the study further contributes to the entrepreneurship literature since previous studies used aggregate data rather than segregating based on gender and occupation. Furthermore, as individual personalities are innate characteristics that remain unchanged after full development, except in extraordinary circumstances if at all (Costa Jr and McCrae, 1994), the study further estimates and measures entrepreneurs' personalities prior to becoming entrepreneurs and follows these entrepreneurs overtime to determine their survival. Thus, this study extends and supplements Ciavarella et al.'s (2004) finding based on data drawn from survey of a USA university graduates.

The study provides several findings: First, the self-employed in Britain tend to concentrate more in particular occupational categories along a gender divide. Second, unlike previous studies, this study finds that different personality traits predict men and women-managed ventures survival chances over time. Third, the likelihood of survival overtime of both men and women-managed enterprises by occupational categories is dependent on different personality traits complementing themselves in different scenarios.

The reminder of the chapter is organised as follows. The next section presents the theoretical frameworks on personality, success and survival, and formulates the hypotheses to investigate. In section 6.3, the research data and empirical methodology are discussed. Section 6.4 presents the research results and the last section (6.5) discusses the research finding and make suggestions for practice and future research.

6.2 Theoretical framework

Accumulated evidence in personality research advocates that almost all measure of personality are reducible and classifiable into a five factor model of personality. Although there are some differences in the composition of some personality elements, research evidence have generally classified these traits into the Five Factor Model or the 'Big Five' personality model (Goldberg, 1990), the development of which has been adjudged as a meaningful taxonomy for personality attributes classification and a valid and reliable personality measuring tool (Barrick and Mount, 1991; Salgado, 1997; Judge et al., 1999; Hurtz and Donovan, 2000). These personality traits are enduring and have high degree of stability overtime (Roccas et al., 2002)⁹ thus filling the vacuum and leading to rapid convergence of views regarding the structure of personality concepts (Digman, 1990). Research has shown that the Big Five personality dimensions (FFM) betters some other personality measures, the Myers-Briggs Type Indicator (MBTI) of personality for instance, because it converges virtually all personality traits and possesses "strong supporting evidence" which the MBTI model lacked. The model focuses upon those behaviours individuals express while interacting with people, changing circumstances and environments (Robin and Judge, 2007), and it measures the intensity of individual behaviours through literature agreed dimensions termed as: Openness to Experience, Conscientiousness, Extraversion, Agreeableness and Neuroticism (Emotional Stability) represented by the acronym or mnemonics "OCEAN" (Barrick and Mount, 1991; Salgado, 1997; Judge et al., 1999; Hurtz and Donovan, 2000; Borghans et al., 2008).

⁹ Although, personality traits are thought to be stable, they actually change over the life cycle, particularly from 45 years and above (See: Roberts, Walton and Viechtbauer, 2006; Roberts and Mroczek, 2008). Furthermore, some researchers argue that consistencies in personality trait is untenable, and that stable personality trait doesn't exit (Mischel, 1968; Thaler, 2008).

Early research relating personality to labour market outcomes showed that personality is particularly significant in manufacturing and management fields, and are more important for males than for females (Filer, 1981). Further, Filer (1981, p. 390) argues that some of the effects "may occur through influencing choices of occupation, industry of employment, or education". Thus, theoretical inferences relating each personality trait and labour market success suggest that Neuroticism, Extraversion, and Conscientiousness are most relevant to job performance (Judge et al., 1999). However, in a study relating the Big Five personality dimensions to venture survival likelihood using data from USA university graduates (Ciavarella et al., 2004), only Conscientiousness was found to be positively related to entrepreneurship survival. Neither Neuroticism nor Extraversion was supported. Considering that personality is important for males than for females, and may occur through influencing choices of occupation and industry of employment (Filer, 1981), and the conflicting findings in related area of research, it becomes imperative to study the relationship of personality traits with gender entrepreneurial survival, and in different occupations. That the person-job match hypothesis accentuated in career development literature suggests that some personality traits are more suitable in certain occupations than others, this study propose further that individual entrepreneur's personality will be related to survival in their chosen occupations. In this study, particular attention is paid to gender and occupational differences regarding the effect of the Big Five personality traits on self-employment survival. Physiological compositional differences between men and women, which dictate their engagement in different socio-cultural activities, tend to determine their different labour market characteristics behaviour. In a similar vein, gender differences in marital responsibilities influence the choice of different occupations between men and women, and as such making women to engage in some type of self-employment compared to men because they allow for flexi-time and flexible working arrangements, which are conducive for their child-care responsibilities (Connelly, 1992; Eikhof, Warhurst and Haunschild, 2007). Interestingly, the growing influence of personality in the literature has led to extensive application of personality traits in socio-economic research, particularly in economics and management studies. Several reasons explain this trend. According to Heckman (2011), these reasons include capability of personality traits to predict many individuals' behaviours with the same or greater strength as conventional cognitive traits. Secondly, unlike economics for example, personality psychologists consider wider collection of actions and broaden the approaches with which the world is described and modelled. Third, wider range of life outcomes studied by economist is better predicted by measures of personality. Lastly, being that socio-economic studies at macro levels are focused on policy implications, personality traits are/could yield possible avenues for policy interventions since they change over time through the life-cycle (Heckman, 2011)¹⁰.

6.2.1 The Big Five Personality Dimensions and Hypothesis Development

6.2.1.1 Openness to Experience (OE): This personality dimension implies proactive seeking and appreciation of new experience and exploration of new ideas. It addresses individual's range of interests and fascination with novelty. Individuals high on Openness to Experience are described as creative, curious, reflective, imaginative, artistically sensitive and untraditional. On the other hand, individuals who are low on Openness to Experience are conventional, non-analytical, non-artistic and narrow in interest (Seibert and Kraimer, 2001; Zhao and Seibert, 2006) and find comfort in the

¹⁰ For discussion and evidence of stability and change in personality traits overtime and across the lifecycle (See: Roberts, Walton and Viechtbauer, 2006; Roberts and Mroczek, 2008)

status quo. Research evidence show that Openness to Experience and intelligence are positively correlated particularly when intelligence relates to innovative, creative and divergent thinking (McCrae, 1987). Entrepreneurship researchers posit that successful entrepreneurs are characterised by emphasis on innovation and expression of strong desire for creativity and for creating 'larger than self' establishments (Engle, Mah and Sadri, 1997). Further, since entrepreneurs employ Openness to Experience traits such as broad-mindedness, curiosity and innate creativity in identifying niche markets in which to establish their ventures, solve novel business problems, and adopt innovative approaches to product and business strategies (Zhao and Seibert, 2006), such characteristics are indeed required to protect the firm against competition and sustain it towards success and survival through adjusting to product, market and technological changes in contemporary business atmosphere. Furthermore, it is thought that Openness to Experience is essential for the formation and development of social networks and social capital because intelligence attribute determines and enables who the individual will socialise with, and originality attribute starts the alliances, which are vital elements for acquiring important business information, knowledge and resources that will presumably drive entrepreneurial ventures to survival (Nahapiet and Ghoshal, 1998; Saparito and Coombs, 2013). Although, these propositions suggest a positive relationship between venture survival and entrepreneurial personality, research findings however, show that their relationship is rather negative thereby indicating that adhering to the status quo could actually steer entrepreneurial venture to survival (Ciavarella et al., 2004). Based on this conflicting evidence, ascertaining the relationship between Openness to Experience personality traits and selfemployment survival is imperative. Therefore, it is hypothesised that:

H1: Entrepreneurs' level of Openness to Experience will be positively related to survival chances of entrepreneurial enterprises of both genders in their chosen occupations.

6.2.1.2 Conscientiousness measures reliability, conformity and achievementorientation. It is the amount of organisation, dependability, efficiency, industriousness, persistence and motivation in goal-directed behaviours. Conscientiousness also describes individuals with self-discipline, ambition and competence (Costa and McCrae, 1992), and the construct suggests individual's ability or preference to work hard (Barrick and Mount, 1991). Highly conscientious people are responsible, organised, dependable and persistent. Research has shown Conscientiousness dimension of the Big Five model as the most consistent predictor of job performance across all occupations (including entrepreneurs) (Barrick and Mount, 1991; Hurtz and Donovan, 2000), most consistent personality predictor of career advancement (Howard and Bray, 1990) as well as predictor of venture survival (Ciavarella et al., 2004). In addition, consciousness has been linked to self-efficacy (goal-directed behaviour) and locus of control (control-related behaviours) (DeNeve and Cooper, 1998; Bradley and Roberts, 2004). In career success literature, positive relationship between Conscientiousness and (extrinsic) career success is established (Barrick and Mount, 1991; Judge et al., 1999), and in some meta-analytic studies of personality and job performance, consciousness showed positive relationship with job performance (Barrick and Mount, 1991; Salgado, 1997). However, in another study (Seibert and Kraimer, 2001), the prediction that Conscientiousness would be positively related to extrinsic career success was not supported as the relationship failed to reach statistical significance for log salary or for promotions (extrinsic and intrinsic career successes measures). As entrepreneurial activities are often unstructured and uncertain, success of entrepreneurs is dependent on their ability to endure and persevere with the challenges posed by the business environment. For instance, social networks and relationships that drive business information, knowledge and resources toward the entrepreneurs take longer time to build because trust and trustworthiness are time dependent. These relationships are vital for the venture to continue in profitable operational existence, and require dependable character to sustain over time. However, individual entrepreneurs who fail to persevere and are disorganised will fizzle out quickly and lose enthusiasm, confidence and determination, thereby finding it difficult to confront the demands of entrepreneurship/self-employment, and thus have higher business failures (Ciavarella *et al.*, 2004). Since entrepreneurs obviously set goals at every stage of the enterprise life-cycle to move the venture to the next stage, the goalsetting effects generalise to survival of entrepreneurial enterprise/venture. Thus, it is hypothesised that:

H2: Entrepreneurs' level of Conscientiousness will be positively related to survival chances of entrepreneurial enterprises of both genders in their chosen occupations.

6.2.1.3 *Extraversion* measures the quantity and intensity of interpersonal interaction, relationship and activity level. It captures individual's comfort level with relationship. Extraverts are assertive, gregarious, sociable and friendly, warm, and active while introverts are on the other hand, quiet, timid, reserved, sober, aloof, task-oriented, sceptic and introverted (Costa and McCrae, 1992). Extraverted individuals tend to assume leadership positions because such positions suit individual that are gregarious (Judge *et al.*, 1999) as they involve regular people-facing scenarios,

presentations, talking and discussions, and the performance of managerial and sales jobs is linked to being extraverted (Barrick and Mount, 1991; Costa and McCrae, 1992). In fact, salespersons are 'prototypical extraverts' (Costa and McCrae, 1992). Research in job performance and career success literatures have shown some relationship between these variables and *Extraversion*. For instance, *Extraversion* is positively related to managerial advancement in male British employees (Melamed, 1995), social skills (variants of Extraversion) were positively related to managerial promotions (Howard and Bray, 1990), and Extraversion ratings in childhood are related to career success (salary and occupational status) in adulthood (Judge et al., 1999). Although, the foregoing are not directly related to entrepreneurship, Extraversion trait is as important to entrepreneurs since they assume the roles of salespersons and managers at different stages and aspect of the enterprise through interaction with assorted array of groups, for instance, customers, employees, partners, creditors etc. Further, since the nature of entrepreneurship is that ventures are often small, entrepreneurs often engage in direct interpersonal interactions with internal and external stakeholders (employees and partners) and business networks. As such being extraverted is vital for the formation, nurturing and development of social networks that channel valuable business knowledge, information and resources required for venture growth and survival towards the entrepreneurs. Social (business) networks ultimately lead to stronger relationship with customers and suppliers (Barringer and Greening, 1998) and increase the chance of venture survival (Baron and Markman, 2000). In a study of entrepreneur in three less developed countries (McClelland, 1987)¹¹, it was found that assertiveness (element of *Extraversion*) distinguished successful and average entrepreneurs. Similarly, Extraversion was found to be

¹¹ Although, Melamed's (1995) study utilized British data, its focus was probability of advancement among employees and not entrepreneurship and venture survival.

positively related to (intrinsic and extrinsic) career success (Seibert and Kraimer, 2001). However, Extraversion along with two other domains of the Big Five personality was not predictive of venture survival (Ciavarella et al., 2004). Since these studies are based on data from different countries¹² excluding United Kingdom and the findings from them are mixed, contributing to the entrepreneurship literature through investigating the relationship between personality of British entrepreneurs and venture survival is warranted. To the extent that importance of personality in influencing the occupational choices of men is greater for than women (Filer, 1981), that "individuals' personality may affect labour market success through the type of ... occupation chosen" (Heineck, 2011, p.1021), and that the person-job match hypothesis suggests that some personality traits are more suitable in certain occupations than others, this study propose further that individual entrepreneur's personality will be related to survival in their chosen occupations. For instance, occupations and jobs within occupations can be characterized by the degree to which they require interaction with other people (Seibert and Kraimer, 2001). Extraversion is characterised by being sociable or having preference for social activity, and interpersonal relations (McCrae and Costa, 1985). Therefore, a connexion is expected between Extraversion and people-oriented occupations such that Extraversion is correlated more strongly to entrepreneur's survival in occupations that involve high level of interaction with people than in occupations that do not involve such interactions. This expected connexion has being established in relation to personality and job performance (Barrick and Mount, 1991; Salgado, 1997) in which Extraversion was shown to be strongly related to job performance in high interaction occupations. As a result, the

¹² The study uses data from India, Malawi and Ecuador.

importance of *Extraversion* as moderating survival in occupations with strong interpersonal element is suggested. Thus:

H3: Entrepreneurs' level of Extraversion will be positively related to survival chances of entrepreneurial enterprises of both genders in their chosen occupations.

6.2.1.4 Agreeableness refers to an individual's propensity to defer or react to other people's opinion. Unlike Extraversion, it measures the quality of individual's interpersonal interaction through cooperation and trust along a continuum from compassion to antagonism. Highly agreeable people are cooperative, warm, trusting, sympathetic, tolerant, flexible and courteous when dealing with others. People who score low on Agreeableness are antagonistic, suspicious, manipulative, tough, ruthless and cynical (Digman, 1990; Costa and McCrae, 1992). The relation of Agreeableness to venture survival may be complex. To the extent that entrepreneurship involves interrelating with other people both internally and externally to the firm, Agreeableness may be a positive entrepreneurial characteristic because it may enhance the building of vital relationships. For instance, entrepreneurs who are agreeable through being courteous, trusting and flexible with customers and suppliers would likely enjoy repeat patronage, which is vital for business continuity. However, Agreeableness in the form of being gullible during business relationships would likely be detrimental to the growth of the venture. For instance, high Agreeableness would likely hinder individual entrepreneur's willingness to bargain hard, protect own interest during negotiations, or manipulate others towards his/her advantage (Zhao and Seibert, 2006). Research studies have demonstrated the effects of Agreeableness differently. For example, while little evidence was found between Agreeableness and performance in jobs that have

strong interpersonal components (Barrick and Mount, 1991; Hurtz and Donovan, 2000), a positive relationship between Agreeableness and performance of job that are not people-oriented (skilled labourers and professional) was found, and negative relationship with job performance on people oriented jobs (Salgado, 1997). Consistent with Judge et al. (1999), Agreeableness was found to be negatively related to extrinsic career success (Seibert and Kraimer, 2001). Considering that entrepreneurs operate small firms and would benefits more in networks because they are unlikely to constrained dense and interlocking social relationships, some level of Agreeableness is essential. This is particularly so because cooperation, facilitated by Agreeableness, is vital to the ability to secure important business information, knowledge, and resources (capital and support) from partners like venture capitalists. Furthermore, entrepreneurs must be agreeable to some extent in order to sustain quality relationship and inflow of vital support and resources. Although the argument flows logically, it is not supported by existing evidence based on US as Agreeableness showed no predictive power for venture survival (Ciavarella et al., 2004). This conflicting evidence suggests the need for further research. Further, Agreeableness could be a positive individual trait in occupations that involve interaction with others, building social networks and ties. Although, "individuals high on Agreeableness are characterized as soft-hearted, trusting, gullible, and not manipulative which may be associated with the negative poles of these personality dimensions" (Seibert and Kraimer, 2001, p.6), positive relationship between Agreeableness and job performance in occupations where strong interpersonal element exist is expected. Research, however, found Agreeableness related negatively to performance in a people-oriented occupation, e.g. managers, but positively to job performance in occupations that were not people-oriented, e.g. professionals and skilled labourers (Salgado, 1997). Consequently, if agreeable people are more likely to accept blame, and unlikely to take advantage of other, they may therefore be more risk averse in their chosen occupations. Therefore, it is hypothesised thus:

H4: Entrepreneurs' level of Agreeableness will be positively related to survival chances of entrepreneurial enterprises of both genders in their chosen occupations.

6.2.1.5 Neuroticism (Emotional Stability) measures the tendency to experience negative affect such as fear, anxiety, irritability, depression, selfconsciousness, impulsiveness, insecurity and psychological distress. The dimension taps on a person's ability to withstand stress (Costa and McCrae, 1992; Judge et al., 1999). Individuals with high positive emotional stability tend to be calm, selfconfident, and secure while those with high negative score tends to be nervous, anxious, depressed and insecure. In other words, possessing higher level of *Neuroticism* indicates high levels of negative affect such as those mentioned above and vice versa. Research in organisation and employee relation, has shown positive relationship between *Neuroticism* dimension and employee turnover, intention to quit, and absenteeism (Barrick and Mount, 1996). Similarly, research evidence have shown negative relationship between *Neuroticism* and composite measure of extrinsic career success (Judge et al., 1999), and negative relation between an individual's level of negative affectivity and extrinsic career success (Turban and Dougherty, 1994). Likewise, individuals high on *Neuroticism* are unfit for more complex and stressful higher level jobs (like entrepreneurship or managerial roles) because they witness decreasing performance at lower activation levels (Spector, Jex and Chen, 1995). In contrast, since entrepreneurs (nascent or established) are responsible for all ramifications of the venture, they are expected to be emotionally stable because of the nature of their enterprise. The uncertain and sometimes unstructured business environment they operate in requires emotional stability, the absence of which would be obstacles and consequently lead to unfavourable performance (Ciavarella et al., 2004) that might eventually result to venture failure. Although, research evidence have shown that entrepreneurs work long hours, work late into the night, face higher worklife conflicts, experience financial insecurity and volatility, and do not enjoy social security benefits etc. (Eden, 1975; Parker, 1997; Hamilton, 2000; Parker, Belghitar and Barmby, 2005; Eikhof, Warhurst and Haunschild, 2007; Merz, Böhm and Burgert, 2009; Carter, 2011). Being resilient, self-confident and believing strongly in their ability to cope with, manage and control the venture operations and operating environment, which are indications of emotional ability, are characteristics that would propel entrepreneurs toward success. That entrepreneurs show stable higher job satisfaction level over time compared to employees (Staw and Ross, 1985; Cooper and Artz, 1995; Bradley and Roberts, 2004), is an indication of being characterised by positive affectivity, a position held and demonstrated in past research evidence (Staw, Bell and Clausen, 1986). Furthermore, high emotional stability enhances the maintenance of information, knowledge and resource channelling relationships (Hurtz and Donovan, 2000) that were built perhaps through Extraversion which enriches entrepreneurial social networks or social capital, thereby facilitating venture survival through sustained relationship with suppliers and other stakeholders. It thus seems that Neuroticism and affectivity are stable individual differences that determine how individuals react to life and work circumstances (Seibert and Kraimer, 2001), thereby making generalisation across fields a possibility. However, research show that Neuroticism was not significantly related to (extrinsic) career success (e.g. salary or promotions), displayed a significant negative relationship with (intrinsic) career success e.g. career satisfaction (Seibert and Kraimer, 2001), and in fact, indicated a

negative relationship between *Neuroticism* and job performance, according to a metaanalytical study (Salgado, 1997). Relatedly, finding from Ciavarella *et al.'s* (2004) study shows that emotional stability does not predict venture survival against expectation. Against this backdrop, it is hypothesised that:

H5: Entrepreneurs' level of Neuroticism will be positively related to survival chances of entrepreneurial enterprises of both genders in their chosen occupations.

6.3 Data and Methodology

This study, similar to the earlier chapters, utilises the eighteen waves (1991 to 2008) of the British Household Panel Survey (BHPS) for its empirical analyses. In order to avoid repetitions in data description since the same dataset is employed as in earlier chapters, the description of the BHPS dataset detailed in section 1.4.2 of chapter 1 above suffices here as well. The male sample for this study include individuals aged between 16 and 65 years of age and the female sample include individuals between 16 and 60 years of age, to give the estimated sample for this study as 1106 person-year observations for men and 705 person-year observations for women from year three. Where an individual's information about the variables of interest are unavailable, such individuals are excluded from the sample for the study. Individuals' complete self-employment history was created from the BHPS spell data combined with employment status information gathered from each wave, and individuals' respective personality traits were captured in wave fifteen of the same BHPS dataset (see below for details).

6.3.1 Measures

6.3.1.1 The Big Five personality and survival measures

This study is concerned with self-employment survival behaviour as a function of the personality of the self-employed individuals as measured by the Big Five personality model. Particularly, the explanatory power of entrepreneurs' personality prior to becoming self-employed was tested against the survival of the enterprise over time using the BHPS that has adequate number of job spells having been running for long enough periods. Although, information on individuals' cognitive abilities are not available in the survey, a set of fifteen questions, unlike 240 in the full inventory of NEO PI-R (Costa and McCrae, 1992) or 120 item scale in Personal Inventory-Form D (Barrick and Mount, 1993), introduced in the fifteenth wave of the BHPS dataset in year 2005 measure respondents' psychological profiles (See: Table 6.1b). These items relate to the Big Five personality model, and a set of three questions captures each of the personality dimensions respectively. The personality components are measured on a Likert-type 7-point scale ranging from 1 (does not apply) to 7 (applies perfectly). The Big Five personality construct have been tested for reliability and construct validity and shown to be reliable and valid, considering that reliability ratios of measures increase with an increasing number of items (Mueller and Plug, 2006).

As a first impression of the data, Table 6.1 presents the mean score of the measures of personality variables by gender. The table shows that the women sample used in this study score higher than men in all measures including *Neuroticism* (women's score will be lower to that of men if emotional stability had been used instead. That is, *Neuroticism* reversed). A rather interesting point to note here is that all of the scores recorded for women exceed those of men by more than 10 percent point. In fact, the least score recorded for *Extraversion* exceeds the value for men by 12 percent point. It may be interesting to investigate why this is so as part of further

research in future studies. Further, the table shows that while women are more conscientious (64 percent point) than men (51 percent point), it may be surprising that men are more stable emotionally given that women are better at multi-tasking than men. A characteristic that involves higher emotional stability. Given the total average mean for both genders, the table shows that both genders are more open to experience (68 percent point), followed by *Conscientiousness* (56 percent point), followed by *Extraversion*, and the least trait being *Agreeableness* (47 percent point). That no other factor is considered here may suggest that the personality dimensions or variables will predict venture survival in that order.

·····	Male	Female	Total
Variable	Mean	Mean	Mean
High Agreeableness	0.41	0.55	0.47
High Consciousness	0.51	0.64	0.56
High Extroversion	0.50	0.62	0.55
High Neuroticism	0.40	0.59	0.48
High Openness	0.66	0.70	0.68

Table 6.1: Measure of Personality Traits by Gender

Survival was measured in two ways. For the first aspects of each of the hypotheses, survival is measured as whether the enterprises of men and women survived up to five years. For the second aspects of the hypotheses, survival is measures by whether the ventures of men and women survive in certain occupations up to five years. Analytically, personality and self-employment survival relationships by gender and occupations are modelled using Logit marginal effect regression models. (Refer to section 5.4.2 of Chapter 5 above for detailed discussion on Logit Model and preference for marginal effects).

Personality Dimensions	<u>Variable name</u>	Variable Labels
Openness	Optrt501	Resp: is original, comes up with ideas
	Optrt5o2	Resp: values artistic, aesthetic experience
	Optrt5o3	Resp: has an active imagination
Conscientiousness	Optrt5c1	Resp: does a thorough job
	Optrt5c2	Resp: tend to be lazy
	Optrt5c3	Resp: does things efficiently
Extraversion	Optrt5e1	Resp: is talkative
	Optrt5e2	Resp: is outgoing, sociable
	Optrt5e3	Resp: is reserved
Agreeableness	Optrt5a1	Resp: is sometimes rude to others
	Optrt5a2	Resp: has forgiving nature
	Optrt5a3	Resp: considerate and kind
Neuroticism	Optrt5n1	Resp: worries a lot
	Optrt5n2	Resp: get nervous easily
	Optrt5n3	Resp: is relaxed, handles stress well

Table 6.1b - BHPS Big Five Personality Variables

Although, there are criticism against the marginal effects model such as the use of means when computing marginal effects because no real person actually have mean values on all the Xs; no real person has a value like .375 on a categorical variable for instance; and effects are only calculated at one set of values. However, the preference for the Logit Marginal Effects in this thesis is consequential upon: the simplicity of analysis and interpretability of findings which the model offers due to its capability to provide a good approximation to the amount of change in Y that will be produced by a 1-unit change in X_k . Further, that Marginal Effects give a single number to express the effect of a variable on P(Y=1), with binary dependent variables, makes it advantageous than the Linear Probability Model (LPM). Marginal Effects, particularly for categorical variables with more than two possible values (e.g. race), show the difference in the predicted probabilities for cases in one category relative to a reference category (holding all other Xs equal), therefore, the capability of summarizing how change in a response is related to change in a covariate (Stata 11 Reference Manual, p. 975) makes marginal effect informative, useful and easy to understand. Conversely, for continuous independent variables, it can be quite intuitive and useful when the marginal effect measures the instantaneous rate of change, if the instantaneous rate of change is similar to the change in P(Y=1) as X_k increases by one (Williams, 2006).

6.3.2 Controls

Literature evidence has established several variables affecting selfemployment survival/exits. Researchers posit that the understanding of the determinants of self-employment survival would aid policies and policy makers' response to the view that entrepreneurship is the key to job creation, since such policies will be defective without addressing entrepreneurial success, survival and exit (Georgellis, Sessions and Tsitsianis, 2007, p.95). Data on additional background variables will be assessed in order to monitor for effects that might influence the relationships hypothesised thereby circumventing the effects of potentially confounding variables. The study controlled for variables such as age, education, household income, marital status and health among others. Like in the previous studies in this thesis, the male sample was coded as 1, while female sample was coded as 0. Age and tenure were however, reported in years.

6.4 Empirical Results

As mentioned previously, Table 6.1 presents the means value of each of the personality dimensions for both men and women. Table 6.2 shows the marginal effects results from the Logit model for men, and Table 6.3 shows the result for the female sample. Since the study further tests the survival chances of both men and women according to occupations, Table 6.4 and Table 6.5 were drawn to show the results for both genders respectively.

Starting with self-employed men, the result shows that both Openness to Experience and Conscientiousness personality dimensions are not predictive of ventures survival chances up to five years (not even 4 or 3 years) as the hypothesised relationships were not supported (H1 & H2 not supported respectively). Although openness remained insignificant all through the years, hypothesis 2 proposing that Conscientiousness will be positively related to venture survival was supported up to two years ($\beta = 0.074$, p < .05). This indicates that *Conscientiousness* is more likely to predict venture survival up to two years. Thus, continuity and survival overtime, after the second year, for men-managed enterprises require more than being hardworking, achievement-oriented, or persistent. Further, although positive relationships were anticipated between entrepreneurs' levels of Extraversion, Agreeableness and Neuroticism and enterprise survival chances as hypotheses 3, 4 and 5 predicted, only emotional stability¹³ is more likely to predict the survival chances of men-managed enterprises up to five year at 5 percent (s, f) as the predicted relationship is supported negatively ($\beta = -0.061$, p < .05). While both *Extraversion* and *Agreeableness* were significant at 10 percent (s.f), the later was in the opposite direction ($\beta = 0.054$, $p < 10^{-10}$ 0.1; $\beta = -0.056$, p < 0.1), that is, *Extraversion* is only about 5 percent more likely to predict survival at 10 percent s.f. Being the only consistent dimension (negative and significant) through the years, *Neuroticism* (emotional stability) appears to be a better predictor of survival chance of men-managed ventures. On the other hand, the result for the self-employed women, Table 6.3, shows that the relationships for three of the personality dimensions were not supported to predict survival chances of womenmanaged ventures. Neither Openness to Experience nor Extraversion nor Neuroticism were likely to predict the survival of women-managed enterprises (H1, H3 & H5

¹³ Neuroticism is negatively related to venture survival chances. Therefore, emotional stability (reverse of neuroticism) will be positively related thereby satisfying the condition.

respectively). H4 predicted positive relationship between Agreeableness personality dimension and women-managed enterprises survival chances which implied that positive relationship between the variables is expected. However, the results was in the opposite directions than hypothesised and significant ($\beta = -0.069$, p < .05). Agreeable women are 6.9% less likely to take the enterprises to survival over time. Perhaps, this finding suggests that being cooperative, sympathetic, flexible and courteous, as implied by Agreeableness construct, may portend doom for the survival of women-managed enterprises. In other words, women who are ruthless, manipulative and cynical may be more likely to manage and drive their ventures up to five years survival period. Considering that women are generally seen as the weaker sex, women entrepreneurs may exhibit behaviours that portray them as tough, as in the case of women leadership, in order to steer their enterprises to survival. H2 is also in the opposite direction than hypothesised but only reached significance at 10 percent s.f. (β = -0.053, p < .1). The results in Table 6.3 further show that Conscientiousness has consistent but negative significance up to the fourth year for women-managed enterprises. Although, its consistency in this study seem in line with findings in previous studies that Conscientiousness is a consistent predictor of job performance (Barrick and Mount, 1991; Hurtz and Donovan, 2000), career success (Howard and Bray, 1990) and venture survival (Ciavarella et al., 2004), interpreting the inverse relationship with venture survival requires caution, considering that Conscientiousness dimension measures reliability, conformity, organisation, dependability, efficiency, industriousness, persistence, self-discipline, ambition and competence (Barrick and Mount, 1991; Costa and McCrae, 1992).

Age Higher degree First degree Teaching qualification Other higher qualification Nursing qualification A-levels	0.000 (0.002) 0.191+ (0.098) 0.100 (0.063) -0.053 (0.134) 0.110* (0.053) 0.000 (0.000) 0.056 (0.060)	-0.000 (0.002) 0.183+ (0.099) 0.106 (0.065) -0.053 (0.136) 0.109* (0.054) 0.000 (0.000)	-0.002 (0.002) -0.023 (0.100) -0.038 (0.060) -0.104 (0.122) 0.087+ (0.050) 0.000	-0.002 (0.002) -0.038 (0.099) -0.033 (0.060) -0.115 (0.124) 0.082+ (0.050)	-0.002 (0.001) 0.025 (0.090) -0.020 (0.057) -0.024 (0.112) 0.074 (0.046)	-0.002 (0.001) 0.006 (0.089) -0.024 (0.057) -0.028 (0.112) 0.068	-0.002 (0.001) 0.049 (0.075) -0.022 (0.048) -0.021 (0.098) -0.05	-0.002+ (0.001) 0.029 (0.073) -0.027 (0.049) -0.025 (0.095)
Higher degree First degree Teaching qualification Other higher qualification Nursing qualification A-levels	(0.002) 0.191+ (0.098) 0.100 (0.063) -0.053 (0.134) 0.110* (0.053) 0.000 (0.000) 0.056 (0.060)	(0.002) 0.183+ (0.099) 0.106 (0.065) -0.053 (0.136) 0.109* (0.054) 0.000 (0.000)	(0.002) -0.023 (0.100) -0.038 (0.060) -0.104 (0.122) 0.087+ (0.050) 0.000	(0.002) -0.038 (0.099) -0.033 (0.060) -0.115 (0.124) 0.082+ (0.050)	(0.001) 0.025 (0.090) -0.020 (0.057) -0.024 (0.112) 0.074 (0.046)	(0.001) 0.006 (0.089) -0.024 (0.057) -0.028 (0.112) 0.068	(0.001) 0.049 (0.075) -0.022 (0.048) -0.021 (0.098) -0.05	(0.001) 0.029 (0.073) -0.027 (0.049) -0.025 (0.095)
Higher degree First degree Teaching qualification Other higher qualification Nursing qualification A-levels	0.191+ (0.098) 0.100 (0.063) -0.053 (0.134) 0.110* (0.053) 0.000 (0.000) 0.056 (0.060)	0.183+ (0.099) 0.106 (0.065) -0.053 (0.136) 0.136) (0.054) 0.000 (0.000)	-0.023 (0.100) -0.038 (0.060) -0.104 (0.122) 0.087+ (0.050) 0.0000	-0.038 (0.099) -0.033 (0.060) -0.115 (0.124) 0.082+ (0.050)	0.025 (0.090) -0.020 (0.057) -0.024 (0.112) 0.074 (0.046)	0.006 (0.089) -0.024 (0.057) -0.028 (0.112) 0.068	0.049 (0.075) -0.022 (0.048) -0.021 (0.098) -0.005	0.029 (0.073) -0.027 (0.049) -0.025 (0.095)
First degree Teaching qualification Other higher qualification Nursing qualification A-levels	(0.098) 0.100 (0.063) -0.053 (0.134) 0.110* (0.053) 0.000 (0.000) 0.056 (0.060)	(0.099) 0.106 (0.065) -0.053 (0.136) 0.109* (0.054) 0.000 (0.000)	(0.100) -0.038 (0.060) -0.104 (0.122) 0.087+ (0.050) 0.0000	(0.099) -0.033 (0.060) -0.115 (0.124) 0.082+ (0.050)	(0.090) -0.020 (0.057) -0.024 (0.112) 0.074 (0.065)	(0.089) -0.024 (0.057) -0.028 (0.112) 0.068	(0.075) -0.022 (0.048) -0.021 (0.098) -0.005	(0.073) -0.027 (0.049) -0.025 (0.095)
First degree Teaching qualification Other higher qualification Nursing qualification A-levels	0.100 (0.063) -0.053 (0.134) 0.110* (0.053) 0.000 (0.000) 0.056 (0.060)	0.106 (0.065) -0.053 (0.136) 0.109* (0.054) 0.000 (0.000) (0.000)	-0.038 (0.060) -0.104 (0.122) 0.087+ (0.050) 0.000	-0.033 (0.060) -0.115 (0.124) 0.082+ (0.050)	-0.020 (0.057) -0.024 (0.112) 0.074 (0.066)	-0.024 (0.057) -0.028 (0.112) 0.068	-0.022 (0.048) -0.021 (0.098) -0.005	-0.027 (0.049) -0.025 (0.095)
Teaching qualification Other higher qualification Nursing qualification A-levels	(0.063) -0.053 (0.134) 0.110* (0.053) 0.000 (0.000) 0.056 (0.060)	(0.065) -0.053 (0.136) 0.109* (0.054) 0.000 (0.000) (0.000)	(0.060) -0.104 (0.122) 0.087+ (0.050) 0.000	(0.060) -0.115 (0.124) 0.082+ (0.050)	(0.057) -0.024 (0.112) 0.074 (0.046)	(0.057) -0.028 (0.112) 0.068	(0.048) -0.021 (0.098) -0.005	(0.049) -0.025 (0.095)
Teaching qualification Other higher qualification Nursing qualification A-levels	-0.053 (0.134) 0.110* (0.053) 0.000 (0.000) 0.056 (0.060)	-0.053 (0.136) 0.109* (0.054) 0.000 (0.000)	-0.104 (0.122) 0.087+ (0.050) 0.000	-0.115 (0.124) 0.082+ (0.050)	-0.024 (0.112) 0.074 (0.045)	-0.028 (0.112) 0.068	-0.021 (0.098) -0.005	-0.025 (0.095)
Other higher qualification Nursing qualification A-levels	(0.134) 0.110* (0.053) 0.000 (0.000) 0.056 (0.060)	(0.136) 0.109* (0.054) 0.000 (0.000)	(0.122) 0.087+ (0.050) 0.000	(0.124) 0.082+ (0.050)	(0.112) 0.074 (0.046)	(0.112) 0.068	(0.098) -0.005	(0.095)
Other higher qualification Nursing qualification A-levels	0.110* (0.053) 0.000 (0.000) 0.056 (0.060)	0.109* (0.054) 0.000 (0.000)	0.087+ (0.050) 0.000	0.082+ (0.050)	0.074	0.068	-0.005	`a a a
Nursing qualification	(0.053) 0.000 (0.000) 0.056 (0.060)	(0.054) 0.000 (0.000)	(0.050) 0.000	(0.050)	(0.046)		-0.000	-0.012
Nursing qualification	0.000 (0.000) 0.056 (0.060)	0.000 (0.000)	0.000	. ,	(U.V40)	(0.046)	(0.040)	(0.040)
A-levels	(0.000) 0.056 (0.060)	(0.000)	(0.000)	0.000	0.000	0.000	0.000	0.000
A-levels	0.056 (0.060)	`	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
	(0.060)	0.055	-0.031	-0.031	-0.015	-0.020	-0.053	-0.057
		(0.060)	(0.058)	(0.058)	(0.055)	(0.055)	(0.048)	(0.047)
0-levels	0.067	0.070	0.029	0.033	0.037	0.043	0.006	0.010
	(0.057)	(0.057)	(0.055)	(0.054)	(0.050)	(0.051)	(0.043)	(0.043)
Commercial qualification	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
GSE grade 2-5	-0.040	-0.036	0.029	0.035	0.051	0.050	-0.007	-0.007
	(0.099)	(0.099)	(0.095)	(0.092)	(0.088)	(0.087)	(0.078)	(0.077)
Apprenticeshin	0 146	0 158	0.189*	0.210*	0.077	0.105	0.057	0.084
the second	(0.101)	(0.099)	(0.088)	(0.085)	(0.081)	(0.080)	(0.068)	(0.067)
Other qualification	0.027	-0.011	-0 369	-0.410	-0.219	-0.251	-0.158	_0 179
our quintente	(0.250)	(0.259)	(0.258)	(0.265)	(0.221)	(0.221)	(0.178)	(0.177)
Household income	-0.001+	-0.001+	-0.000	-0.000	-0.001	-0.001	-0.002**	-0.007**
	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)
Number of own children	-0.028	-0.026	-0.074	-0.024	-0.075+	-0.026+	-0.028*	(0.001)
	(0.017)	(0.017)	(0.014)	(0.016)	(0.015)	(0.015)	(0.013)	-0.028
And a	(0.017)	(0.01/)	(0.010)	0.111+	(0.013)	(0.013)	(0.013)	(0.013)
VIALTHEOL	0.111	0.106	(0.046)	(0.044)	(0.041)	0.080*	0.090*	0.093*
·	(0.047)	(0.046)	(0.043)	(0.044)	(0.041)	(0.041)	(0.037)	(0.0.38)
separated	-0.016	-0.010	0.005	0.073	-0.039	-0.045	-0.047	-0.031
Si	(0.116)	(0.112)	(0.112)	(0.110)	(0.109)	(0.110)	(0.093)	(0.093)
Divorced	-0.001	0.003	0.021	0.019	-0.000	0.008	-0.022	-0.012
	(0.069)	(0.070)	(0.066)	(0.065)	(0.061)	(0.061)	(0.057)	(0.058)
Widowed	0.157	0.176	U. 164	0.179	0.086	0.079	0.121	0.118
	(0.151)	(0.152)	(0.129)	(0.127)	(0.136)	(0.139)	(0.112)	(0.115)
excellent health	-0.028	-0.043	-0.040	-0.054	-0.030	-0.031	-0.037	-0.038
	(0.046)	(0.046)	(0.044)	(0.044)	(0.041)	(0.041)	(0.036)	(0.036)
Good health	-0.031	-0.034	-0.031	-0.037	-0.011	-0.010	-0.057+	-0.054+
	(0.042)	(0.041)	(0.040)	(0.039)	(0.037)	(0.037)	(0.032)	(0.032)
Employed	0.198**	0.194**	0.155**	0.154**	0.095+	0.091+	0.055	0.052
	(0.056)	(0.055)	(0.057)	(0.054)	(0.052)	(0.051)	(0.046)	(0.044)
Unemployed	0.217**	0.222**	0.141*	0.153*	0.078	0.085	0.020	0.025
	(0.066)	(0.064)	(0.065)	(0.063)	(0.060)	(0.058)	(0.053)	(0.051)
Agreeableness		-0.073+		-0.024		-0.053		-0.056+
-		(0.039)		(0.038)		(0.034)		(0.031)
Conscientiousness		0.074*		0.028		-0.017		-0.019
		(0.036)		(0.035)		(0.032)		(0.028)
Extraversion		0.042		0.028		0.037		0.054+
		(0.037)		(0.035)		(0.033)		(0.029)
Neuroticism		-0.080*		-0.113**		-0.072*		-0.061*
		(0.034)		(0.033)		(0.031)		(0.029)
Onenness		0.004		0.016		0.009		0 020
- -		(0.039)		(0.037)		(0.033)		(0.029)
v	1.106	1 106	1.106	1 106	1 106	1 106	1 106	1 106

Table 6.2: Personality traits and self-employment survival (MEN) - Logit marginal effects

However, it might be that *Conscientiousness* consistently predicts survival positively when the study sample is aggregated gender-wise but not so predictive of venture survival chances when the study sample is segregated gender-wise, as in the present study.

Regarding the influence of the control variables on venture survival, other fascinating relationships were also revealed in the result of the analyses. Age has no predictive power on venture survival chances for both genders. In terms of educational qualification, possessing 'other higher qualification' is about 10% more likely to enhance men-managed ventures survival up to two years (about 8% more likely at 10% s.f), almost 16% more likely to enhance survival chances of women-managed enterprises for two years, and about 13% more likely to predict survival up to 5 years. Further, women-managed enterprises are 23% (17%) more likely to survive up to two years (three years) where the entrepreneur has some commercial qualification, while apprenticeship has about 20% more likelihood to predict men-managed ventures survival. Women who are A-level qualified are 17% more likely to drive their ventures up to three years survival. This finding seems logical because self-employed men in Britain tend to set-up business in trades (construction related) wherein higher qualifications are not pre-requisite, and women tend to be in commercial related activities. Generally, the findings seem a true reflection of who the self-employed are in Britain as discussed previously (Chapter 2 above). While having children is less likely to enhance venture survival for both genders, it is particularly interesting that married men are about 10% on the average more likely to nurture their business up to five years survival, but no evidence exists that women so managed their ventures up to five years survival (reached no statistical significance throughout the duration). Although not very clear, possible reasons could be due to family supports (moral and financial) for men, and the fact that women tend to spend considerable time on the

Age 0.003 0.002 0.002 0.002 0.000 -0.000 -0.001 Higher degree 0.399** 0.418** 0.281** 0.300** 0.295** 0.304** 0.221* (0.121) (0.121) (0.121) (0.099) (0.097) (0.090) (0.088) (0.087) First degree 0.215** 0.207** 0.043 0.033 0.149* 0.130+ 0.063 (0.078) (0.078) (0.071) (0.071) (0.071) (0.072) (0.069) Teaching qualification 0.459** 0.054 0.048 0.156+ 0.149+ 0.140+ (0.098) (0.100) (0.089) (0.083) (0.083) (0.079) Other higher qualification 0.157* 0.156* 0.054 0.059 0.140* 0.137* 0.132* Other higher qualification 0.087 0.064 -0.095 -0.140 -0.018 -0.054 0.024 Nursing qualification 0.082 0.085 -0.200 -0.238** 0.23	
(0.002) (0.002) (0.002) (0.002) (0.002) (0.001) (0.001) (0.001) Higher degree 0.399** 0.418** 0.281** 0.300** 0.295** 0.304** 0.221* (0.121) (0.121) (0.099) (0.097) (0.090) (0.088) (0.087) First degree (0.178) (0.078) (0.071) (0.071) (0.071) (0.072) (0.069) Teaching qualification 0.450** 0.459** 0.054 0.048 0.156+ 0.149+ 0.140+ (0.098) (0.089) (0.089) (0.083) (0.073) (0.073) (0.074) (0.064) (0.065) (0.064) (0.061) Nursing qualification 0.187 0.054 0.054 0.055 (0.064) (0.064) (0.065) (0.064) (0.061) Nursing qualification 0.087 0.064 -0.095 -0.140 -0.018 -0.054 0.024 Nursing qualification 0.082 0.085 -0.165* 0.171* 0.238** </th <th>-0.001</th>	-0.001
Higher degree 0.399** 0.418** 0.281** 0.300** 0.295** 0.304** 0.221* (0.121) (0.121) (0.121) (0.099) (0.097) (0.090) (0.088) (0.087) First degree 0.215** 0.207** 0.043 0.033 0.149* 0.130++ 0.063 (0.078) (0.078) (0.071) (0.071) (0.071) (0.072) (0.069) Teaching qualification 0.459** 0.054 0.048 0.156++ 0.149++ 0.140+ (0.098) (0.100) (0.089) (0.089) (0.083) (0.063) (0.077) Other higher qualification 0.157* 0.156* 0.054 0.059 0.140* 0.133* 0.024 (0.073) (0.073) (0.064) (0.065) (0.064) (0.061) Nursing qualification 0.153 (0.161) (0.165) (0.181) (0.166) (0.138) A-levels 0.228** 0.215** 0.165* 0.171* 0.238** 0.230**	(0.001)
Inject Gybb (0.121) (0.099) (0.097) (0.090) (0.081) (0.087) First degree 0.215** 0.207** 0.043 0.033 0.149* 0.130+ 0.063 (0.078) (0.078) (0.071) (0.071) (0.071) (0.071) (0.072) (0.069) Teaching qualification 0.459** 0.054 0.048 0.156+ 0.149+ 0.140+ (0.078) (0.073) (0.073) (0.089) (0.089) (0.083) (0.083) (0.073) Other higher qualification 0.157* 0.156* 0.054 0.059 0.140* 0.137* 0.132* (0.073) (0.073) (0.064) (0.064) (0.065) (0.064) (0.065) (0.064) (0.065) (0.064) (0.061) Nursing qualification 0.087 0.064 -0.095 -0.140 -0.018 -0.054 0.024 (0.133) (0.082) (0.072) (0.070) (0.066) (0.138) A-kevels 0.228** 0.2	0.210*
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Other higher qualification 0.15/* 0.150* 0.054 0.059 0.140* 0.15/* 0.15/* 0.152* Nursing qualification (0.073) (0.073) (0.064) (0.064) (0.064) (0.065) (0.064) (0.061) Nursing qualification (0.153) (0.161) (0.165) (0.181) (0.160) (0.166) (0.138) A-levels 0.228** 0.215** 0.165* (0.181) (0.160) (0.166) (0.138) O-levels 0.082 0.082 (0.072) (0.070) (0.070) (0.0668) (0.066) O-levels 0.082 0.085 -0.020 -0.023 -0.007 -0.009 (0.078) (0.078) (0.073) (0.072) (0.079) (0.077) (0.077) Commercial qualification 0.231* 0.233* 0.177* 0.163+ 0.240** 0.232** 0.215** (0.103) (0.101) (0.088) (0.092) (0.079) (0.082) (0.074) GSE grade 2-5 0.242	(0.079)
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Commercial qualification 0.231* 0.233* 0.177* 0.163+ 0.240** 0.232** 0.215** (0.103) (0.101) (0.088) (0.092) (0.079) (0.082) (0.074) GSE grade 2-5 0.242+ 0.212 0.000 0.000 0.000 0.000 0.000 (0.137) (0.136) (0.000) (0.000) (0.000) (0.000) (0.000)	(0.076)
(0.103) (0.101) (0.088) (0.092) (0.079) (0.082) (0.074) GSE grade 2-5 0.242+ 0.212 0.000 0.0	0.208**
GSE grade 2-5 0.242+ 0.212 0.000 0.000 0.000 0.000 0.000 0.000 (0.000) (0.000)	(0.074)
(0.137) (0.136) (0.000) (0.000) (0.000) (0.000) (0.000)	0.000
	(0.000)
Apprenticeship 0.187 0.173 0.200 0.204 0.053 0.042 0.051	0.034
(0.198) (0.180) (0.163) (0.142) (0.166) (0.146) (0.141)	(0.129)
Other gualification 0,000 0,000 0,404 0,432+ 0,439* 0,473* 0,228	0 246
(0,000) (0,000) (0,248) (0,247) (0,199) (0,199) (1,154)	(0.173)
Howehold income 0.001 0.001 0.001 0.001 -0.001 -0.001 -0.001	.0.001
	(0.001)
(0.01) (0.01) (0.01) (0.01) (0.01) (0.01) (0.01) (0.01) (0.01)	(0.001)
Number of own children 0.021 0.020 0.017 0.017 0.017 0.001 0.0010.010	-0.017
	(0.016)
Married -0.009 0.001 -0.011 -0.002 0.046 0.057 0.069	0.080+
	(0.041)
Separated -0.171 -0.194 -0.038 -0.093 -0.010 -0.041 0.065	0.043
(0.145) (0.143) (0.121) (0.116) (0.100) (0.097) (0.082)	(0.083)
Divorced -0.043 -0.026 -0.144+ -0.140+ -0.054 -0.037 0.007	0.023
(0.077) (0.078) (0.078) (0.068) (0.067) (0.059)	(0.057)
Widowed -0.091 -0.096 -0.045 -0.063 -0.012 -0.017 0.066	0.087
(0.169) (0.177) (0.162) (0.168) (0.170) (0.173) (0.144)	(0.146)
Excellent health -0.077 -0.084 -0.048 -0.049 -0.036 -0.037 -0.031	-0.026
(0.055) (0.054) (0.051) (0.050) (0.045) (0.044) (0.039)	(0.039)
Good health -0.005 -0.015 0.012 0.005 -0.011 -0.016 -0.020	-0.017
(0.047) (0.047) (0.043) (0.042) (0.039) (0.037) (0.035)	(0.034)
Employed 0.040 0.039 0.050 0.054 0.039 0.038 0.085*	0.083*
(0.045) (0.044) (0.042) (0.040) (0.037) (0.038)	(0.036)
Linemplayed -0.015 0.024 0.030 0.028 0.031 0.067	0.064
(0.093) (0.093) (0.086) (0.083) (0.078) (0.074) (0.073)	(0.067)
Accessibleses 0.047 - 0.030 - 0.030 - 0.034	-0.069*
	(0.079)
	(0.028)
Conscientiousness -0.092* -0.110** -0.10** -0.00**	-0.033+
	(0.031)
Extraversion -0.050 0.060 0.011	-0.013
(0.045) (0.039) (0.034)	(0.030)
Neuroticism -0.028 -0.041 -0.026	0.000
(0.040) (0.036) (0.032)	(0.029)
Openness -0.004 -0.036 -0.005	0.006
(0.048) (0.042) (0.038)	(0.034)
N 716 716 705 705 705 705 705 705	705

Table 6.3: Personality traits and self-employment survival (WOMEN) – Logit marginal effects

+p<0.1, *p<0.05; **p<0.01

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home front away from the businesses (Eikhof, Warhurst and Haunschild, 2007; Hyytinen and Ruuskanen, 2007).

Lastly, women who migrated to self-employment from paid employment are 8% more likely to manage their ventures up to five year survival (15% for men at 1% *s.f.* for three years), while men who transitioned into self-employment from unemployment are about 15% more likely to nurture their businesses for up to 3 years survival duration. Individuals' wealth of experience, professional ties and networks, and human capital strength are some of the possible factors that may explain this result. Self-employment literature has consistently shown the influence of these factors, but why they differ for men and women in this result is intriguing.

In addition, the effects of the Big Five on the survival chances of men and women-managed enterprises by occupational categories¹⁴ were examined. The logit marginal effect results reveal that agreeable men are about 16% less likely to manage the firms' survival up to four years in occupational category 1 (Hairdressers and Barbers' manager, Building/contracting, Farm owner, horticulturists, Garage proprietor, Restaurant/catering manager etc.), conscientious men are 4% more likely to manage firms to five years survival, extraverts are 18.6% (β = -0.186, *p* < 0.05) more likely to manage their ventures for only two years, and being neurotic men are 16% less likely to steer the firms to four years survival. On the other hand, while other dimension do not reach significance, the results show that neurotic women are about 16% (11%) less likely to achieve two years (three years) venture survival. The finding thus suggests that long term survival of men-managed enterprises in this occupational group is dependent on how hardworking, persevering and goal or achievement oriented the men are, while women would have to be more emotionally stable to make the

¹⁴ The Occupational categories were derived from the 3 Digits Occupational labels (See Appendix C2, Table 6-A). Each occupational category consists of a number of occupational groups traversing several sectors and industries where venture ownership, self-employment and entrepreneurship are possible.

venture survive in occupational group 1. Put differently, emotional stability and *Conscientiousness* are key predictors of survival for women and men respectively in these occupations.

Further, the results show that in occupational group 2 (Solicitors, Barristers, Dentists, opticians, Accountants, Primary & Secondary teaching, pharmacist, Architects etc.), highly conscientious women are about 17% more likely to nurture their enterprises to 5 years survival, extraverted women are 40% ($\beta = -0.40$, p < 0.05) less likely to succeed up to 4 years. Surprisingly, none of the personality traits reach significance level to measure their effects on survival of men-managed ventures in this occupational group. Although, the occupational group 2 comprises of diverse occupations, it is however interesting to find that 40 percent of extraverted selfemployed females in those occupations would not manage their enterprises to 4 years survival duration. Better outcome would have been expected considering that Extraversion traits are associated with jobs like teaching (all levels), solicitors, social work etc. However, it may be that the sample in the BHPS data comprise of individuals in jobs like accounting, opticians, dentist etc. where the opposite trait may be applicable. In any case, the finding suggests that being hardworking, self-discipline, ambitious and competent as well as being reserved, task-oriented, and introverted are key characteristics for venture survival in these occupational group.

Although, being extraverted could predict survival chances of men-managed firms up to 5years at 1% s.f ($\beta = 0.278$, p < 0.01) in occupational category 3 (Driving instructor, Technicians, Quantity surveyor, legal services, Authors, Clothing designers, musician, photographers etc.), no other trait shows any predictive capabilities. On the other hand, agreeable women are about 28% ($\beta = 0.277$, p < 0.05) more likely to manage their businesses to 2years survival period. In occupational category 5 (Tailor, Dressmakers, Textile and garment trade, goldsmiths, Bricklayers, plasterers etc.), some level of conscientiousness could predict the survival of womenmanaged enterprises to 4 years ($\beta = 0.149$, p < 0.01). Furthermore, agreeable individuals are 31.7% ($\beta = 0.317$, p < 0.05), and Extraverted people are 25% ($\beta =$ 0.252, p < 0.05) more likely to nurture women-managed enterprises to 2years and 3years survival periods respectively in occupational category 7 (Importer/Exporter, Rounds-men and Rounds-women, Market & Street traders, Merchandisers, Window dressers, floral arranger etc.), whereas individuals open to experience are 33% ($\beta = -$ 0.335, p < 0.05) less likely to so pilot the firm. These findings suggest that jobs in categories 3 and 5 involve interpersonal relations and interactions. The nature of the jobs in these categories supports the findings, as they require individuals in these trades to be sociable, gregarious, cooperative, warm, sympathetic, tolerant, flexible and courteous when dealing with others. However, entrepreneurs in category 7 need to be focussed and channel resources to more viable prospects from the start instead of diversifying in order to attain success (Ciavarella *et al.*, 2004).

Table 6.4 further shows that extraverted self-employed men are 16.7% ($\beta = -0.167$, p < 0.05) less likely to survive in occupational category 6 (Chefs, Cooks, Childcare, Hairdressers, Barber, Beauticians, Undertakers, Protective Service Occupations) for 2years or 18.7% less likely to survive for 4year ($\beta = -0.187$, p < 0.01). The same extraverted men will be 24% ($\beta = -0.241$, p < 0.05) more likely to survive in occupational group 9 (Allied trades, Metal/electrical fitters, Couriers, Window cleaners, salvage collectors etc.). Whereas neurotic individuals are 26% ($\beta = -0.261$, p < 0.05) less like to nurture their firms to 3years survival period in occupational category 9, entrepreneurs who are open to experience are 18.7% ($\beta = -0.187$, p < 0.05) more likely to survive up to 3years in occupational category 6.

	Logit marginal effects (MEN)				
	Survive	Survive	Survive	Survive	
	2 years	3 years	4 years	5 years	
4		0.100	0.16(*	0.106**	
Agreeableness	-0.250++	-0.106	-0.156*	-0.190**	
Conscientiousness	0.111	0.036	0.044	0.119*	
Extraversion	0.186*	0.107	0.071	0.047	
Neuroticism	-0.097	-0.177++	-0.163-	-0.096	
Openness	0.054	-0.027	-0.030	0.040	
N	250	242	239	239	
	Occupational	Category 2 (Occ	ldig_2)	· · · · · · · · · · · · · · · ·	
Agreeableness	0.017	-0.050	-0.145+	-0.116	
Conscientiousness	0.032	-0.012	0.030	-0.002	
Extraversion	-0.029	-0.019	0.045	0.034	
Neuroticism	-0.134+	-0.043	-0.005	0.039	
Openness	-0.060	-0.051	0.043	0.030	
N	199	199	203	193	
	Occupational	Category 3 (Occ	1dig_3)		
Agreeableness	0.074	-0.116	-0.115	-0.055	
Conscientiousness	0.041	-0.018	-0.118	-0.046	
Extraversion	0.132	0.289**	0.201+	0.278**	
Neuroticism	0.052	0.077	0.058	-0.038	
Openness	0.039	0.108	0.205	0.026	
N	89	89	89	81	
<u></u>	Occupational	Category 6 (Occ	1dig 6)		
Agreeableness	-0.129	0.002	0.042	-0.027	
Conscientiousness	0.038	0.024	-0.078	0.027	
Extraversion	-0.167*	-0 247**	-0.187**	-0.081	
Neuroticism	0.002	0.005	0.052	-0.040	
Openness	0.196*	0.187*	0.069	0.057	
N	206	208	211	206	
	Occupational	Category 8 (Occ	1dig 8)	200	
Agreeableness	0.283	0 133	0.018	_0.000	
Conscientiousness	0.104	0.133	0.010	-0.000 A AAA	
Extensionalist	0.174	0.003	0.021	0.000	
Extraversion	0.338	0.234	0.000	0.000	
Neuroncism	0.354+	0.130	-0.014	-0.000	
Openness	-0.712**	-0.444**	-0.032	-0.000	
<u>_N</u>	38	38	35	35	

Table 6.4: Personality traits and self-employment survival by occupation -

Occupational Category 9 (Occ1dig_9)							
Agreeableness	0.025	0.062	-0.115	-0.009			
Conscientiousness	-0.165	0.060	0.113	-0.084			
Extraversion	0.355**	0.089	0.139	0.241*			
Neuroticism	-0.042	-0.261*	-0.126	-0.089			
Openness	0.112	0.112	0.077	0.024			
N	84	84	81	81			
Occupational Category 10 (Occ1dig_10)							
Agreeableness	0.132	-0.318	-0.519+	0.024			
Conscientiousness	0.271	0.521**	-0.050	0.107			
Extraversion	0.075	0.289	0.609**	0.374			
Neuroticism	-0.091	-0.366*	-0.113	0.170			
Openness	-0.222	-0.234	-0.431**	-0.197			
N	48	48	50	45			

+ *p*<0.1; * *p*<0.05; ** *p*<0.01

Note keys:

Occ1dig_1 (Occupational Category 1) == Hairdressers and Barbers' manager, Building & contracting, Farm owner, horticulturists, Garage proprietor, Restaurant/catering manager etc.

Occ1dig_2 (Occupational Category 2) == Solicitors, Barristers, Dentists, opticians, Accountants, Primary & Secondary teaching, pharmacist, Architects etc.

Occ1dig_3 (Occupational Category 3) == Driving instructor, Technicians, Quantity surveyor, legal services, Authors, Clothing designers, musician, photographers etc.

Occ1dig_5 (Occupational Category 5) == Tailor, Dressmakers, Textile and garment trade, goldsmiths, Bricklayers, plasterers etc.

Occ1dig_6 (Occupational Category 6) == Chefs, Cooks, Childcare, Hairdressers, Barber, Beauticians, Undertakers, Protective service occupations

Occ1dig_7 (Occupational Category 7) == Importer/Exporter, Rounds-men and Roundswomen, Market & Street traders, Merchandisers, Window dressers, floral arranger etc.

Occ1dig_8 (Occupational Category 8) == Spinners, Doublers, Twisters, Synthetic fibre makers, Drivers of road goods vehicles, Bus and coach drivers, Taxi, cab drivers and chauffeurs, Crane drivers, Fork lift and mechanical truck drivers, construction and related operatives etc.

Occ1dig_9 (Occupational Category 9) == Allied trades, Metal/electrical fitters, Couriers, Window cleaners, salvage collectors etc.

	Logit margin	al effects (WC	DMEN)	
	Survive 2 years	Survive 3 years	Survive 4 years	Survive 5 years
	Occupational	Category 1 (O	cc1dig_1)	
Agreeableness	0.052	-0.044	0.001	-0.021
Conscientiousness	-0.099	-0.086	-0.083	-0.044
Extraversion	-0.155+	0.041	0.079	0.093
Neuroticism	-0.100	-0.158*	-0.107*	-0.046
Openness	0.118	0.032	0.106	0.003
N	194	168	161	161
	Occupational	Category 2 (O	occldig_2)	
Agraadlanass	-0.130	-0.197+	-0.287+	-0.311+
Conscientiousness	0.060	0.031	0.052	0.167*
Extraversion	-0.049	-0.282**	-0.400*	-0.285+
Neuroticism	-0.074	-0.115	-0.148	-0.114
Openness	-0.008	-0.019	0.087	0.087
N	83	83	83	83
	Occupational	Category 3 (O	Decldig 3)	
Agreeableness	0.227*	-0.055	0.023	-0.065
Conscientiousness	-0.302**	-0.335**	-0.330**	-0.147+
Extraversion	0.119	0.201+	0.094	-0.096
Neuroticism	0.013	-0.163	-0.140	-0.106
Openness	-0.111	-0.130	-0.089	-0.228
N	67	73	73	64
<u></u>	Occupationa	Category 5 (C	Decidia 5)	
4	-0.125	-0.108	0.052	
Agreeableness	0.016	-0.168	-0.037	
Extremension	-0.142	-0.028	-0.060	
Neuroticism	0.278**	0.369**	0.149+	
Openness	0.040	0.042	-0.121	
N	81	77	68	
	Occupationa	l Category 7 (C	Decldig 7)	- <u></u> .
Agreeableness	0.317*	0.190	0.070	0.070
Conscientiousness	-0.051	-0.117	-0.041	-0.041
Extraversion	0.114	0.252*	0.084	0.084
Neuroticism	-0.256**	-0.119	-0.016	-0.016
Openness	-0.335*	-0.161	0.048	0.048
N	106	102	92	92

 Table 6.5:
 Personality traits and self-employment survival by occupation –

 Logit marginal effects (WOMEN)

+ *p*<0.1; * *p*<0.05; ** *p*<0.01

Essentially, the duo of *Openness to experience* and *Extraversion* seem beneficial as they facilitates reaching out to current and potential customers and suppliers through building business ties that might ultimately yield profitable returns that lead to venture survival in those occupations where positive relationships are indicated.

6.5 Discussion and Conclusion

First, it is worthy to mention that based on literature evidence, personality traits are: highly stable over time; related to peer ratings; predict objective behaviours and occupational successes and have biological correlates. Personality has also been evidenced to be one of the most consistent predictors of well-being in the literature. Having said that, this study set out to investigate the influence of personality, measured by the Big Five, on survival chance of men and women-managed entrepreneurial enterprises, and their survival propensity in certain occupations. By focusing on the gender differences among the entrepreneurs, the study extends the work of Ciavarela et al. (2004). The findings from the study implied that survival for men-managed enterprises past the second year requires more than being hardworking, persistent or achievement-oriented. The vacuum between the year 2 survival and survival over time appears filled by being highly emotionally stable. This suggests that venture start-up for men involve hardworking, but taking the firm into the future involved men entrepreneurs to be optimistic about the fruit of their conscious efforts at the early stage through calmness, confident and 'stress-proof', with some levels of interpersonal interaction through being sociable, gregarious, active and of course, assertive in business relationships. Conversely, in order to drive enterprises to survival over time, women entrepreneurs may need to exhibit behavioural characteristics that portray them as tough in order to shelve off the mind-set of being flexible, cooperative, and courteous which may spell doom for them. Contrary to the literature evidence that show Conscientiousness as valid predictor of job performance (Barrick and Mount, 1991; Hurtz and Donovan, 2000), and venture survival (Ciavarella et al., 2004), findings in this study show a negative relationship between Conscientiousness and survival likelihood of women-managed ventures. Essentially, this different finding could be a result of segregating men and women and examining the influence of personality on the survival of firms they manage, thereby responding and proffering an insight to Ciavarella et al.'s (2004) call for further research in this regard. Moreover, with regard to occupational groups, men and women tend to differ in their occupational choices and the personality traits that influence their survival chances in their chosen occupations. While Emotional stability and Conscientiousness are key predictors of survival for women and men respectively in some occupations, being introverted and conscientious are key characteristics for venture survival in some others; Agreeableness through interpersonal interaction and less of Openness traits are vital characteristics to attaining success in other occupations, and yet the duo of Extraversion and Openness to Experience are beneficial and instrumental traits in some more occupations. Perhaps, these findings are made possible by the BHPS dataset, which contains information about diverse individuals across varied occupations. Although, consideration of entrepreneur's personality may be useful in many different ways since it tends to indicate the likely direction in which entrepreneurial decisions might take and point towards, this study tends to show that different personality dimensions are exhibited by men and women in different situations and occupations (Korunka et al., 2003).

Although, literature evidence show that individuals' personality traits are highly stable over time (Costa and McCrae, 1992; Costa Jr and McCrae, 1994), it sounds reasonable and beneficial to understand whether or how individuals with

different personality traits might respond to the influence of economic incentives given that the literature has established personality as one of the most consistent predictor of well-being and occupational (career) successes (Barrick and Mount, 1991; Turban and Dougherty, 1994; Judge et al., 1999; Seibert, Crant and Kraimer, 1999; Seibert and Kraimer, 2001; Heineck, 2011). If personality suggests the principle and beliefs an individual stands for, it may become reasonable to assume that individuals will be resolute in upholding the principles in order to showcase his/her personality. However, the tendency for economic incentives, needs or greed could make individuals to flex or alter his/her personality in the face of desperations, for instance, which makes people to act against their principles and/or interests. Although, evidence in this regard is sparse in the literature, given the evidenced relationship between personality and earnings (Heineck, 2011; Spurk and Abele, 2011; Zhang and Arvey, 2009; Bowles, Gintis and Osborne, 2001), and the different perspectives of individuals about the meaning of money (Mitchell and Mickel, 1999), a causal relationship between economic incentives and variation (change) in personality traits could be reasonably examined in future research studies.

The usual research limitation concerns ranging from common method variance, internal validity, post survival measurement of personality and 'demand characteristics' (social desirability influence) were observed. However, the use of large longitudinal panel dataset facilitates the prevention of some of these suspicions because the dataset utilised in this study consists of several other questions for measuring and investigating different phenomena, and as such respondents had no idea of the purpose of the questions posed in the survey. Furthermore, the measures of personality utilised in this study have widely been adjudged to be both valid and consistent in their use (Heineck, 2011). Nevertheless, future research could focus on investigating the personality-venture survival relationship in specific industries by

disintegrating the occupational classifications into their various constituents in order to narrow down the influence of the Big Five personality dimensions on venture survival in those industries rather than use a classification that pools various occupations or trades together.

Chapter 7

Summary, Conclusion and Recommendations

7.1 Introduction

This chapter summarises the findings from the previous three main chapters, presents some concluding remarks, and highlights some implications and recommendations from the thesis.

7.2 Summary of the Thesis' findings

The first chapter introduced this thesis by posing three vital questions around two important aspects of self-employed entrepreneurship. The questions posed are whether or not self-employment job satisfaction adapts over time, whether job satisfaction predicts likelihood of self-employed enterprises survival over time after start-ups, and if job satisfaction does not predict survival probability, could selfemployed entrepreneurs' personality, measured by the Big Five Model, predict the survival chances of the men and women-managed self-employed business as a standalone, and by occupational categorisation? Addressing these questions is particularly important given that self-employment and entrepreneurship have been argued to be beneficial at the micro and macro level of analyses. Thus, determining and identifying what drives and sustains this important phenomenon is paramount.

This thesis, through empirical evidence, has demonstrated that the job satisfaction of self-employed entrepreneurs decreases prior to becoming selfemployed, increases at the time of becoming self-employed then declines afterwards due to the reality of the new status, thereby satisfying the honeymoon-hangover, opponent process theory and adaptation process concepts. Further, this thesis shows that job satisfaction and its domains do not predict self-employment survival probability, rather it is the job satisfaction maximum and the peak-end combinations that do. Lastly, the thesis shows that different personality traits predict the survival chances of men and women-managed ventures over time, and that the likelihood of survival overtime of both men and women-managed enterprises by occupational categories is dependent on the application of different personality traits complementing themselves at different times and scenarios. In other words, the mixture or combination of different personality traits (complementing themselves) in any particular occupational groups dictates the survival likelihood of ventures managed by men and women in different occupational categories.

7.2.1 Chapter 4: Self-employment Transition and the Evolution of Job Satisfaction: The Honeymoon and Hangover Revisited.

The first main chapter (Chapter 4) began by explaining that transition into selfemployment is a positive experience for most individuals as it marked the beginning of a changed lifestyle, which is associated with job satisfaction. This self-employed job satisfaction compares favourably better than those of the organisationally employed individuals, hence constituting one of the main 'pull' factors into selfemployment. This section of the thesis argues that given the high failure rates for new businesses, and existing evidence confirming job satisfaction as a strong predictor of self-employment exit (Georgellis, Sessions and Tsitsianis, 2007), self-employment may not have long-term effect on job satisfaction and that the argument for job satisfaction as a vital pull factor into self-employment will be less compelling. Several studies in the extant literature have shown that, compared to salaried employees, the self-employed are more satisfied with their job, and that job satisfaction gains are among the main 'pull' factors into self-employment (Blanchflower and Oswald, 1998; Hundley, 2001; Benz and Frey, 2008a). However, the documented positive crosssectional correlation between self-employment and job satisfaction as a true causal relationship from these studies would be more difficult to interpret due to a rapidly dissipating satisfaction pattern. Job satisfaction could dissipate with self-employment tenure for various reasons. For example, job satisfaction gains associated with the transition into self-employment may be transitory once individuals start making sense of the increased requirements of their new employment after an initial learning period. This phenomenon is termed as 'honeymoon and hangover effect'.

Using data from the British Household Panel Survey (BHPS), a large longitudinal datasets, the thesis investigates whether job satisfaction before and after transitions from salaried employment into self-employment exhibits patterns that are consistent with the predictions of set-point theory, opponent process theory, and the honeymoon and hangover hypothesis. The thesis investigates the pre- and posttransition patterns of domain satisfaction measures (composite measures) which include satisfaction with pay, satisfaction with job security, satisfaction with working hours, and satisfaction with the nature of work itself, in addition to overall job satisfaction (global measure). For examining the movement of job satisfaction in the period before, during, and following the transition into self-employment, the approach used by Clark et al. (2008) and by Clark and Georgellis (2013) was adopted, and job satisfaction scores were followed for four years prior to the transition and up to a maximum of five years following the transition. Fixed effects job satisfaction regressions were then used for the estimation.

The main findings suggest that men who become self-employed enjoy a more permanent boost in overall job satisfaction, satisfaction with pay and, to some extent, satisfaction with the nature of the work itself. Women experience a boost in satisfaction with the nature of the work itself and to, a lesser extent, a boost in satisfaction with pay. Both of these effects for women are short-lived, casting doubt on the importance of job satisfaction, work-schedule flexibility, and work-life balance as pull factors into self-employment. Thus, these three aspects of self-employment could justifiably be promoted as the main pull factors into self-employment. For women, the strongest pull factor into self-employment emerging from these findings is the higher satisfaction with the nature of the work itself which they experience after the transition, and some boost on satisfaction with pay.

7.2.2 Chapter 5: Self-employment Survival: Peak-End explanation of Job Satisfaction Effect.

Given that job satisfaction predict job mobility more than the effect of lagged wages and because non-pecuniary aspects of the jobs are more valued, as intrinsic motivations more than compensate for the pecuniary or extrinsic motivation forgone (Freeman, 1978; Clark, 2001; Green, 2010), the second main chapter (Chapter 5) investigates the link between job satisfaction and self-employment survival. The chapter argues that the relationship is not necessarily contemporaneous. That is, job satisfaction at time t is not necessarily the best predictor of exit at time t. Rather, it is the whole experience during the self-employment duration that determine exit rather than the last reported satisfaction. This idea develops from Peak-End Hypothesis.

Knowing that job satisfaction is not stable over time for either employees (Boswell, Boudreau and Tichy, 2005; Boswell *et al.*, 2009) or self-employed entrepreneurs (Georgellis, Sessions and Tsitsianis, 2007), the efficacy of the peak-end theory in predicting self-employment survival was empirically examined using the self-employment spell data from the BHPS (1991-2009) datasets. While controlling for the usual demographic variables, the study examines the predictive capability of

self-employed entrepreneurial job satisfaction on the likelihood of being in business for 4years after the start-up using the logit marginal effect regression model. The thesis examines whether job satisfaction overall or any of the job satisfaction domains (satisfaction with pay, satisfaction with job security, satisfaction with work itself and satisfaction with work hours) could predict survival chances of self-employed men and women.

The results show that neither overall job satisfaction nor satisfaction with pay, or satisfaction with work itself has any predictive capability for sustaining the selfemployed entrepreneurial enterprise up to 4years after start-up. Results also show that self-employed entrepreneurs' satisfaction with job security has more likelihood of predicting men and women venture survival for four years after start-up, though with smaller magnitude. Satisfaction with work hours is shown to be less likely to predict likelihood of venture survival of self-employed men. The overall results show that job satisfaction does not predict the probability of survival. Rather, the maximum job satisfaction and the peak-end combinations during the self-employment event are better predictors of survival.

The findings (from chapter 5) suggest that job satisfaction overall and domains of job satisfaction are significant in driving the transition decisions into selfemployment, but not as important to motivate the entrepreneurs to remain in selfemployment businesses for longer period after the start-ups. The second suggestion from the findings is that self-employed men and women have different undertones of what constitute some of the dimensions of job satisfaction, and have different penchants about the motivations for being in self-employed entrepreneurship. Lastly, the findings suggest that a higher or peak satisfaction level experienced or anticipated at any point during the self-employment episode is what motivates the self-employed entrepreneurs to continue in the business. That is, self-employed entrepreneurs continuously anticipate or hope for a repeat of a single satisfactory experience at any point during the self-employment periods, and as long as the anticipation (effect) and hope exists or persists, the self-employed individual will remain in self-employment hoping for a repeat of the satisfactory experience rather decide to quit due to some low points during the self-employment episodes.

7.2.3 Chapter 6: Influence of Entrepreneurs Personality on Entrepreneurial Venture Survival.

Still on post start-up survival of self-employed enterprises. As job satisfaction and its domains have not shown viable predictive capability for self-employed entrepreneurial survival per se, and since entrepreneurship entails recognition and exploitation of opportunities (Shane and Venkataraman, 2000; Nicolaou *et al.*, 2008) that propel self-employed ventures to success, and because managing entrepreneurial ventures depends on other variables like genetic factors (Nicolaou *et al.*, 2008) or personal characteristics like skills and abilities (Granovetter, 1985) which are facilitated by individuals' personality, the third main chapter (chapter 6) of the thesis examined the influence or relationship of individuals' personality on survival probability of self-employed entrepreneurial business, generally and by occupations utilising the British Household Panel Survey (BHPS) dataset.

Using the Big Five Model to measure personality and investigate whether the personality constructs are related to the survival chances of men and women-managed self-employed enterprises, the thesis measured survival by whether the enterprise of men and women survived up to four years in the first segment of each hypothesis, and whether ventures of men and women would survive in certain occupations up to four years in the second segment of each hypothesis. Analytically, personality and self-

employment survival relationships by gender and occupations are modelled using Logit marginal effect regression models.

First, unlike previous studies, findings show that different personality traits predict men and women-managed ventures survival chances over time. Second, the likelihood of survival overtime of both men and women-managed enterprises by occupational categories is dependent on complementarity of different personality traits.

The findings from this section (chapter 6) of the thesis suggest the following. First, survival for men-managed enterprise past the second year requires more than being hardworking, persistent or achievement-oriented but by being highly emotionally stable. That is, taking the enterprises into the future requires male entrepreneurs to be optimistic about the fruit of their conscious efforts at the early stage coupled with some levels of interpersonal interaction. On the other hand, women entrepreneurs need to exhibit tough behavioural characteristics so that they are not perceived as being flexible, too cooperative and courteous which may spell doom for them. In the case of occupational categories, men and women tend to differ in the personality traits that influence their survival chances in their chosen occupations since they tend to differ in their choice of occupations. While emotional stability and Conscientiousness are key predictors of survival for women and men respectively in some occupations, being introverted and conscientious are key characteristics for venture survival in some others; Agreeableness through interpersonal interaction and less of openness traits are vital characteristics to attaining success in other occupations, and yet the duo of Extraversion and Openness to Experience are beneficial traits in some more occupations.

7.3 Future Research Prospect

Generally, every research leaves some vacuums that lead to further research. The various research constituting this thesis are not exempted. Thus, there are prospects for several future research avenues arising from this thesis. First, focusing on the dynamic stability of job satisfaction and its domains in the context of transitions into self-employment from paid-employment, the research design that enables the reporting of individuals' job satisfaction before and after the transitions could be extended to analyse and explore the wider welfare effects of transitions into selfemployment from other employment states, including transitions from unemployment and out-of-the labour force. Similarly, the approach could be focused at the effect(s) of job satisfaction on transition from self-employment to paid employment (reverse transitions).

Second, the studies that did segregate self-employed men and women did not differentiate or segregate the sample along occupational categories to engage in an indepth analysis of likely variations along occupational grouping. Doing an occupational level analysis might be a valuable and worthy area for further research. Usually, the challenge of generalisation hampers the findings of many studies. As this thesis is based on data from Britain which largely reflect those of Western European and North American countries, replicating the findings in this thesis in other regions of the world, particularly focusing on and based on data from less developed and developing countries of the world would definitely be viable research projects.

Furthermore, future research could focus on investigating the personalityventure survival relationship in specific industries by disintegrating the occupational classifications into their various constituents in order to narrow down or 'zero-in' the influence of the Big Five personality dimensions on venture survival in those specific industries (or sector) rather than use a classification that group various occupations

together. Similarly, further research could also focus on the possibilities of relating personality to self-employed survival in less developed countries of the world given that most of the economic activities in this part of the world centre on small and cottage businesses. Doing this may highlight whether or not the influence of entrepreneurship towards economic growth witnessed in developed countries of the world has or will have comparative or similar effectiveness (influence) on the developing economies and less developed economies as well.

Furthermore, it may be reasonable to examine whether or how individuals with different personality traits respond or react to the influence of various economic incentives or disincentives. For instance, would the inclusion of an indicator for the 2007-2008 financial crisis affect or change the key results from this thesis or similar studies?

7.4 Concluding Remarks and Recommendations

This thesis' finds that self-employed job satisfaction satisfies the honeymoonhangover and adaptation process concepts. That is, job satisfaction and its domains per se do not predict self-employment survival probability. However, job satisfaction maximum and the peak-end combinations do predict entrepreneurial venture survival. Furthermore, different personality traits were found to predict men and womenmanaged ventures survival chances over time, and that the likelihood of survival over time for both men and women-managed enterprises by occupational categories is dependent on the complementary personality traits. Based on the summary of findings, the conclusions therefore are that job satisfactions are indeed very crucial in pulling and enticing individuals to becoming self-employed entrepreneurs but the efficacy of such satisfaction does not progress into managing self-employed entrepreneurship ventures and nurturing them over time. Rather, it appears that self-employed individual's personal dispositions reflected in their personality have the tendencies to nurture the enterprises to long-term survival. Therefore, since self-employed entrepreneurship is the focus of government policies aimed at addressing socio-economic issues, governments and their agencies could, where possible, target such individuals that possess the requisite dispositions, attitudes and penchants for self-employment tasks. Perhaps, these might go a long way in reducing the number of failures and quits from self-employed entrepreneurship.

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Appendices

Appendix C1a: Motivation for Self-employment Decisions

The preference for self-employment in recent times has been on the increase since the late 1970s. Substantial increase has been evidenced in the UK (Carter and Jones-Evans, 2006) and around the world because governments and their agencies see it as a panacea for unemployment, poverty and a way out of the benefit system. For instance, the British government had used self-employment as a route off the benefit system and poverty reduction (Kellard, Legge, and Ashworth, 2002). In some developing countries where unemployment rate stabilises in the double-digit percentage, self-employment has gained serious encouragement from government policies. In Nigeria for example, the government, through the Micro-finance banks/financial institutions frameworks, encourages self-employment to reduce unemployment rate. Tamvada (2010) testing entrepreneurship in less developed countries (LDCs) relates along this viewpoint. However, while some researchers argue that individuals are pulled rather than pushed into self-employment (Fairlie and Meyer, 1996), labour and development literature suggest that people are rather forced (pushed) into self-employment in the LDC's (Tamvada, 2010), and others support both factors (push and pull factors) as determinants of self-employment (Clark and Drinkwater, 1998).

The decision to become self-employed, remaining self-employed (or leaving self-employment) is a rather complex one, so also is identifying the drivers of such decisions. The complexity is particularly apparent considering that the self-employed have been shown to be worse-off compared to salaried employees in terms of earnings (Carrington, McCue, and Pierce, 1996; Hamilton, 2000). Carrington, McCue, and Pierce (1996) also posit that self-employed earnings compared to salaried employees, are more volatile. Whilst Moskowitz and Vissing-Jorgensen, (2002) report that the

self-employed have riskier investment portfolios because "they tend to invest large portion of their assets in their own business", Kawaguchi, (2008) argues that they enjoy fewer fringe benefits such as employer-provided health insurance than salaried employees. Some literature evidence also show that the self-employed are more work stressed, mentally strained and associated with physical health problems and tiredness (Van der Hulst, 2004). Conversely, Andersson, (2008) argues that by switching to selfemployment, "the self-employed enjoyed their work more, and people who are more satisfied with their work are less likely to feel that the job is mentally straining".

Why then do people opt for self-employment? The varied motivating factors determining transition to self-employment are classified broadly into: "Push" (refugee effects) factors e.g. job dissatisfaction, unemployment etc. and "Pull" (entrepreneurial effects) factors e.g. autonomy, self-fulfilment, wealth, desirable outcomes etc. otherwise known as "Positive" and "Negative" determinants respectively (Gilad and Levine, 1986). For instance, Dawson, Henley, and Latreille (2014) find that necessity, opportunity, lifestyle, and occupational choices are important elements in the decision to become self-employed. Other drivers are wage differentials, earnings and savings, and time preferences (Bravo et al. 2010); risk aversion, job satisfaction and genetics (Nicolaou et al. 2008; Verheul, Thurik and Grilo 2008); growth (financial and human capital) and autonomy (Rodriguez, 2009; Lange, 2012). Overall, an overwhelming majority of the literature concluded that the preference for self-employment is determined by autonomy, self-determination, interesting work and absence of hierarchy at work (Benz and Frey, 2008), existence of procedural utility (Frey et al. 2004), and flexibility in time use (Hyytinen and Ruuskanen, 2007). Consistent with previous literature, Keeble et al. (1992) and Orham and Scott (2001) concluded that the "pull" factors rather than "push" factors drive individuals into self-employment (entrepreneurship), since for instance, unemployed individuals would most likely seek

wage employment (Lin et al. 2000), and individuals getting insufficient salary would most likely seek job change or promotion rather than transiting to self-employment. Empirically, evidence associating these factors with job/life satisfaction and wellbeing of the self-employed abound.

The economic discourse aside, according to management literature, the motivation to switch to self-employment is determined by the need for success and achievement, creativity, preference for novel activities and propensity for risk-taking. Similarly, Bradley and Roberts (2004) posit that self-efficacy, defined as a person's belief in his/her capacity to perform a given task (Bandura, 1986), or to exercise control over their lives (Judge et al. 1998), is positively associated with likelihood of self-employment. They further argue that persons high on self-efficacy are more likely to be satisfied with their jobs than others; that the self-employed report higher levels of self-efficacy than others do; and that the relationship between job satisfaction and self-employment may be explained by high self-efficacy among the self-employed.

Appendix C2

Table 2-A: 3 Digits Occupational Labels

label define jbsoc 100 "General administrators; nation government (Assistant Secretary/Grade 5 & above)", add label define jbsoc 101 "General managers; large companies & organisations", add label define jbsoc 102 "Local government officers (administrative & executive functions)", label define jbsoc 103 "General administrators; national government (HEO to Senior Principal/Grade 6)", add label define jbsoc 110 "Production, works, & maintenance managers", add label define jbsoc 111 "Managers in building & contracting", add label define jbsoc 112 "Clerks of works", add label define jbsoc 113 "Managers in mining & energy industries", add label define jbsoc 120 "Treasurers & company financial managers", add label define jbsoc 121 "Marketing & sales managers", add label define ibsoc 122 "Purchasing managers", add label define ibsoc 123 "Advertising & public relations managers", add label define jbsoc 124 "Personnel, training & industrial relations managers", add label define jbsoc 125 "Organisation & methods & work study managers", add "Computer systems & data processing managers", add label define jbsoc 126 label define jbsoc 127 "Company secretaries", add "Credit controllers", add label define jbsoc 130 label define jbsoc 131 "Bank, Building Society & Post Office managers (except selfemployed)", label define jbsoc 132 "Civil Service executive officers", add label define jbsoc 139 "Other financial institution & office managers nec", add "Transport managers", add label define jbsoc 140 "Stores controllers", add label define jbsoc 141 "Managers in warehousing & other materials handling", add label define jbsoc 142 "officers in UK armed forces", add label define jbsoc 150 label define jbsoc 151 "Officers in foreign & Commonwealth armed forces", add "Police officers (inspector & above)", add label define jbsoc 152 "Fire service officers (station officer & above", add label define jbsoc 153 "Prison officers (principal officer 7 above", add label define jbsoc 154 label define jbsoc 155 "Customs & excise, immigration service officers (customs: chief preventive officer & above;", add label define jbsoc 160 "Farm owners & managers, horticulturists", add label define jbsoc 169 "Other managers in farming, horticulture, forestry & fishing nec", add "Property & estate managers", add label define jbsoc 170 label define jbsoc 171 "Garage managers & proprietors", add label define jbsoc 172 "Hairdressers' & barbers' managers & proprietors", add label define jbsoc 173 "Hotel & accommodation managers", add label define jbsoc 174 "Restaurant & catering managers", add label define jbsoc 175 "Publicans, innkeepers & club stewards", add label define jbsoc 176 "Entertainment & sports managers", add label define jbsoc 177 "Travel agency managers", add label define jbsoc 178 "Managers & proprietors of butchers & fishmongers", add label define jbsoc 179 "Managers & proprietors in service industries nec", add label define jbsoc 190 "Officials of trade associations, trade unions, professional bodies & charities", add label define jbsoc 191 "Registrars & administrators of educational establishments", add

label define jbsoc 199 "Other managers & administrators nec", add label define jbsoc 200 "Chemists", add label define jbsoc 201 "Biological scientists & biochemists", add label define jbsoc 202 "Physicists, geologists & meteorologists", add label define jbsoc 209 "Other natural scientists nec", add "Civil, structural, municipal, mining & quarry engineers", add label define jbsoc 210 label define jbsoc 211 "Mechanical engineers", add label define jbsoc 212 "Electrical engineers", add label define jbsoc 213 "Electronic engineers", add label define jbsoc 214 "Software engineers", add label define jbsoc 215 "Chemical engineers", add label define jbsoc 216 "Design & development engineers", add label define jbsoc 217 "Process & production engineers", add label define jbsoc 218 "Planning & quality control engineers", add label define ibsoc 219 "Other engineers & technologists nec", add label define ibsoc 220 "Medical practitioners", add label define jbsoc 221 "Pharmacists/pharmacologists", add label define ibsoc 222 "Ophthalmic opticians", add label define jbsoc 223 "Dental practitioners", add label define jbsoc 224 "Veterinarians", add label define jbsoc 230 "University & polytechnic teaching professionals", add label define jbsoc 231 "Higher & further education teaching professionals", add "Education officers, school inspectors", add label define jbsoc 232 label define jbsoc 233 "Secondary (& middle school deemed secondary) education teaching professionals", add label define jbsoc 234 "Primary (& middle school deemed primary) & nursery education teaching professionals", add label define jbsoc 235 "Special education teaching professionals", add label define jbsoc 239 "Other teaching professionals nec", add label define jbsoc 240 "Judges & officers of the court", add "Barristers & advocates", add label define jbsoc 241 label define jbsoc 242 "Solicitors", add label define jbsoc 250 "Chartered & certified accountants", add "Management accountants", add label define jbsoc 251 "Actuaries, economists & statisticians", add label define ibsoc 252 "Management consultants, business analysts", add label define ibsoc 253 label define jbsoc 260 "Architects", add label define jbsoc 261 "Town planners", add label define jbsoc 262 "Building, land, mining & 'general practice' surveyors", add label define jbsoc 270 "Librarians", add "Archivists & curators", add label define jbsoc 271 label define jbsoc 290 "Psychologists", add label define jbsoc 291 "Other social & behavioural scientists", add "Clergy", add label define jbsoc 292 label define jbsoc 293 "Social workers, probation officers", add "Laboratory technicians", add label define jbsoc 300 "Engineering technicians", add label define jbsoc 301 label define jbsoc 302 "Electrical/electronic technicians", add label define jbsoc 303 "Architectural & town planning technicians", add label define jbsoc 304 "Building & civil engineering technicians", add "Other scientific technicians nec", add label define jbsoc 309 label define jbsoc 310 "Draughtspersons", add label define jbsoc 311 "Building inspectors", add

label define ibsoc 312 "Quantity surveyors", add label define jbsoc 313 "Marine, insurance & other surveyors", add "Computer analyst/programmers", add label define jbsoc 320 label define jbsoc 330 "Air traffic planners & controllers", add label define jbsoc 331 "Aircraft flight deck officers", add label define jbsoc 332 "Ship & hovercraft officers", add "Nurses", add label define jbsoc 340 label define ibsoc 341 "Midwives", add "Medical radiographers", add label define jbsoc 342 label define ibsoc 343 "Physiotherapists", add label define jbsoc 344 "Chiropodists", add label define jbsoc 345 "Dispensing opticians", add label define ibsoc 346 "Medical technicians, dental auxiliaries", add label define jbsoc 347 "Occupational & speech therapists, psychotherapists, therapists nec", label define jbsoc 348 "Environmental health officers", add label define jbsoc 349 "Other health associate professionals nec", add label define jbsoc 350 "Legal service & related occupations", add label define jbsoc 360 "Estimators, valuers", add "Underwriters, claims assessors, brokers, investment analysts", add label define jbsoc 361 label define jbsoc 362 "Taxation experts", add "Personnel & industrial relations officers", add label define jbsoc 363 "Organisation & methods & work study officers", add label define jbsoc 364 "Matrons, houseparents", add label define jbsoc 370 label define jbsoc 371 "Welfare, community & youth workers", add "Authors, writers, journalists", add label define jbsoc 380 label define jbsoc 381 "Artists, commercial artists, graphic designers", add "Industrial designers", add label define jbsoc 382 "Clothing designers", add label define jbsoc 383 "Actors, entertainers, stage managers, producers & directors", add label define jbsoc 384 "Musicians", add label define jbsoc 385 label define jbsoc 386 "Photographers, camera, sound and video equipment operators", add "Professional athletes, sports officials", add label define jbsoc 387 "Information officers", add label define jbsoc 390 label define jbsoc 391 "Vocational & industrial trainers", add "Careers advisers & vocational guidance specialists", add label define jbsoc 392 "Driving instructors (excluding HGV)", add label define jbsoc 393 label define jbsoc 394 "Inspectors of factories, utilities & trading standards", add label define jbsoc 395 "Other statutory & similar inspectors nec", add "Occupational hygienists & safety officers (health & safety)", add label define jbsoc 396 label define jbsoc 399 "Other associate professional & technical occupations nec", add label define jbsoc 400 "Civil Service administrative officers & assistants", add "Local government clerical officers & assistants", add label define jbsoc 401 label define jbsoc 410 "Accounts & wages clerks, book-keepers, other financial clerks", add "Counter clerks & cashiers", add label define jbsoc 411 label define jbsoc 412 "Debt, rent & other cash collectors", add label define jbsoc 420 "Filing, computer & other records clerks (inc. legal conveyancing)", add label define jbsoc 421 "Library assistants/clerks", add label define jbsoc 430 "Clerks (nec)", add label define jbsoc 440 "Stores, despatch & production control clerks", add label define jbsoc 441 "Storekeepers & warehousemen/women", add

label define jbsoc 450 "Medical secretaries", add label define jbsoc 451 "Legal secretaries", add label define jbsoc 452 "Typists & word processor operators", add label define jbsoc 459 "Other secretaries, personal assistants, typists, word processor operators "Receptionists", add label define jbsoc 460 label define jbsoc 461 "Receptionist/telephonists", add label define jbsoc 462 "Telephone operators", add label define jbsoc 463 "Radio & telegraph operators, other office communication system operators", add label define jbsoc 490 "Computer operators, data processing operators, other office machine operators", add label define jbsoc 491 "Tracers, drawing office assistants", add label define jbsoc 500 "Bricklayers, masons", add "Roofers, slaters, tilers, sheeters, cladders", add label define jbsoc 501 "Plasterers", add label define jbsoc 502 "Glaziers", add label define jbsoc 503 label define jbsoc 504 "Builders, building contractors", add label define jbsoc 505 "Scaffolders, stagers, steeplejacks, riggers", add label define ibsoc 506 "Floorers, floor coverers, carpet fitters & planners, floor & wall tilers", "Painters & decorators", add label define jbsoc 507 "Other construction trades nec", add label define jbsoc 509 label define jbsoc 510 "Centre, capstan, turret & other lathe setters & setter-operators", add label define jbsoc 511 "Boring & drilling machine setters & setter-operators", add label define jbsoc 512 "Grinding machine setters & setter-operators", add "Milling machine setters & setter-operators", add label define jbsoc 513 "Press setters & setter-operators", add label define jbsoc 514 "Tool makers, tool fitters & markers-out", add label define jbsoc 515 label define jbsoc 516 "Metal working production & maintenance fitters", add "Precision instrument makers & repairers", add label define jbsoc 517 label define jbsoc 518 "Goldsmiths, silversmiths, precious stone workers", add "Other machine tool setters & setter-operators nec (inc CNC setterlabel define jbsoc 519 operators)", add label define jbsoc 520 "Production fitters (electrical/electronic)", add label define jbsoc 521 "Electricians, electrical maintenance fitters", add label define jbsoc 522 "Electrical engineers (not professional)", add "Telephone fitters", add label define jbsoc 523 label define jbsoc 524 "Cable jointers, lines repairers", add label define jbsoc 525 "Radio, TV & video engineers", add label define jbsoc 526 "Computer engineers, installation & maintenance", add label define jbsoc 529 "Other electrical/electronic trades nec", add label define jbsoc 530 "Smiths & forge workers", add label define jbsoc 531 "Moulders, core makers, die casters", add "Plumbers, heating & ventilating engineers & related trades", add label define jbsoc 532 label define jbsoc 533 "Sheet metal workers", add "Metal plate workers, shipwrights, riveters", add label define jbsoc 534 label define jbsoc 535 "Steel erectors", add label define jbsoc 536 "Barbenders, steel fixers", add label define jbsoc 537 "Welding trades", add label define jbsoc 540 "Motor mechanics, auto engineers (inc. road patrol engineers)", add label define jbsoc 541 "Coach & vehicle body builders", add

label define jbsoc 542 "Vehicle body repairers, panel beaters", add label define jbsoc 543 "Auto electricians", add label define jbsoc 544 "Tyre & exhaust fitters", add label define jbsoc 550 "Weavers", add label define jbsoc 551 ", add "Knitters label define jbsoc 552 "Warp preparers, bleachers, dyers & finishers", add label define jbsoc 553 "Sewing machinists, menders, darners & embroiderers", add label define ibsoc 554 "Coach trimmers, upholsterers & mattress makers", add label define jbsoc 555 "Shoe repairers, leather cutters & sewers, footwear lasters, makers & finishers, other leather", add label define jbsoc 556 "Tailors & dressmakers", add label define ibsoc 557 "Clothing cutters, milliners, furriers", add label define jbsoc 559 "Other textiles, garments & related trades nec", add label define jbsoc 560 "Originators, compositors & print preparers", add label define jbsoc 561 "Printers", add label define jbsoc 562 "Bookbinders & print finishers", add label define jbsoc 563 "Screen printers", add label define jbsoc 569 "Other printing & related trades nec", add label define jbsoc 570 "Carpenters & joiners", add "Cabinet makers", add label define jbsoc 571 "Case & box makers", add label define jbsoc 572 label define jbsoc 579 "Other woodworking trades nec", add label define jbsoc 580 "Bakers, flour confectioners", add "Butchers, meat cutters", add label define jbsoc 581 "Fishmongers, poultry dressers", add label define jbsoc 582 label define ibsoc 590 "Glass product & ceramics makers", add label define jbsoc 591 "Glass product & ceramics finishers & decorators", add label define ibsoc 592 "Dental technicians", add "Musical instrument makers, piano tuners", add label define jbsoc 593 "Gardeners, groundsmen/groundswomen", add label define jbsoc 594 "Horticultural trades", add label define jbsoc 595 "Coach painters, other spray painters", add label define jbsoc 596 label define jbsoc 597 "Face trained coalmining workers, shotfirers & deputies", add "Other machinery mechanics", add label define jbsoc 598 "Other craft & related occupations nec", add label define jbsoc 599 label define jbsoc 600 "NCOs & other ranks, UK armed forces", add label define jbsoc 601 "NCOs & other ranks, foreign & Commonwealth armed forces", add label define jbsoc 610 "Police officers (sergeant & below)", add label define ibsoc 611 "Fire service officers (leading fire officer & below)", add label define jbsoc 612 "Prison service officers (below principal officer)", add "Customs & excise officers, immigration officers (customs: below label define jbsoc 613 chief preventive officer; excise:", add "Traffic wardens", add label define jbsoc 614 "Security guards & related occupations", add label define jbsoc 615 label define jbsoc 619 "Other security & protective service occupations nec", add "Chefs, cooks", add label define jbsoc 620 label define jbsoc 621 "Waiters, waitresses", add "Bar staff", add label define jbsoc 622 label define jbsoc 630 "Travel & flight attendants", add label define jbsoc 631 "Railway station staff", add label define jbsoc 640 "Assistant nurses, nursing auxiliaries", add label define jbsoc 641 "Hospital ward assistants", add "Ambulance staff", add label define jbsoc 642

label define jbsoc 643 "Dental nurses", add label define jbsoc 644 "Care assistants & attendants", add label define jbsoc 650 "Nursery nurses", add "Playgroup leaders", add label define jbsoc 651 label define jbsoc 652 "Educational assistants", add "Other childcare & related occupations nec", add label define jbsoc 659 label define jbsoc 660 "Hairdressers, barbers", add label define jbsoc 661 "Beauticians & related occupations", add label define jbsoc 670 "Domestic housekeepers & related occupations", add label define jbsoc 671 "Housekeepers (non domestic)", add label define ibsoc 672 "Caretakers", add label define jbsoc 673 "Launderers, dry cleaners, pressers", add label define jbsoc 690 "Undertakers", add label define jbsoc 691 "Bookmakers", add label define jbsoc 699 "Other personal & protective service occupations nec", add label define jbsoc 700 "Buyers (retail trade)", add label define jbsoc 701 "Buyers & purchasing officers (not retail)", add label define jbsoc 702 "Importers & exporters", add label define jbsoc 703 "Air, commodity & ship brokers", add label define jbsoc 710 "Technical & wholesale sales representatives", add label define jbsoc 719 "Other sales representatives nec", add label define jbsoc 720 "Sales assistants", add label define jbsoc 721 "Retail cash desk & check-out operators", add label define ibsoc 722 "Petrol pump forecourt attendants", add label define jbsoc 730 "Collector salespersons & credit agents", add label define jbsoc 731 "Roundsmen/women & van salespersons", add "Market & street traders & assistants", add label define jbsoc 732 label define jbsoc 790 "Merchandisers", add label define jbsoc 791 "Window dressers, floral arrangers", add label define jbsoc 792 "Telephone salespersons", add label define jbsoc 800 "Bakery & confectionery process operatives", add label define jbsoc 801 "Brewery & vinery process operatives", add "Tobacco process operatives", add label define jbsoc 802 label define jbsoc 809 "Other food, drink & tobacco process operatives nec", add "Tannery production operatives", add label define jbsoc 810 label define jbsoc 811 "Preparatory fibre processors", add label define jbsoc 812 "Spinners, doublers, twisters", add label define jbsoc 813 "Winders, reelers", add label define jbsoc 814 "Other textiles processing operatives", add label define jbsoc 820 "Chemical, gas & petroleum process plant operatives", add label define jbsoc 821 "Paper, wood & related process plant operatives", add label define jbsoc 822 "Cutting & slitting machine operatives (paper products etc)", add label define jbsoc 823 "Glass & ceramics furnace operatives, kilnsetters", add label define jbsoc 824 "Rubber process operatives, moulding machine operatives, tyre builders", add label define jbsoc 825 "Plastics process operatives, moulders & extruders", add label define jbsoc 826 "Synthetic fibre makers", add "Other chemicals, paper, plastics & related process operatives nec", label define jbsoc 829 add label define jbsoc 830 "Furnace operatives (metal)", add label define jbsoc 831 "Metal drawers", add label define jbsoc 832 "Rollers", add label define jbsoc 833 "Annealers, hardeners, temperers (metal)", add

label define jbsoc 834 "Electroplaters, galvanisers, colour coaters", add label define jbsoc 839 "Other metal making & treating process operatives nec", add label define jbsoc 840 "Machine tool operatives (inc CNC machine tool operatives)", add label define ibsoc 841 "Press stamping & automatic machine operatives", add label define jbsoc 842 "Metal polishers", add label define jbsoc 843 "Metal dressing operatives", add label define jbsoc 844 "Shot blasters", add label define jbsoc 850 "Assemblers/lineworkers (electrical/electronic goods)", add "Assemblers/lineworkers (vehicles & other metal goods)", add label define ibsoc 851 label define ibsoc 859 "Other assemblers/lineworkers nec", add label define jbsoc 860 "Inspectors, viewers & testers (metal & electrical goods)", add label define jbsoc 861 "Inspectors, viewers, testers & examiners (other manufactured goods)", add label define jbsoc 862 "Packers, bottlers, canners, fillers", add label define jbsoc 863 "Weighers, graders, sorters", add label define jbsoc 864 "Routine laboratory testers", add "Other routine process operatives nec", add label define jbsoc 869 label define jbsoc 870 "Bus inspectors", add label define jbsoc 871 "Road transport depot inspectors & related occupations", add label define jbsoc 872 "Drivers of road goods vehicles", add label define jbsoc 873 "Bus & coach drivers", add label define jbsoc 874 "Taxi, cab drivers & chauffeurs", add label define jbsoc 875 "Bus conductors", add label define ibsoc 880 "Seafarers (merchant navy); barge, lighter & boat operatives", add label define jbsoc 881 "Rail transport inspectors, supervisors & guards", add label define jbsoc 882 "Rail engine drivers & assistants", add "Rail signal operatives & crossing keepers", add label define jbsoc 883 label define jbsoc 884 "Shunters & points operatives", add label define jbsoc 885 "Mechanical plant drivers & operatives (earth moving & civil engineering)", add "Crane drivers", add label define jbsoc 886 "Fork lift & mechanical truck drivers", add label define jbsoc 887 label define jbsoc 889 "Other transport & machinery operatives nec", add "Washers, screeners & crushers in mines & guarries", add label define jbsoc 890 label define jbsoc 891 "Printing machine minders & assistants", add label define jbsoc 892 "Water & sewerage plant attendants", add label define jbsoc 893 "Electrical, energy, boiler & related plant operatives & attendants", add label define jbsoc 894 "Oilers, greasers, lubricators", add label define jbsoc 895 "Mains & service pipe layers, pipe jointers", add label define jbsoc 896 "Construction & related operatives", add label define jbsoc 897 "Woodworking machine operatives", add "Mine (excluding coal) & quarry workers", add label define jbsoc 898 label define jbsoc 899 "Other plant & machine operatives nec", add label define ibsoc 900 "Farm workers", add label define jbsoc 901 "Agricultural machinery drivers & operatives", add label define jbsoc 902 "All other occupations in farming & related", add label define jbsoc 903 "Fishing & related workers", add label define jbsoc 904 "Forestry workers", add label define jbsoc 910 "Coal mine labourers", add label define ibsoc 911 "Labourers in foundries", add label define jbsoc 912 "Labourers in engineering 7 allied trades", add label define jbsoc 913 "Mates to metal/electrical & related fitters", add

label define jbsoc 919 "Other labourers in making & processing industries nec", add label define jbsoc 920 "Mates to woodworking trades workers", add label define jbsoc 921 "Mates to building trades workers", add label define ibsoc 922 "Rail construction & maintenance workers", add label define jbsoc 923 "Road construction & maintenance workers", add label define jbsoc 924 "Paviors, kerb layers", add label define jbsoc 929 "Other building & civil engineering labourers nec", add label define jbsoc 930 "Stevedores, dockers", add "Goods porters", add label define jbsoc 931 "Slingers", add label define ibsoc 932 label define jbsoc 933 "Refuse & salvage collectors", add "Driver's mates", add label define jbsoc 934 label define jbsoc 940 "Postal workers, mail sorters", add label define jbsoc 941 "Messengers, couriers", add "Hospital porters", add label define jbsoc 950 label define jbsoc 951 "Hotel porters", add label define jbsoc 952 "Kitchen porters, hands", add label define jbsoc 953 "Counterhands, catering assistants", add "Shelf fillers", add label define jbsoc 954 "Lift & car park attendants", add label define jbsoc 955 "Window cleaners", add label define jbsoc 956 "Road sweepers", add label define jbsoc 957 "Cleaners, domestics", add label define jbsoc 958 "Other occupations in sales & services nec", add label define jbsoc 959 "All other labourers & related workers", add label define jbsoc 990 label define jbsoc 999 "All others in miscellaneous occupations nec", add

Appendix C5a: Some other Determinants of self-employment survival

a. Individual characteristics

The entrepreneurship literature emphasises the importance of individual characteristics on self-employment survival given that the individuals' personal traits dictate their coordination, risk-taking, and innovative capabilities (McClelland, 1987; Caliendo, Fossen and Kritikos, 2010; Caliendo, Fossen and Kritikos, 2011). Also important are the socio-demographic attributes of the individual. Empirical studies have highlighted that the failure or otherwise of self-employment ventures is attributable to personal deficiencies of the founder (self-employed) in the above variables as well as managerial incompetence. In spite of the objections to personality based perspectives of entrepreneurial survival (Aldrich and Zimmer, 1986, pp.14-15), and the argument that "modern organisational sociology accentuates the structural characteristics of organisations and environmental conditions, not the attributes of individuals" (Brüderl, Preisendörfer and Ziegler, 1992, p. 228), founders' characteristics do matter in venture survival because newly founded businesses are usually small and individuals have direct personal contacts with every aspects of the venture (Brüderl, Preisendörfer and Ziegler, 1992). These corroborate the importance of individual personal characteristics in the entrepreneurial survival.

b. Self-employment duration

The first factor of interest affecting entrepreneurship survival is the duration. Entrepreneurship studies have shown that an inverse relationship exist between exit rate and self-employment duration - that is, the hazard rate declines with the duration of self-employment, suggesting that the more the period of time an entrepreneur spends in the state the less likely it becomes to exit entrepreneurship (Brüderl, Preisendörfer and Ziegler, 1992; Georgellis, Sessions and Tsitsianis, 2007; Haapanen and Tervo, 2009). This finding is explained by several arguments. First, except for some petty self-employment ventures like sole trading, which requires little capital and can be started within a short time, the establishment and mastery of entrepreneurial activities often requires time to accomplish. Such entrepreneurial activities like building business reputation, customer base and gaining stakeholders' confidence are time dependent to the extent that the longer the relationship the stronger it becomes. Second, individual entrepreneurial skills improvement is positively related with employment experience which itself is a function of time. Further, self-employment exit may also decrease because the status might be the only available option for the individuals due to lack or inadequate qualification for paid employment, or stigma of unemployment (see. Cueto and Mato, 2006).

c. Human Capital Theory

Human capital relates to the intrinsic qualities (Knowledge, education, skills, and experience) of individuals and predicts that investments in its variables enhance cognitive abilities and subsequently result in more productive and efficient behaviours (Hessels *et al.*, 2011). Empirical research has linked human capital (entrepreneurs' education, career history, experience, occupational background, family history etc.) concept to entrepreneurial survival chances. Considering the plausibility of arguments that high human capital endowment of business founders improves organisation survival (Bates, 1990), an explanation of the ways by which human capital improves self-employment success and survival is appropriate. Brüderl, Preisendörfer, and Ziegler (1992) argue that the synergistic effect of greater human capital increases business process efficiency leading to increased productivity thus resulting to increased revenue and profits. The resulting entrepreneurial efficiency (in its entire ramification) enables the entrepreneurs to appeal to broader spectrum of customers, building greater customer base as a result thereby expectedly enhancing profitability. Since investors and stakeholders (governments, banks, and financial institutions) assess and/or evaluate entrepreneurial prospect based on human capital of entrepreneurs, the provision of new capital and funding may become available. The resulting effects of both increased customer base and funding increase survival or decrease exit rates of self-employed entrepreneurial ventures.¹⁵ Further, greater human capital puts considerable amount of information and knowledge (business sense) at the disposal of entrepreneurs who possess them thereby enhancing their venture sustainability. For instance, possessing market knowledge could enhance the prospect of detecting lucrative niche market, while relevant information could lead to procurement of production inputs at competitive prices, both of which facilitate overall entrepreneurial competitiveness and survival. In adapting human capital to selfemployment, industry-specific human capital is distinguished from entrepreneurspecific human capital (Preisendörfer and Voss, 1990). The former relates to human capital specific to a particular industry e.g. skills, and experience which "yield knowledge about profitable niches and increase productivity", the latter refers to individual human capital attributes that distinguish one entrepreneur from another. E.g. individual self-employment experiences, leadership experience etc. (Brüderl, Preisendörfer and Ziegler, 1992, p. 229). The focus of this study (self-employment survival) justifies analysing entrepreneur-specific human capital.

d. Previous Experience

According to dynamic selection theory, entrepreneurs learn about their abilities over time through engaging in entrepreneurship (Jovanovic, 1982) suggesting that

¹⁵ I am aware of evidence showing that some individuals are pulled to self-employment by intrinsic motivational factors, job satisfaction particularly resulting from variables like independence and autonomy, flexibility etc.

previous self-employment experience indicates process of accumulating business prowess (Millán, Congregado and Román, 2012). Empirical evidence has shown that previous self-employment experience enhances new entrepreneurship survival chances. Brüderl, Preisendörfer and Ziegler (1992) posit that the knowledge and experience gained in previous self-employment experiences, successful or otherwise, could be an 'eye opener' and preparation for subsequent entrepreneurial engagement, and find that prior "work experience of founders significantly improve the survival chances of new business." They further argue that the overall effect of work experience is nonlinear, suggesting the existence of a concave relationship between work experience and business survival chances. Similarly, investigating how recent entrepreneurial exit relates to subsequent (re)engagement, Hessels et al. (2011) find that positive relationship exists between entrepreneurial exits and (re)engagement. They conclude that people who recently exit self-employment (with some experience) often indicate having relevant self-employment skill and opportunities than those who did not experience exit, and that exit experience increases entrepreneurial ability. Further evidence show that previous (pre-entry) experience in the industry has large and persistent effects on survival (Thompson, 2005). More specifically, evidence shows that individual with previous self-employment experience are less likely to fail (Georgellis, Sessions and Tsitsianis, 2007). Millán, Congregado, and Román (2012) find similar result showing that previous self-employment experience has a strong positive influence on survival, whatever the hazard considered. Regarding previous paid employment experience, more labour experience which enhances human capital may increase self-employment survival rate (Georgellis, Sessions and Tsitsianis, 2007; Millán, Congregado and Román, 2012). However, the improvement in human capital through labour market experiences opens individual to more favourable options within the labour market and increases labour market probability compared to selfemployment, considering the associated risks, thereby increasing the chances of paid employee status. Consequently, Georgellis, Sessions, and Tsitsianis (2007) argue that previous paid work experience and a self-employment spell might lead to higher earnings prospects, which increase self-employment exits probability. Thus, the effect of wage employment experience is a 'two-edge sword'. While significantly influencing exit rate to salaried employment on one hand, it also positively influence retention rate. Although, these studies show some relations between previous employment and entrepreneurial survival, no relationship between entrepreneurial experience and survival was observed in some other studies (Brüderl, Preisendörfer and Ziegler, 1992; Cooper et al., 1992; Gimeno et al., 1997), whereas Haapanen and Tervo (2009) find self-employment experience has negative significant effect on selfemployment duration. Lastly, previous evidence shows that unemployment or economic inactivity experience is also influential. Entering self-employment from unemployment state increases the probabilities of transiting to either salaried employment or reverting to unemployment (Georgellis, Sessions and Tsitsianis, 2007; Millán, Congregado and Román, 2012). Millán, Congregado and Román (2012) posit that this finding portrays self-employment as a state of last resort for low-skilled individuals considering that some self-employment ventures could be undertaken with little or no experience, and the individual will learn on-the-job as time goes by. However, the possibilities of transiting from self-employment decreases if the individual enjoyed previous self-employment (Georgellis, Sessions and Tsitsianis, 2007) because the individual would prefer to retain the status, perhaps, due to the associated and inherent characteristics of self-employment, which boost job satisfaction.

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e. Leadership Experience

Leadership experience, which refers to "the experience in managing and directing employees" (Brüderl, Preisendörfer and Ziegler, 1992, p. 229) improves entrepreneurial quality. Empirically, leadership experience is measured based on number of employees an entrepreneur manages or directs. A negative effect on the hazard rate is usually expected i.e. entrepreneur with more employees should be faced with reduced risk because larger workforce increases firm size and the firm approaches the higher efficiency level, or because the marginal productivity or efficiency of the each employee moves the venture more towards profitability hence, survival. Several studies linked leadership experience with entrepreneurial survival and show that having employees makes coping with entrepreneurship situation easier thereby increasing entrepreneurial survival rates. In a study investigating pecuniary and nonpecuniary effects on self-employment survival using the BHPS data, Georgellis, Sessions and Tsitsianis (2007) find that relative to own account workers (selfemployed working alone), entrepreneurs who create jobs by hiring employees are significantly less likely to fail. This finding is consistent with the finding that individuals with higher number of employees are more likely to survive in selfemployment (Brüderl, Preisendörfer and Ziegler, 1992; Gimeno et al., 1997). However, in a study of business start-ups by the unemployed using German data (Pfeiffer and Reize, 2000), findings show that initial number of employees which measures company size has no measurable effects on survival chances, whereas another study using Italian dataset (Monte and Scalera, 2001) observe a negative relationship between firm size and venture life duration.

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f. Parental Self-employment

Ample empirical evidence exists in the literature relating parental selfemployment to business start-ups and survival. An overview of the literature justifies parental self-employment as an entrepreneur-specific human capital determining selfemployment survival. An explicit connection between parental self-employment and business success was drawn and concluded that founders whose parents were entrepreneurs themselves are more likely to run successful businesses (Laband and Lentz, 1985). This is because "children of entrepreneurs often have access to their parents' workplaces from childhood on, acquiring entrepreneurial qualifications (or skills) as an offshoot of everyday interactions. Self-employed parents also serve as role models (as) children may learn how to efficiently manage businesses from them" (Brüderl, Preisendörfer and Ziegler, 1992, p. 229). Similarly, intergenerational links generate "positive role model, personal contacts, and community effects that provide access to market information, and ... social norms that reinforce productive behaviours" (Georgellis, Sessions and Tsitsianis, 2005, p. 58) which are vital to business survival. Contrarily, evidence from investigating the determinants of transition out of selfemployment across racial lines finds that having a self-employed father is an insignificant predictor of transition from self-employment for white individuals but the coefficient is negative and significant for black self-employed individuals (Fairlie, 2005). These arguments suggest that evidence regarding this variable is mixed.

g. Individual's Optimism Level

Literature evidence suggests that people switch to self-employment because of anticipated increased job satisfaction informed by some other (intrinsic and extrinsic) factors. These anticipated benefits inherent in self-employment push or pull individuals to self-employment, but many new ventures under-perform throughout their life-cycle (Gimeno et al., 1997) or cease trading shortly after start-ups (Storey, 2011). Although other factors may account for exit shortly after venture start-up, a major factor is over-confidence or unrealistic optimism, i.e. under-estimation of the variability of outcomes and over-estimation of probability of success (Parker, 2009). Explaining high rate of new business and self-employment failure/exit, it was argued that "those who aspire to be self-employed by over-estimating their chances of success coupled with limited information... make negative expected returns, leading in turn to high exit rates" (Dawson and Henley, 2012, p. 2). This is consistent with Georgellis, Sessions and Tsitsianis' (2007) finding that people who quit their previous jobs to enter self-employment thinking it is a better state are more likely to quit self-employment because they were perhaps over-optimistic about the financial and non-financial prospects of entrepreneurship. Furthermore, their entrepreneurial exploit might be curtailed by the 'honey-hangover' effect, which sets in as the reality of the job dawn on them (See: Chapter 3 above). Researcher also argue that entrepreneurs seem to be driven by wishful thinking quite often, and like employees, are over-optimistic (Arabsheibani et al., 2000), thus exhibiting behaviour which significantly increases the exit rate by some 25% for both genders Georgellis, Sessions and Tsitsianis (2007). Further, experimental research argues that experimental subject rated their own chances to be above average for positive events, and below average for negative events (Weinstein, 1980). Therefore, taking self-employment (transition) experience as a positive event might lead self-employed entrepreneurs to rate their survival chances above average thereby becoming over-optimistic about the event believing it is under their control (Taylor and Brown, 1988), perceiving a degree of ability to control the event or engaging in advance planning (Cassar, 2010). According to Dawson and Henley (2012, p.3), "optimism tend to be highest when the chances of success are uncertain, when outcomes are under the individuals control, when they are subject to

the perceptions about ability and skill, and when the individual has emotional commitment to the outcome" and argue that "the odd of success for the self-employed may be uncertain but outcomes are perceived as under individual control" thereby making over-optimism to flourish. That the self-employed are found to over-estimate future sales and employment (Cassar, 2010) suggests that they are prone to cognitive bias (Busenitz and Barney, 1997) and corroborates Dawson and Henley's argument. Given the assumption that achievement of wider goal is conditional on achieving some level of financial performance, Dawson and Henley (2012) used financial expectations and outcome data to investigate self-employment optimism effect on exit. They find that over-optimistic individuals exit self-employment at a higher and faster rate over the observation period. Specifically, they show that only 29% of one-off self-employment survives four or more years owing to 34% of entrant into self-employment making optimistic financial forecast error; and almost twice as many one-off entrants make highest optimistic forecast error of which 77% leave self-employment within four years of entry compared to 68% of other groups.