



Racing to get self-employed? Life history models and self-employment

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ABSTRACT

Entrepreneurship research has shown that self-employment is a result of individual, environmental, and social factors, however, there is a limited understanding of whether the extent of coalescence of these factors over time is associated with self-employment. Using Life History Theory, we examine whether a single Super-K factor, encompassing general health, social relationships, and general personality factors, is related to self-employment. Results indicate that the Super-K factor is positively associated with the likelihood of self-employment, and that self-employment partially mediates the path between Super-K and income. However, the effect size is small, but not negligible, for the likelihood of self-employment. Our results also indicate the negligible overarching role of life time accumulation of health, social relationships, and personality on income through self-employment.

1. Introduction

Scholarly research has long been interested in individual (e.g. personality), contextual (e.g., social relationships), and well-being (e.g., health) factors that can influence whether or not individuals choose to pursue entrepreneurial activities. Prior research has uncovered a wide range of cognitive (De Carolis and Saporito, 2006; Hmieleski and Baron, 2008), psychological (Baron et al., 2016; Ekelund et al., 2005), and environmental (Bates, 1995; Welter, 2011) factors that can substantially affect both the likelihood that individuals will engage in self-employment, as well as the success they might experience as a result of such endeavors. Evidence suggests that indeed factors ranging from hormone levels (Bönte et al., 2015; Greene et al., 2014) to genetic variations (Nicolaou and Shane, 2009; Nicolaou et al., 2011) could play an important role in determining the likelihood that individuals will pursue self-employment as an occupational choice. While it is a foregone conclusion that no single factor could explain self-employment choice or success, it seems that the next step for the literature could be to consider a combination of these factors to develop a richer understanding of the interplay among these elements and how this interplay relates to the entrepreneurial process.

As such, the life history strategy that individuals develop can help to effectively predict a considerable number of important outcomes. Life History Theory (LHT), is a “mid-level theory from evolutionary biology that describes the strategic allocation of bioenergetic and material resources among different components of fitness” (Figueredo et al., 2006:244). LHT predicts that a substantial amount of individual variance in a wide range of behavioral and cognitive factors can be explained by a single, underlying factor (Figueredo et al., 2005). Interestingly, evidence indicates that indeed there is a single, latent factor (K-factor) underlying individual differences in life history strategies, and that this factor accounts for substantial variation in a wide range of otherwise unrelated individual outcomes and behaviors (Figueredo et al., 2014b; Sherman et al., 2013). Furthermore, recent research has

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expanded on the K-factor, incorporating key measures of covitality (i.e. general mental and physical health and well-being) and personality (i.e. Big Five personality factors) to form a Super-K construct that has been found to have substantial associations with a wide variety of cognitive, attitudinal, and behavioral outcomes (Figueredo et al., 2007). Those with “slow” life histories are considerate, kind, hard-working, and reliable, but also socially awkward, insecure, and over-controlling. Conversely, those with “fast” life histories are more apt to exhibit greater social skills and be viewed as eloquent and charming, but also are more likely to be unpredictable, impulsive, and manipulative (Griskevicius et al., 2011). Extending the differences in slow and fast life histories to self-employment, it is possible that one trajectory could be more closely related with self-employment than the other.

In completing the first study on life-history models in entrepreneurship research, we ask: (i) is the Super-K factor positively associated with self-employment; and (ii) whether self-employment mediates the influence of Super-K on income? In answering these research questions, we make several contributions to the existing literature. First, despite the calls for understanding the life-cycle conditions influencing self-employment, the cumulative resources and experiences at a particular life stage is also an important piece of the puzzle. Our results suggest that indeed a single, underlying latent factor (i.e. Super-K), is significantly related to both the likelihood that individuals will engage in self-employment, and the partial mediation effect of Super-K on income through self-employment. However, it should be noted that the effect size of the relationship between Super-K and the likelihood of self-employment is small, and the mediation effect of Super-K on income through self-employment is negligible.

Second, whereas most prior research on the biological influences of self-employment have focused on specific hormonal or genetic factors (Van der Loos et al., 2013a; White et al., 2006), we present evidence for the importance of a broad scope construct (i.e. Super-K) in determining specific outcomes with regards to self-employment. Third, studies have shown that while self-employed individuals have higher job satisfaction, they tend to experience lower income. The Super-K factor represents a culmination of the “all roundedness” necessary to be self-employed. As such, it is possible that individuals with specific characteristics (i.e. Super-K scores) will be uniquely suited to excel in self-employment contexts. Interestingly, while we postulated a positive association between Super-K scores and income, as mediated by self-employment, our results indicate that higher Super-K factor does not seem to be practically meaningful in explaining why some self-employed individuals have higher income than others.

Finally, in completing our study we contribute back to research on LHT. Even though evidence indicates that the Super-K factor is related to a wide array of important life outcomes and events ranging from psychosocial development (Dunkel et al., 2012) to gender differences (Kenrick and Luce, 2000) and social behaviors (Figueredo et al., 2006), our study suggests that the effect of the Super-K factor on self-employment is small, and its effect on income through self-employment is negligible. In the pages that follow, we first describe the theoretical foundation of our model. We then follow up with a description of our research method, the results, and a discussion of our findings.

1.1. Theory and hypotheses

Scholars have long sought to uncover the factors that substantially influence the entrepreneurial process. Prior findings have uncovered a multitude of various cognitive (Baron, 2004), social (Davidsson and Honig, 2003), and environmental (Atuahene-Gima and Ko, 2001) elements that can all play a role in the entrepreneurial process. Despite the fact that evidence has shown that elements such as IQ (Vinogradov and Kolvereid, 2010) and personality (Singh and DeNoble, 2003) can factor into self-employment, there remains a considerable amount of variance left unaccounted for within this process. Research on the “jack-of-all-trades” perspective of self-employment has found that general cognitive ability is positively related to both the likelihood individuals will engage in self-employment as well as the income that self-employed individuals can obtain (Hartog et al., 2010). However, it has been suggested that “education and general intelligence variables have mixed performance in determining self-employment...which suggests that either (intelligence) is not a major determinant of the self-employment decision, or that its influence is more appropriately captured using other variables” (Le, 1999:387). Additionally, in meta-analyses of the link between personality traits and entrepreneurial intentions and performance, Zhao and colleagues found that the relationship between these variables was “moderate” at best (Zhao and Seibert, 2006; Zhao et al., 2010). Even in studies that focus on the association between personality and self-employment, it is often noted that there are significant interactions between personality and other key factors that can influence the self-employment process (Singh and DeNoble, 2003). As such, it is imperative that we look to alternative perspectives that consider the potential cumulative effects that these individual aspects might have on individuals who are self-employed, in order to gain additional insight into these processes.

There have been several competing theoretical views in regards to how individual and developmental factors can contribute to the key decisions that individuals make throughout their lifetimes. For instance, ecological causation theory focuses on how environmental factors can specifically influence life histories and trajectories (Pianka, 2011), and social privilege theory posits that differences in life history traits are due to variations in social advantages that individuals experience during their lives (Gottfredson, 2004). Conversely, the study of behavioral genetics predicts that parents pass along key genetic factors that predispose their offspring towards specific life strategies (Rowe, 2000). While research focusing specifically on either the individual internal or external environmental factors that influence self-employment has provided key insights, there remains a relative paucity of research into how the interaction between individual and environmental factors is related to the self-employment process.

It has been suggested that individual life strategies are a function of both demographic selection as well as the manner in which environmental effects are manifested (Reznick et al., 2002), and that certain environments can favor the development of individuals with specific traits (Geary, 2005). As such, the choice of self-employment as an occupation, and ultimately the success of individuals who pursue this career as a component to their overall life strategy, is likely a result of a complex combination of internal and external factors. Indeed, Life History Theory (LHT) predicts that family structure, social behavior, and personality will all be interrelated to produce and overarching life history strategy (Thornhill and Palmer, 2004). Furthermore, LHT predicts that a substantial amount of

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