

2020

36th IARIW General Conference

Paper Prepared for the 36th IARIW General Conference, Oslo, Norway, August 24-28, 2020

Making the Grade? The Cognitive and Non-cognitive Antecedents of Self-Employment

Andrew Clark

Anthony Lepinteur

We here use the employment-history data from the British Cohort Study to investigate the causes and consequences of self-employment experience. Diary data record all experiences of self-employment between the age at which the individual left full-time education up to age 30. Around 14% of BCS respondents were self-employed at some point over this period. The percentage of time self-employed is negatively correlated with current life satisfaction. We understand this better by splitting self-employment experience into finished and ongoing experiences: the negative correlation with life satisfaction comes from finished SE experiences. Interaction analyses show that those who suffer more from their own finished self-employment experience grew up in richer households and where the father was himself self-employed; and the positive effect of own ongoing self-employment is larger for those with a self-employed father. We can also use the cohort data to examine the childhood determinants of adult self-employment. We find that none of behavior and emotional health matter, but that intellectual performance at age 16 is associated with less self-employment, and especially finished experiences. With respect to family background, parental income is associated with more finished self-employment spells, while parental education and parental self-employment are both associated with greater ongoing self-employment.