A Tale of Tightrope Artists: How and When Side Ventures Help Careers

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Have you ever wondered if it would help or hurt your career to start a side venture? Approximately forty percent of entrepreneurs have paying “day jobs” on top of their ventures, and many aspire to achieve more in these day jobs after their ventures launch. For example, many schoolteachers run tutoring ventures on the weekends without leaving their public-school students behind. These part-time entrepreneurs often balance employment and self-employment for years at a time, attempting to advance both sides of their dual career in a vocational tightrope act. Research shows that part-time entrepreneurs often make effective founders, but it is unclear how their side ventures influence the employed side of their career, especially when they have to look for new employers. In an effort to understand this, my coauthors and I studied how job applicants with side ventures are perceived by hiring managers and, ultimately, how these perceptions impact their careers.

There are several reasons why an employer might be hesitant to hire a worker with a side venture. For starters, the side venture may be a red flag that the worker does not plan to stick to an employer for very long. Additionally, a hiring organization may think they won’t be able to keep an entrepreneur’s full attention, or worse, that they will steal time on the clock to work on their side hustle. But there are also reasons to favor hiring a part-time entrepreneur over other candidates. Entrepreneurs develop broad and unique skills while running their ventures, because they are responsible for almost everything. Moreover, most outside observers assume entrepreneurs are proactive and willing to learn (even if this is not always the case), making them very attractive potential hires.

To see whether hiring managers weigh the benefits or drawbacks to hiring part-time entrepreneurs more heavily, my coauthors and I conducted an experiment. We randomly assigned over 250 real hiring managers to evaluate the résumé of a job applicant before rendering a verdict on whether they should be invited to interview. Those assigned to the résumé of a part-time entrepreneur rated their potential performance as higher than those assigned to regular employees or former full-time entrepreneurs, suggesting that part-time entrepreneurship offered an advantage. Moreover, the hiring managers did not see the part-time entrepreneurs as less committal or more likely to quit if hired. However, we did find that part-time entrepreneurs’ advantage in performance declined when the manager deemed the job they were hiring for to provide a great deal of autonomy – suggesting that they were concerned about part-time entrepreneurs misusing company resources if given too long a leash.

To confirm our findings, we used career history data from the British Household Panel Study, a representative study of the UK conducted from 1991 to 2009, to test whether hiring managers’ perceptions of part-time entrepreneurs translated into real career advancement when they changed employers. We found that the average part-time entrepreneur improved their yearly pay by roughly $1,100 dollars (exchanged and adjusting for inflation, in 2022 USD) more when they changed employers than the average employee, supporting our previous conclusion that engaging in part-time entrepreneurship benefitted applicants. Like in the experiment, this effect diminished greatly for those who took jobs that provide considerable autonomy.

On the whole, our study suggests that part-time entrepreneurs are effective when they seek to advance their careers as employees. But before you run out and start a venture in hopes of getting
a raise, there are some caveats to consider. Part-time entrepreneurs’ advantage only holds for jobs with moderate-to-low autonomy, so starting a venture may not be advisable for workers who wish to advance in high-autonomy jobs like management. Moreover, we asked a subset of hiring managers in our experiment whether they would prefer to condition an employment offer on the entrepreneur giving up their venture, and nearly 80% said that they would – so don’t be surprised if an employer tries to negotiate you out of the venture you started. All this said, in a workforce increasingly defined by mobility and side-hustles, our findings are encouraging for those who seek to advance their careers through entrepreneurial initiatives without compromising the stability afforded by paying work.

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