5 The career of the freelancer

In past times, a career typically involved a person working in one or two firms and progressing vertically, and in a linear fashion.[14] The lifelong career of the 20th century is becoming rare, though. In the 21st century the responsibility for the career resides within the individual (Arnold, 2001) and transcends any employer (Arthur, Khapova and Wilderom, 2005). The individual sets his/her career goals, collects information and plans and acts in a complex environment to achieve their career goals (Raabe, Frese and Beehr, 2007). Perhaps the role of the organization is not over (Lips-Wiersma, 2007), but it is without any question that the individual increasingly plays the lead role in the career game (Graeme, 2006). This observed change in career roles has resulted in new career theories in the last decades, where the individual instead of the organization determines the career path.

5.1 Career theory

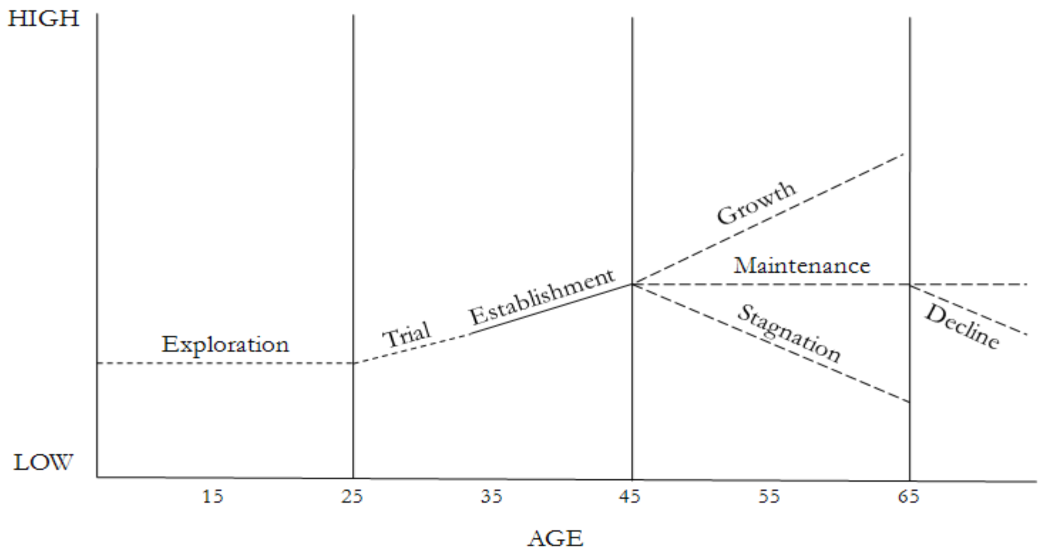
5.1.1 Traditional career theories

Traditional career theory (Super, 1975 and Super and Hall, 1978) is related to Levinson's model of life stages. Super's theory of career stages describes how individuals see themselves through occupational choices. Super argued that this view of individuals upon themselves developed over time and can be summarized as occurring in four career stages (see Figure 9). Stage one involves exploration and takes place throughout schooling when different career alternatives are considered. Stage two happens when the career is in the early stages of establishment. This stage begins in the first job. Stage three involves maintenance and consolidation. Here the individual holds onto his/her position and is continuously updating his/her skills. Stage four involved preparation for disengagement from the workforce. This last stage entails disentangling from the job and organization and phasing into retirement. According to Super and Hall a defining moment in the career occurs around the age of 40. After this point, there is continued growth and advancement for some, maintenance and career plateaus for others, and obsolescence, stagnation, and career decline for a third group. The career phase theory of Super and others has received enormous criticism as it lacked empirical validation, but has been used in organizational practice extensively. Nowadays, traditional career theories have been called into question, as they do not accommodate

[14] An established definition of 'career' is 'the unfolding sequence of a person's work experiences over time' (Arthur et al., 2005).

the dynamics of new working practices and do not seem applicable to the careers of non-standard workers.

Figure 9: Super and Hall career stages



Source: Super and Hall (1975)

In line with these traditional career models of continuous career growth, the Peter Principle (Peter, 1969) is well known; *"In a hierarchy every employee tends to rise to his level of incompetence"*. Members of a hierarchical organization are eventually promoted to their highest level of competence, after which further promotion raises them to a level at which they may become incompetent. Such a level is called the employee's level of incompetence, at which the employee has a dismal or no chance at all of being promoted any further, thus achieving the ceiling of his or her career growth within a given organization. Although the Peter Principle is often dismissed as a mere joke, it is not totally nonsense as Lazear (2003) shows that productivity of individuals does decline after promotion.

5.1.2 The protean career of Hall

In the last decades, traditional career theory has been replaced by new views. Recent reformulations of career theory presuppose life course transitions, that are multiple and iterative with an emphasis on continuous learning instead of chronological age. Hall (1976) was the first to describe the shift from *´organizational careers´* to *´protean careers´* that are managed by the person, not the single organization. Another characteristic of these new careers is the succession of short-cycle learning stages, as employees move in and out of several environments. In a more recent reformulation of the protean career model, Briscoe and Hall (2002) have characterized the protean career as a value-driven and self-directed attitude towards career management. Individuals who hold protean career attitudes are intent upon using their own values (versus organizational values) to guide their careers and take an independent self-directed role in managing their careers. An important feature of the protean career is the sequential process of: 1) change, 2) adjustment and learning (which typically takes 18 months), 3) success, and 4) disaffection and disharmony. This cycle returns regardless of age. These phases can also occur within one job, if the responsibilities and activities change significantly over time. It is clear that in such a world there is a central role for continuous learning. The career becomes *"a series of lifelong work related experiences and personal learnings"* (Hall, 1996, p. 1).

5.1.3 The boundaryless career of Arthur and DeFillippi

The most influential career theory in the last decades is the boundaryless career theory developed by Arthur and DeFillippi (1994). A person with a boundaryless career focuses on crossing career borders; he or she is not dependent on organizational promotions and career paths, but navigates the continuously changing work landscape (Sullivan and Arthur, 2006). Career development in boundaryless careers is more cyclical, with periodical cycles of new skill development, than career development in traditional careers, which emphasized career stages and ladders. Moreover, the flattening of organizations makes a career less likely. The term boundaryless refers to the fact that the organizational boundaries are becoming less important. Boundaries can be seen as any imperfection in the free and unfettered flow of labor (Gunz, 2000). Table 11 shows the major differences between boundaryless and traditional careers.

Table 11: Comparison of traditional and boundaryless careers

Attribute	Traditional Career	Boundaryless Career
Employment relationship	Job security for loyalty	Employability for performance and flexibility
Boundaries	One or two firms	Multiple firms
Skills	Firm specific	Transferable
Measurements of success	Pay, promotion, status	Psychologically meaningful work
Responsibility for career	Organization	Individual
Training	Formal programs	On the job
Milestones	Age related	Learning related

Source: Sullivan (1999)

Arthur and DeFillipi argue that three classes of variables, referred to as career competencies, predict career success in the boundaryless career world. The roots of the Arthur and DeFillipi's career competence thinking lie firmly in organizational theories on firm success. Their thinking was based on earlier work on firm competencies and their strategic and competitive implications (Hall, 1992). The first career competence of Arthur and DeFillipi's is **Know why** and refers to career motivation, personal meaning and identification. This competency is associated with an individual's capability to understand oneself, to explore different possibilities and to adapt to constantly changing work situations. The second career competence is **Know how** and reflects career-relevant skills and job-related knowledge. It relates closely to established ideas on individual knowledge, skills and abilities (Schneider and Konz, 1989). The third, **Know-whom** competence reveals relevant personal and business networks. This refers to career-related networks and contacts, including business relationships and personal connections (Parker and Arthur, 2000).

While there is some overlap between the protean and the boundaryless career, Briscoe and Hall (2006) demonstrate that protean and boundaryless careers are independent, even if related constructs. That is, a person can display protean attitudes and make independent, inner-directed choices, yet not prefer cross boundary efforts. In comparison, a person could embrace a boundaryless mindset, yet rely on one organization to develop and foster his or her career. According to Briscoe and Hall; there are two determinants for a protean career attitude: 1) a self-directed career management mind-set and a 2) values-driven career mind-set. There are also two determinants for a boundaryless career attitude: 1) one's general attitude to working across organizational boundaries and 2) the strength of interest in remaining with a single (or multiple) employer(s). The researchers show in an empirical study, using different scales representing those 4 factors that the protean and boundary less career attitudes are distinct yet correlated factors. In their study, senior executives demonstrated relatively higher protean attitudes and a boundary less mindset, but a lower mobility preference. This underscores the point that mobility should not be used as the primary proxy for either type of career attitude. Briscoe and Hall (2006) construct eight possible combinations of individuals based on the 4 career dimensions (2 boundaryless and 2 protean). They suggest that this typology might help career counselors in recognizing their clients' specific challenges and further career opportunities.

In recent years, many authors have critiqued the boundary less career model. A first point of criticism (Pringle, 2003; Dany, Mallon and Arthur, 2003) is that the boundary less career theory focuses too much on the role of the individual and does not give enough attention to the social context in which the individual operates. This critiques stresses that the career resides in a multidimensional dynamic environment. It also contends that the boundary less career theory lacks well-defined concepts and instruments to study this complex, dynamic and indeed changing concept of the career. A second point of criticism is the lack of good empirical papers on the boundary less career, where the interaction between social and organizational context and choices of the individual are modeled and researched. Sullivan (1999) reports that the traditional career model still dominates the empirical research agenda despite environmental and organizational changes. A third important point of criticism (Lips-Wiersma, 2007; Dany, 2003) points out that the role of the organization is still very much crucial for the individual career. Organizational career boundaries still exist and organizational career management practices still determine individuals' careers as they limit individuals' career opportunities and serve as benchmarks for making sense of career. Even in Anglo-Saxon countries the traditional career has not disappeared (Jacoby, 1999). The company-(wo)man with the lifelong firm career is still very much alive and kicking, in most large organizations.

5.1.4 The portfolio career of Handy

Lately several authors (e.g. Barley and Kunda, 2002, 2004; Connoly, 2004; Quinlan and Bohle, 2004; Kirkpatrick, 2006) have argued that a new type of employee is gradually emerging in Canada, the United States, Europe, and many parts of Asia: the skilled professional that contracts his or her skills and knowledge to various individuals and organizations. Charles Handy (1985) named these employees portfolio workers, as they create a "portfolio" of work for themselves. The portfolio career is perhaps the most extreme or 'pure' appearance of the modern boundaryless career. A portfolio career is per definition boundary less, being associated with a strong mobility preference. The individual career path is not influenced by any organizational career management activities, such as: mentoring and training programs or other forms of organizational support. In this 'free' world only individual choices and market opportunities determine someone's career path and career success.

One can see that a test of Arthur and DeFillipi's career competences would be ideal in a portfolio career setting as organizational factors are of much less importance in such a world. Moreover, such a study would benefit from having more measurable variables, than there are often available in an organizational context. To see the portfolio career as a pure form of the boundary less career does also make sense from a causal point of view. The emergence of both type of careers are caused by the same motives; a greater need for organizational flexibility, the diminished importance of firm specific skills, and the advent of new technology. They are both sides of the same coin.

5.2 Career success in a job-hopping world

Career success is defined as the accumulated positive work and psychological outcomes resulting from one's work experiences (Seibert, Kraimer and Liden, 2001). According to Arthur et al. (2005), the success of any career can be evaluated in 2 fundamentally different ways. Firstly, subjectively using the individual's own view of his/her career. Secondly, objectively using publicly observable data, such as: organizational position, income and status. Measures of subjective career success are typically attitudes, emotions, and perceptions of how individuals feel about their accomplishments, rather than the objective amount of achievement. Here, researchers have examined such variables as: job satisfaction, organizational commitment, and professional identification (Hall, 1976). Measures of objective career success are typically external indicators of career advancement or the accumulation of extrinsic rewards. They include the highest level of education or hierarchical level attained, highest salary earned, rate of movement up an organizational ladder, and badges of accomplishment (e.g. professional honors). Heslin (2003, 2005) argues that the success of the career can also be evaluated by comparing self-referent measures of success with other-referent measures of success. Heslin therefore distinguishes 4 types of possible criteria to judge whether one's career is successful or not (Table 12).

Table 12: Criteria to measure career success

	Objective domain	Subjective domain
Self-referent	***Self/Objective*** *(e.g. my financial and promotion criteria)*	***Self/Subjective*** *(e.g. my goals for work-life balance)*
Other-referent	***Other/Objective*** *(e.g. pay of colleagues, social standing)*	***Other/Subjective*** | *(e.g. my stimulation relative to peers)*

Source: Heslin (2005)

Heslin claims that it is difficult to measure career success in a boundaryless career world and that the success criterion has generally been operationalized in a deficient manner. He cites Hall's (2002) suggestion that for those with a non-linear career, *'the path to the top'* has been replaced by what Herb Shepard (1984) called the '*path with a heart*'. Sheppard used this term to describe success in terms of one's unique vision and central values in life (p. 34). Heslin therefore calls on organizational scientists to use more thorough conceptualizations of career success based on self-evaluations. Researchers should strive to assess whatever career success means to the individuals and population(s) under consideration. This can be monetary rewards, but perhaps it is work-life balance, more flexibility or social recognition. He recommends to: 1) use relevant theory and research, to guide the exploration of what matters most to study participants, 2) ask the focal population how they know (or anticipate that they will judge) the extent to which their career is successful, 3) assess participants on, for instance, the 7–10 criteria they identify as most salient, and 4) ensure that each criterion assessed (e.g., promotions relative to peers) is valued and relevant to those surveyed.

5.2.1 An overview of the career success literature

Lately two important papers were published reviewing the current status of career success research and the factors determining success: Ng, Eby, Sorensen and Feldman (2005) and Arthur et al. (2005). Ng et al. provide a comprehensive meta-analysis using 140 scientific studies since 1980. The goal of this meta study was to give an overview of the predictors of both objective and subjective career success, and to shed light on the ongoing debate on the importance of the contest-mobility perspective versus the sponsored-mobility perspective (Turner, 1960). A contest- mobility system reflects the central belief that all people can compete for upward mobility. It suggests that what makes the greatest difference in getting ahead in an organization is performance. One can only get ahead on the basis of one's own abilities and contributions. A sponsor-mobility system permits only those who are chosen by the powerful to obtain upward mobility. It suggests that established elites pay special attention to those members who are deemed to have high potential and then provide sponsoring activities to them. Once identified as potential elites, the chosen individuals are given favorable treatment to make them even better and differentiate them even further from the non-elite group. Using these 2 viewpoints Ng et al. recognized 4 common sets of variables which have been frequently used in research as predictors of career success: 1) human capital (e.g. tenure, experience, education), 2) organizational sponsorship (e.g. sponsorship, training opportunities), 3) socio-demographic status (age, gender, race, marital status) and 4) personality variables (e.g. Big Five personality traits, locus of control, pro-activity). They distinguished 3 measures of career success: salary and promotion (both objective measures) and one subjective measure (subjective career success).

Human capital variables demonstrated weak to moderate effect sizes on salary direction. For promotions, most meta-analytic correlations were significant, but the magnitude of the effect sizes was in general weaker than those found for salary. Job tenure was negatively related to promotion. This may well reflect the well-known Peter-principle. In terms of career satisfaction, some human capital predictors demonstrated the expected positive relationships, but others did not (job tenure, organization tenure, work experience, willingness to transfer, and international experience). The **organizational sponsorship** variables demonstrated expected but weak relationships, with salary and promotions. Regarding career satisfaction, all organizational sponsorship predictors, except organizational resources, were significant and positive, and the effect sizes were generally strong. All socio-demographic variables were significant for predicting salary and promotions. Employees reported higher salary and more promotions if they were male, married, and older. Race was a significant predictor of salary, not of promotions. Only race (i.e. white), and marital status (i.e. married) were statistically significant, but the corrected correlations were weak predictors of satisfaction. On the subject of **personality** Ng et al. predicted that conscientiousness, extraversion, pro-activity, internal locus of control, and cognitive ability, are each positively related to career success, whereas neuroticism is negatively related to career success. As expected, neuroticism was negatively correlated and conscientiousness and extraversion were positively correlated with salary, promotions and career satisfaction. Pro-activeness was significantly and positively related to subjective career success, but showed no relation with salary or promotions. Locus of control was significantly and positively related to salary and career success, but showed no relation with promotions.

Ng et al. (2005) also showed that there is a positive relation between objective and subjective career success. The correlation between salary and subjective career success was 0.30 ($p < 0.05$) and between promotions and subjective career success 0.22 ($p < 0.05$). Moreover, evidence was found for the argument that organizational sponsorship and personality have a stronger relationship with career satisfaction than with salary or promotion. Only partial support was found for the hypothesis that human capital and socio-demographic variables are more strongly related to objective career success than to subjective career success. Especially the human capital variables of work centrality and social capital were more related to subjective than objective success.

The second meta-analysis on career success was performed by Arthur et al. (2005). They analyzed 80 studies concerned with career success over the period 1992–2002. Based on their findings they argue for rapprochement between career theory and career success research in the boundaryless world. Many researchers continue to focus on career success as judged from an organizational perspective (e.g. in terms of organizational position and promotions). This seems outdated as hierarchies are continuously flattening (Littler, Wiesner and Dunford, 2003) and that external labor markets are ever increasing influence over today's employment landscape (Cappelli, 1999). They argue that there are three reasons why this rapprochement is important.

Firstly, there are conflicting arguments on the relationship between objective and subjective career success. A number of cross-sectional studies argue that objective career success affects subjective career success (e.g. Poole, Langlan-Fox and Omodei, 1993). Another group elevates the role of subjective career success over objective career success (e.g. Aryee, Chay and Tan, 1994). And yet another group insists that the subjective and objective sides of career success are interdependent (e.g. Seibert, Kramer and Crant, 2001). According to Arthur et al., career theory should enable the modeling of the dual character of career success. For example, artists who perform 'art for art's sake' (Caves, 2000) are likely to define success more in terms of the subjective gratification than in terms of objective rewards. In contrast, salespeople may be likely to define success more in terms of extrinsic than in terms of the intrinsic rewards. Career success may be expected to have both an subjective and objective aspect. Only by considering both aspects one can grasp the social processes that lie behind careers. A classical example involves the adaptation of inner-city school teachers to relatively disadvantaged situations. Instead of seeing themselves as unsuccessful because of the low-status schools in which they were employed, the teachers found subjective career success by seeing their work as socially useful, and in turn found objective career success through *'positions of influence and prestige in the informal colleague structure'* (Becker, 1952).

Secondly, most studies of career success rely on variables, such as: promotions, salary or scales of career satisfaction. However, career theory suggests that success is based on a broader range of interpretations, for example peer group assessment.

Thirdly, as the employment landscape is changing, the career should reflect the 'new deal' that views the career actor as more concerned with independent goals, rather than organizational.(Cappelli, 1999) and which involves the kind of 'meta-competencies' that allow for easier mobility between successive employers. Despite the increasing role of extra organizational support only 10 articles (15%) refer to extra-organizational support and only 7 of them (10%) explicitly study this phenomenon. Among these 7 articles, 2 focus on extra-organizational sources of mentorship, 1 article studies community ties and 3 articles examine the effects of extra-organizational developmental relationships. The remaining article studies career encouragement from colleagues and senior staff members within and outside the employee organization.

These 2 meta-analyses clearly demonstrate the lack of empirical and quantitative studies on career success in an boundaryless world setting. The most notable exception is the research of Eby, Butts and Lockwood (2003). In this study, career success of 400 alumni of a large Southern public university in the US (graduation year 1995) was measured and tested against individual career competences. This study shows that subjective career success and external marketability are related to all three of the Arthur and Defilippi's career competences: (i.e. know why, know whom, and know how). In predicting subjective career success 'know why' (personality capital) was most important, followed by 'know how' (human capital) and 'know whom' (social capital). For external marketability 'know how' (human capital) was most important, followed by 'know why' (personality capital) and 'know whom' (social capital). This suggests that 'know why' (personality capital) and 'know how' (human capital) are the most important competencies in the boundary less career world. However, one might argue that many of the alumni of this Southern university are still working in the traditional career world, and that their sample is biased towards younger individuals.

Employability can be seen as an alternative measure of career success. Employability is often defined as *"a form of work specific active adaptability that enables individuals to identify and realize career opportunities"* and enhances an individual's likelihood of gaining employment, within and between organizations. Employability is a relative concept that depends on the laws of supply and demand on the job-market . It is possible to be employable, but not be in employment. Harvey (2001) argues that the concept of employability is poorly defined and not measurable. Fugate, Kinicki and Ashforth (2004) attempt to model employability. In their model employability is determined by 4 factors: 1) career identity, 2) personal adaptability, 3) human capital, and 4) social capital. It is clear to see that Fugate's model of employability is closely related to the career competence model of DeFillipi and Arthur; social capital is connected to knowing whom, human capital to knowing how, and career identity and personal adaptability are aspects of knowing why.

5.2.2 Human capital and employee career success

Human capital refers to the stock of productive skills and technical knowledge embodied in labor. In Becker's (1964) view, human capital is similar to other means of production such as factories and machines. One can invest in human capital, and output depends partly on the rate of return on the human capital one owns. Becker distinguished between general and specific human capital. While returns to specific training can only be realized in a specific organization, general training increases the productivity of a worker in many organizations. Becker draws 2 main conclusions. Firstly, employers will share the returns and the cost of investments in firm-specific skills with their employees. Secondly, organizations will not invest in general skills due to their inability to ensure the returns from such investments. Workers will therefore have to pay the full cost of general training. Doeringer and Piore (1971) built on Becker's theory to develop their theory of internal labor markets. They argued that specific investments encourage firms to put in place institutional arrangements, designed to stabilize employment and reduce turnover. Consistent with the "firm-specific human capital" hypothesis, wages rise with tenure and the chance that a worker quits or is laid of decreases with tenure (see Anderson and Meyer, 1995).[15]

[15] This evidence does not persuade all economists that employees acquire substantial amounts of firm-specific human capital. Labor market models that emphasize the labor market search process also predict low wages at the start, which will rise if the match is a good one.

Since the 60s Human Capital (HC) theory has been augmented several times. Lazear (2002) for instance advocates a "skill-weights" approach in which human capital theory and search models are combined. In his HC model skills are general, but firms use them in different combinations and with different weights attached to them. There are a number of implications of this study that may be interesting to freelancers. Firstly, the size of the tenure coefficient varies with the thickness of the market. In markets where job offers are rare, the tenure coefficient is larger than in those where offers are common and there are many firms with skill requirements that are close to one another. Secondly, the more idiosyncratic the weighting of skills in which the worker is initially employed is, the larger is the tenure coefficient. Thirdly, the firm may bear most of the investments in skills that look general. In the skill weights version, no skills need be truly "firm-specific" in the sense of there being no other potentially competitive firm in which they have value. If the skills are acquired in relatively idiosyncratic patterns, the firm may bear a larger fraction of the cost of the skills. Related to the work of Lazear is the work of Groen (2006). He tests Stevens model (1994) and shows that as market size increases, also job turnover increases and thus training becomes more general. Kessler and Lulfesmann (2006) use a modern framework of Becker's theory, to show that specific capital investments create rents that bring firm and worker in a bilateral monopoly position, in which general training can be negotiated. Thus HC theory explains both company investments in general skills as well as in company-specific skills.

Galup, Dattero and Quan (2004) compared the wages of older and younger computer programmers. They concluded that older programmers are not making as much as would be expected, based on models of Human Capital. However, this discrepancy was substantially lessened when newer skills (i.e. object-oriented programming and SQL) are taken into account. This suggest: 1) that measurement of human capital is very hard, even in one profession and ideally requires detailed information on specific skills, and 2) new skills are often learned first by the younger generations, leading to relative skills obsolescence of older individuals.

These HC studies have also important implications for freelancers. The observed transition from firm-specific skills to task-specific skills, explains why individuals nowadays rather switch from organization than change profession. The thickness of the market is another variable which explains the tenure coefficient. In thin markets, firms and workers prefer traditional employment relations. Freelance contracting seems to be the norm in fatter, bulkier markets.

5.2.3 Social capital and organizational career success

The study of Seibert, Kraimer and Liden (2001) is the first attempt to integrate social capital theory with career theory and to empirically validate the relationship between networking and career success. Although the study of Seibert et al. was aimed at full-time traditional employees, their approach and results are also quite interesting for independent professionals. Seibert et al. used for instance both subjective and objective measures to assess career success. This shift to more subjective measures is interesting for independent professionals as work-life balance is one of the primary career motivations to start as an independent professional. Seibert, Kraimer and Liden distinguished three different network approaches to social capital: 1) weak tie theory (Granovetter, 1973), 2) structural hole theory (Burt, 1992), and 3) social resource theory (Lin, 1990). Weak ties theory asserts that our acquaintances (weak ties) are less likely to be socially involved with one another than are our close friends (strong ties). Typically the network of any individual and his or her acquaintances is loosely knit (low-density network), whereas the network of the same individual and his or her close friends is densely knit (high-density network). Therefore, the weak ties between an individual and his acquaintance, become a crucial bridge between the 2 densely knit clumps of close friends. Indeed, Granovetter (1973) found that weak ties were more likely than strong ties, to have been the source of information about job openings for the sample of job incumbents he interviewed. Burt (1992) coined the term "structural hole" to refer to the social gap between two groups. Structural holes are everywhere. A structural hole is said to exist between two individuals who are not connected to each other. According to Burt's theory, it is advantageous for individual A to be connected to many individuals who are themselves unconnected to the other individuals in individual A's network. Networks rich in structural holes, provide an individual with three benefits: more unique and timely access to information, greater control over resources, and greater visibility and career opportunities.

The third major theoretical approach to the conceptualization of social capital is social resources theory (Lin, Ensel and Vaughn, 1981a, 1981b). Social resources theory focuses on the nature of the resources embedded within a network. It is not the weakness or strength of a tie per se that conveys advantage, but whether or not a tie is helpful in reaching certain objectives. If someone possesses resources that are helpful for reaching their goals, then this person is a social resource. Seibert et al. found support for their hypothesis that networking leads to both objective and subjective career success. Another interesting study on career success and social capital is the study of Casper and Murray (2005). In a comparison of German (i.e. Munich) and British (i.e. Cambridge) career networks, they concluded that the career network structures (in terms of density, centrality, connectivity, and path length) are largely similar. This is remarkable as the institutional factors are quite different in Germany and Britain. This seems to suggest that very different institutional rules can still lead to the same type of career networks.

Within the academic community there have been a number of interesting studies linking career success with career networks. Due to the easily accessible information on scientific papers, it is relatively easy to map out collaboration efforts and academic networks, which span multiple institutions. Interesting in this respect are the recent findings of Bogaert (2008) and Combes, Linnimer and Visser (2008). The first study shows that academic professionals with strong external network ties have a higher turnover (i.e. leave the university) than professionals with strong internal network ties. The latter study shows that multiple links to the jury which hires professors (social capital) is a substitute for the number of publications of a researcher (human capital). There are therefore two possible ways to become an economics professor in France: publish or foster contacts with members of the hiring jury.

5.2.4 Personality capital and organizational career success

Various attempts have been made to model the personality variables that influence organizational career success. Very interesting is the paper of Judge and Ferris (1999), because they looked at the Big Five personality traits. They report that: 1) conscientiousness positively predicts both intrinsic (i.e. a variant on Greenhaus subjective success) and extrinsic career success (i.e. income), 2) neuroticism negatively predicts extrinsic success, and 3) general mental ability positively predicts extrinsic career success. In a boundary less career world, the power of an individual to adapt him or herself to a constantly changing environment, has become the chief focus of psychologists. Eby et al. (2003) examined 3 personality variables as predictors of success in the new boundaryless world: 1) career insight, 2) pro-active personality, and 3) openness to experience. Career insight represents the extent to which one has realistic career expectations, knowledge of one's strengths and weaknesses, and specific career goals (London, 1993). It is conceptually similar to goal clarity, social perceptiveness, future orientation, and realism of expectations. The second personality variable is proactive personality. Highly proactive individuals identify opportunities and take action on them, demonstrate initiative, and persevere in the face of setbacks (Bateman and Crant, 1993). The personality characteristic of openness to experience is the third variable. Individuals high on this trait, tend to be imaginative, curious, broad-minded, and active (Barrick and Mount, 1991). With the reality of less stable employment and the need to constantly be on the lookout for ways to build new skill sets, it is expected that openness to experience will be important in predicting success in the boundaryless career. This variable is especially interesting as this trait decreases somewhat with age, leading to suggestions of scholars (Lahn, 2003), that older individuals are less capable in a boundaryless career world.

The work of Heckman is also quite interesting here. In his work he argues that personality factors are required for a successful life (for example Heckman and Rubenstein, 2001 and Borghans, Duckworth, Heckman and ter Weel, 2008). Heckman, Stixrud and Urzua (2006) look at the effects of cognitive and non-cognitive skills on wages. As schooling improves both cognitive and non-cognitive skills, such studies should address this issue and try to separate the schooling effect from innate ability. Although the authors conclude that both non-cognitive and cognitive abilities are important, they also conclude (page 6) that: *"not controlling for schooling, the cognitive ability measure explains 9% of the variance of log wages. For men, the noncognitive measure explains only 0.9%. For women, the corresponding figures are 12.4% and 0.4%".* In any case this suggests that the effect of non-cognitive personality factors on wages is still rather limited.

Other scholars have modeled personality capital differently. Fugate et al. (2004) used career identity and personal adaptability as personality variables. A career identity provides a coherent sense of one's past and gives direction to one's future, often in the form of a story. Career identity is an important foundation for career success, as it delineates the possibilities for the future working self (Markus and Ruvolo, 1989). The second personality factor of Fugate et al. is personal adaptability. To be successful in the new ever changing career landscape, individuals need to be highly adaptable, and manage multiple identities (Hall, 2002). Survival in this turbulent world requires workers to continually manage change; individuals need to be proactive to manage themselves and their environments. Ashford and Taylor (1990) and Ashford and Black (1996) claim that psychological traits are the essential components of effective adaptation. Fugate et al. researched the literature on pro-active behavior and they contend that personal adaptability is affected by 5 different personality traits. These traits are 1) optimism, 2) propensity to learn, 3) openness, 4) internal locus of control, and 5) generalized self-efficacy.

Raabe, Frese and Beehr (2007) looked at the importance of action regulation theory and career self-management in a boundaryless career world. Self-regulation theory is based on the idea that goals, plans, and feedback are relevant parameters for regulating one's actions (Frese and Sabini, 1985). An action sequence (Frese and Zapf, 1994) consists of the following steps: goals, information collection, planning, execution, and feedback. Raabe et al. show that self-knowledge, career goal commitment (Klein, Wesson, Hollenbeck, Wright and DeShon, 2001), and career plan quality are positively related to career self-management behaviors. Increased career self-management led to increased career satisfaction. Seibert, Kraimer and Crant (2001), based on a model of Crant (2000), concluded that a proactive personality is positively related to innovation, political knowledge and career initiative, which in turn is positively related to career progression and career satisfaction.

5.3 The entrepreneurial perspective on firm success

Because the theory of boundary less career success is so closely related to the theory of business success, it is worthwhile to look at this body of research. This is especially relevant because independent professionals are not only highly skilled knowledge individuals, but also small companies. The factors that explain firm success (which is often defined using objective criteria, such as firm growth or firm survival) are well established and highly researched. In an overview of the literature Parker (2005) argues that enterprises are more likely to survive if they: 1) are relatively large; 2) have been running for a long time; 3) are operated by an older entrepreneur with 4) previous business experience; 5) have substantial initial capitalization; and 6) are formed in a benign economic climate. In the following subsections the major drivers of firm success are discussed in detail.

5.3.1 Human capital as an explanation of firm success

The positive impact of human capital on employee performance is a well accepted and documented economic theory since Becker. Also for entrepreneurs, the positive relationship between business founder human capital and firm performance is by now well accepted. Several authors (Pennings, Lee and van Witteloostuijn, 1998; Bosma, van Praag, Thurik and de Wit, 2004; van der Sluis, 2007) have found empirical support for this phenomenon. From earlier entrepreneurial research (Parker, 2004) it is known that a specific form of human capital, i.e. entrepreneurial experience, is very important for firm success. A recent representative Dutch study on the relationship between entrepreneurial human capital and firm success is performed by Bosma et al. (2004). This study uses various human capital indicators, such as: **age**, **experience and education** of the business founder. Bosma's study confirmed the influence of human capital on the business performance of start-ups in The Netherlands. Former experience of the business founder in the industry in which he starts his business, improves performance measures and business with highly educated founders making more profits.

Lazear (2002, 2005) found that more **varied experience** (different job roles in the past) was positively associated with entrepreneurial business formation. He therefore concluded that entrepreneurs are jacks of all trades (JAT) unlike employees who invest in a small number of specialist skills. The JAT theory of Lazear is in line with earlier work of Fazey and Powell (1997), who state that multiple skills are required if people are to become successful entrepreneurs. This JAT-theory has been tested several times since 2002 with on balance supportive results. Wagner (2006), based on German data, finds support for Lazear's theory. Van der Sluis (2007) finds that a high score of variation on 5 specific abilities (e.g. JAT type personality) increases the likelihood of successful entrepreneurship. Silva (2007) also finds a positive relationship between generalist skills and entrepreneurship, but argues that the causality is the other way round. Generalist skills do not affect the propensity to become an entrepreneur, but being an entrepreneur makes you a generalist.

Kawaguchi (2003) looked at human capital indicators, such as: **school enrollment** and **training participation** of both employees and self-employed in the US. While over 9% of employees were enrolled in a school between 1988 and 1998, less than 6% of self-employed persons were enrolled. The figures on training participation point to an even bigger difference between employees and entrepreneurs. A hefty 18.9% of all employees participated in off-the-job training programs, but a mere 9.2% of self-employed participated in such a scheme. If on-the-job training courses would also have been analyzed, the difference between entrepreneurs and employees would even been bigger. Even when Kawaguchi corrects for demographic characteristics of the self-employed (i.e. age, education, tenure), his findings suggest that self-employed invest significantly less in training and schooling than employees. Quite interesting in Kawaguchi's findings is the negative relationship between school enrollment, training participation and tenure and experience for both self-employed and employees. This suggests that older entrepreneurs are less likely to educate themselves when they age. These findings seem to be somewhat at odds with the findings of van der Sluis (2007) who, based on US data, shows that the return to education is much higher for entrepreneurs (18.3%) than for employees (9.9%). Van der Sluis advocates that this is caused by the absence of employer constraints that allows independent professionals to put their education to its most productive use. This combined evidence thus suggests that entrepreneurs use less formal schooling, but make better use of it. This could be because entrepreneurs bear all costs of schooling themselves and will therefore only take part in schooling, when the expected rate of return of schooling is sufficiently high.

In a very interesting meta-analysis, van der Sluis, van Praag and Vijverberg (2008) draw a number of important conclusions on the effect of formal schooling on entrepreneurship selection and performance. Firstly, they conclude that the impact of education on selection into entrepreneurship is insignificant. Secondly, they show that the effect of education on entrepreneurial performance is positive and significant with the return of a marginal year of schooling being 6.1% for an entrepreneur. Thirdly, they show that in Europe the effect of education on earnings is smaller for entrepreneurs than for employees, but that in the US the effect of education on earnings larger is for entrepreneurs than for employees. Last, they show that the returns to schooling in entrepreneurship are higher in the US than in Europe and higher for females than for males.

5.3.2 Social capital as an explanation of firm success

There is a sizable and increasing body of research on the relationship between social capital and firm success (e.g. Pennings et al., 1998; Napier, 2006; Chiesi, 2007; Bosma et al., 2004; Witt, 2004; Hoang and Antoncic, 2003). Both theorist and practitioners emphasize the importance of social capital (Coleman, 1990) on firm success.[16] There are basically two dimensions of social capital: an individual and a collective dimension (Borgatti, Jones and Everett, 1998). The individual dimension of social capital argues that social capital is nothing more than the sum of the added value of interpersonal relations. Other researchers (e.g. Putnam, 1993; Fukuyama, 1995) see social capital more as shared culture that is intrinsically good.

There are good theoretical reasons to expect a strong relationship between social capital and firm success, as entrepreneurship itself is inherently a process of building bridges in a network. Networks are a form of social capital that provides broad, early access to information and control over the distribution and interpretation of information. Such social capital can be expected to: 1) provide a broad base of referrals, 2) help the entrepreneur identify promising opportunities, and 3) increase the probability that the entrepreneur knows how to pitch a venture to different prospects. Networking is essential to entrepreneurship, whether this is a high-tech venture which are so often analyzed by management professors, or a labor-intensive ethnic venture so often analyzed by sociologists. Jack (2005) argues that entrepreneurial firms need even more social capital than established firms. Entrepreneurial firms tend to be smaller in size than established

[16] Coleman defined social capital as: *"any aspect of social structure that creates value and facilitates the actions of the individuals within that social structure'*. Bourdieu (1980) defined social capital as: *"those resources that an actor can obtain through the exploitation of his network of interpersonal relations"*. See for an overview of these and other social capital definitions Chiesi (2007).

firms and are resource constrained, meaning that the entrepreneur often has to find ways to supplement his/her resource base when looking to establish and develop a firm.

Although theoretical considerations would argue for a strong and positive relation between an entrepreneur's network and firm success, the results of empirical research have been mixed. One of the first studies on the impact of networking activities on start-up success was done by Aldrich, Rosen and Woodward (1987). Their study, which was replicated in various other countries, found on balance positive relations between network size and profitability for companies older than three years. For younger firms a negative relationship between network size and profitability was discovered. In another influential study, Brüderl and Preisendörfer (1998) found that entrepreneurs whose business had survived the 5 years before the survey, were more likely than non-survivors to report strong family support; a specific form of network support. Various other studies (Cooper, Folta and Woo, 1990; Aldrich and Reese, 1993; Johanisson, 1996) found no significant relations between network and entrepreneurial success. Lately, Watson's (2007) longitudinal study indicates a significant positive relationship between networking and both firm survival and growth. Further, he found that network intensity is associated with survival and network range with growth. Overseeing the current research Parker (2004) concludes that the evidence in this area is not conclusive.

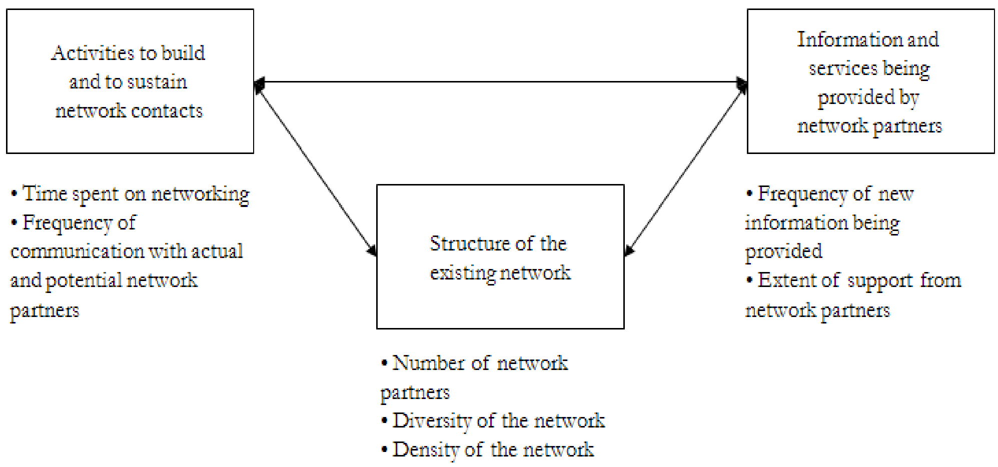
Witt (2004) gives 3 possible reasons for the mixed results of empirical studies. Firstly, firms have different starting conditions and entrepreneurs may differ in terms of available 'own' resources, size, strategy and industry. All these factors may have a moderating effect on the correlation between network and success. Secondly, start-up firms often have an entrepreneurial team instead of one entrepreneur. Larger networks of the other venture partners can compensate small networks of the CEO. It is for instance not uncommon for start-ups to hire a 'famous angel' in the start-up phase of the organizations who has the necessary experience and contacts. Thirdly, network costs, which might be non-linear in nature, are not accounted for. Marginal costs of expanding the network are increasing due to the opportunity costs of time. This may explain why increasing the network beyond a certain threshold does not improve entrepreneurial performance anymore.

Witt argues that one needs to distinguish between 3 different levels of observation, as shown in Figure 10: Firstly, creation of entrepreneurial networks, i.e. the activities that an individual entrepreneur undertakes to build, sustain, or extend her personal network ('networking activities'). Secondly, structural characteristics of an entrepreneur's network at a certain point in time, which is equivalent to measuring the result of earlier networking activities ('networking structure'), and thirdly, economic benefit of the information and the services received from network partners over a certain period of time ('benefits received from the network'). The figure below shows the interdependent relations between entrepreneurial networking activities, network structure and benefits received from the network.

To measure individual networking activities, Witt suggests the following measurements:

1. The amount of time an independent professional invests per month in the creation, the preservation, and the enlargement of his / her personal network.
2. The number of hours spent per week by the independent professional to acquire new business contacts and to maintain existing ties (Aldrich and Reese, 1993).
3. The frequency of communication between the independent professional and (actual and potential) network partners per week (Ostgaard and Birley, 1996).

Figure 10: Measures of social capital



Source: Witt (2004)

To measure structural network properties, the following measurements are suggested:

1. The size of an entrepreneur's personal network, i.e. the number of different persons with whom the founder has talked about his / her business plan or the business idea (Aldrich, Rosen and Woodward, 1987; Aldrich and Reese, 1993).
2. The network diversity, i.e. the heterogeneity of network participants. One idea is to classify network partners into 3 groups: family, friends, and acquaintances, and then to

measure the number of people in each group. The theory behind this procedure is Granovetter's (1973) model of strong and weak ties.

3. The network's connectedness, which describes the number of direct relations between the independent professional's personal network partners, i.e. the density of the network (Hansen; 1995).

To measure network benefits, the following measurement is suggested:

1. The number and the value of assignments that entrepreneurs received via network contacts (Bruderl and Preisendorfer; 1998).

Using another approach, Burt (1992, 1997) developed various measurements of structural network properties to measure social capital (Jack, 2005). These measures are based on generic network data: a square matrix in which element z_{ij} is the strength of relationship from i to j. Measures include: bridges, network concentration, network size and network density. These measures are objective and quantitative and based on network observations. The disadvantage of using these measures, is that it is very labor intensive to obtain this information for relatively open networks such as freelancers. Collecting this data is much easier for employees as a large portion of their networks can be found within the firm. Information on networks is starting to improve as virtual networking becomes more important and virtual networking measures are developed (Mika, 2007).

In one of the more detailed studies on entrepreneurial networks, Burt (2000) studied data of female alumnae from the Chicago Graduate School of Business (GSB). When comparing the networks of (female) entrepreneurs with (female) senior managers, Burt concluded that networks of managers are marginally larger. Senior manager networks reflect work at the top of organizations; they cite more colleagues, have more frequent communication with the contacts they cite and they cite more "essential sources of support" for getting things done. The networks of entrepreneurs see significantly fewer colleagues, but have significantly more contacts beyond family and work.

Shane and Venkataraman (2000) have developed a conceptual framework of entrepreneurship, which divides entrepreneurship into two related entrepreneurial processes: 1) the discovery of entrepreneurial opportunities, and 2) the exploitation of such opportunities. In an empirical analysis of these two underlying processes, Davidson and Honig (2003) conclude that human capital predicts discovery of entrepreneurial opportunities, but that human capital is not a successful predictor for exploitation of opportunities. Social capital is a robust predictor for both discovery and exploitation of opportunities.

5.3.3 Personality capital as an explanation of firm success

Several studies have examined the relationship between personality traits and the decision to pursue self-employment. Amit, Glosten and Muller (1993) suggest in an overview of the literature on entrepreneurial personality traits, that the 4 personality traits most commonly associated with self-employment are: 1) need for achievement (McClelland,1965), 2) internal locus of control (Sexton and Bowman, 1986), 3) above average risk-taking propensity (Brockhaus, 1980), and 4) tolerance for ambiguity (Frenkel-Bruswik, 1948). There is also a notable body of literature on the personality of successful entrepreneurs. These individuals "engage the energies of everyone", "involve many people inside and outside the organization", "create and sustain networks of relationships", and make "the most of the intellectual and other resources people have to offer" while "helping those people to achieve their goals as well" (Gunther-McGrath and McMillan, 2000). At first glance, these qualifications are perhaps more fitting for superman than for the average independent professional. Nevertheless, these qualifications highlight the desirability of a specific type of personality.

It should be noted, that although personality traits are important, personality traits have typically produced very weak (i.e. never more than 7% of the variance; see Parker, 2004) relationships with venture performance (Begley and Boyd, 1987; Low and McMillan, 1988). The weak results for personality traits are perhaps surprising because entrepreneurs themselves point regularly to the importance of entrepreneurial personality characteristics for business success. Typical is the long list of popular DIY-books and internet sites which all test whether one has the required personality to become a successful entrepreneur. The lack of robust scientific findings on the relationship between personality and business success, has inspired various organizational psychologists to look beyond the usual personality traits. Carsrud and Krueger (1996) for instance suggest that the commonly used traits (i.e. need for achievement, risk-taking propensity and internal locus of control) are incorrect and that new personality traits are needed. The search for a psychological explanation for business success has lead to newly developed personality traits, and the rise of new contingent psychological models, which argue that the effectiveness of personality traits depends on certain contingency factors. An example of a relatively new personality trait variable in entrepreneurial research is self-efficacy. Based on social learning theory several authors (Bandura, 1977; Chandler and Jensen, 1992; Chen, 1998) investigated self-efficacy in the context of running one's own business. Chandler and Jensen (1992) called their measure venture self-efficacy and

Chen called it entrepreneurial self-efficacy (ESE). In both studies self-efficacy was shown to predict successful business ventures, but the amount of variance explained was again very low.

In the new contingent personality models the fit between the environment, firm characteristics, and the personality traits of the founder, ultimately lead to the success of the firm (see Baum and Locke, 2004). In reality, there is something to be said for these more complex models. Personality might for instance mediate or moderate other firm success factors, such as: strategy, social capital, and human capital. It is for instance not unrealistic to assume that an individual with high openness to experience, is more likely to have higher social and human capital through learning and networking. In this respect, various authors have shown that personality determines organizational strategy. Baum, Locke and Smith (2001) showed that individual personality differences between entrepreneurs affect competitive strategy. Entrepreneurial personality traits, competencies, and motivation are all important determinants in strategic decision making. Interesting in this area is also the research of Wijbenga and van Witteloostuijn (2007), which shows that entrepreneurs with a strong internal locus of control prefer product innovation strategies in stable environments, whereas entrepreneurs with an external locus of control opt for low-cost strategies in dynamic environments. This again shows that the personality characteristics of the entrepreneur, at least partly, determine the organization strategy. In related work, Jones and Bergmann (2001) found that professional service firms all have one of 3 specific dominant logics: 1) competence logic, 2) relational logic, or 3) calculative logic. Firms with competence logic have a concern for competence and a desire for technical challenges. Firms with relational logic love to help people out, listening to the client and they are focused on key decision makers in a network. Firms with rational logic employ an economic reality. The focus is on business issues and positioning within the competitive environment. The focus is not on technical skills or network, but on finance and marketing. Jones and Bergmann report that these dominant logics are strongly related to the career motivation of the leading partner, and determine the business strategy of these professional firms. These findings might also be relevant for independent professionals where the career motivation of the independent professional might be closely linked to the firm's strategy. The above studies show that there are possible interrelations between the environment, human capital, social capital, personality capital, and business strategy which all may affect the ultimate effectiveness of personality. For a further discussion of this topic see Chapter 10.

Nevertheless, the current evidence suggests that one should not overstate the importance of personality on firm success. Not only do Sandberg and Hofer (1987) show that organizational and industry variables completely dominate individual-level variables as causes of venture success, but Littunen (2000) argues that personality changes through entrepreneurship. If the latter is true, an entrepreneurial personality is not a cause of firm success, but rather a consequence.

A study on a quite new subject is the study of Hartog, van Praag and van der Sluis (2008). This study compares the value of cognitive and social abilities for entrepreneurs in comparison with employees. The authors conclude that language and clerical abilities have a stronger impact on wages, whereas mathematical, social, and technical abilities have a stronger effect on entrepreneurial incomes.

5.3.4 Strategy capital as an explanation of firm success

There is precious little information on the business strategies of self-employed in the strategic management literature. To get a feel of possible freelance strategies, the well-established resource-based view (RBV) of the firm (see Barney, 1991; Prahalad and Hamel, 1990; Penrose, 1959) is a good starting point. As all freelancers have relatively limited endowments of capital, it is even more crucial to make sure that these resources are valuable and rare and that they are protected from imitation, transfer or substitution. But as independent professionals have limited control over the imitation, transfer or substitution of their knowledge, it is vital to continuously refresh and develop the knowledge set.

Baum, Locke and Smith (2001), in line with the earlier work of Porter (1980), distinguish 3 feasible business choices: 1) focus, 2) low cost, and 3) differentiation. Focus refers to competitive strategies that target a particular set of customers, segment of the product line, or geographic market. Low cost refers to cost minimization and products offered to customers, who are price sensitive. Differentiation strategies are based on innovative/high quality services industry-wide. Firms that fail to select one of these strategies are "stuck in the middle" and doomed to fail. As independent professionals are bounded by their limited resources, they often opt for a focus strategy. Within their focus (e.g. a client, a group of clients or a product), they will need to differentiate themselves from the competition. At first sight a low-cost strategy seems not to be viable for most independent professionals. Their output is often intangible and price is not a major buying factor. Moreover, the scope for cost cutting is limited for independent professionals as this has direct impact on their quality of life. Therefore it is safe to say that cost cutting is not the strategic option of choice for most independent professionals. Differentiation and innovation can be an attractive strategy for some freelancers, but most freelancers lack the time and funds to invest in new innovative solutions. And if they manage to be innovative, the lack of property rights implies that the fast follower is just around the corner. Alvarez and Busenitz (2001) have developed a RBV for entrepreneurs. Using this model they argue that it is not easy to create or imitate entrepreneurial skills, due to the inherent complexity of this personality trait.

The importance of human and social capital, as a base for developing the firm strategy, is stressed in our interviews by various independent professionals. Developing a distinctive profile based on your expertise is considered a very important source of competitive advantage. Social capital (i.e. contacts with specific clients and other key decision makers) is another source of competitive advantage, as client relations provide the lifeline to assignments. Independent professionals specialize in an industry or even in a single organization to be able to create, develop and maintain strong business relations with influential client contacts.

5.4 The impact of aging on career success

5.4.1 Aging employees and the new career deal

The rise of the boundary less career model vs. the traditional lifelong organizational career model has impacted the way employees interact with their employers. For older employees the advent of the new career reality means a profound shift in thinking about the relationship between employer and employee. Greller and Stroh (2004) are therefore convinced that we have created a lost generation. This generation was brought up in the tradition of the old career model and is perhaps naively unaware of their own responsibility for managing their career. Moreover employers still view older employees as having less value. This view results in HR policies that do not actively hire, advance, or develop older employees. According to Greller and Stroh a self-fulfilling prophecy interferes with older employees to maintain their skills. Employers and colleagues discourage employees who want to continue their careers. If they invest in their career, there is reason to believe that the investment will not pay off (in the form of new challenges or better pay). So they cut back in their professional development. Greller and Stroh warn against the risk of inaction. Younger employees confronted with similar adverse conditions will change jobs; older employees who do not believe that they have options, endure the situation as long as they can and then retire, rather than pursuing other alternatives. Lahn (2002, 2003) is also pessimistic about the opportunities of older individuals in the new career world. Lahn listed the seven characteristics of protean careers: 1) routine busting, 2) continuous learning, 3) relational skills, 4) self redesign, 5) occupational codification, 6) moving to the margins, and 7) flexibility and loss of porosity. Lahn finds that older individuals are not good in routine busting and continuous learning and that the jury is out on the other 5 aspects of the protean late career. He therefore concludes that the optimistic scenario on boundaryless careers is challenged for older employees.

Rosen and Jerdee (1990) also stress the need for effective career management for older employees to avoid career plateaus[17] and skills obsolescence. They conclude that new career management policies for employees in these age categories are needed to refocus on career maintenance and career renewal. Loss of employee motivation and complacency are the strongest contributors to middle and late-career problems. The consequences are creating serious problems, such as: clogging promotion channels, lowering morale and hurting productivity. According to Rosen and Jerdee's research, 2 organizational characteristics are consistently associated with older employee career problems:

1. Organizations with a high proportion of older employees over 50, report more career plateaus and skills obsolescence.
2. Although large organizations have more degrees of freedom and greater resources to overcome problems, there is a strong positive correlation between organizational size and severity of older employee career problems.

Patrickson and Ranzijn (2003) argue that the lack of success of older employees in the labor market, can partly be explained by the mismatch between what older job seekers believe employers want and what employers in reality are seeking. They show that older employees who take charge of their career, analyzing their situation in a strategic way, initiating actions and creating demand for what they could offer, have a higher possibility for employment. However, such adaptive behavior is not typical for older employees. In a related study Strate (2004) investigated the adaptive competence of older workers using Hall's (2002) model. Hall's model says that adaptability is composed of two facets: 1) the competence for adapting, and 2) the motivation to do so. These facets affect each other in a reciprocal manner. Being able to tackle a new situation enhances the development of the competence to face change, while the development of the competence increases the desire to change. Strate concluded that support, encouragement and guidance of mentors were especially important for older workers. Strate also concluded that appetite for risk was an important factor in adaptation, but that more study was needed to determine the relationship between, age, risk appetite and adaptation (see Dohman,

[17] The first usage of the term was by Warren, Ference and Stoner (1975) in a seminal article that appeared in the Harvard Business Review.

Falk, Huffman, Sunde, Schupp and Wagner, 2006, for an overview of the relationship between age and risk appetite).

5.4.2 Aging employees and the risk of skill obsolescence

Skill obsolescence is the largest risk of human capital owners. Due to technological and market developments, the value of skills is continuously changing. The value of some skills may appreciate, while the value of other skills may depreciate dramatically. Following most authors (e.g. De Grip, Van Smoorenburg and Borghans, 1997) two forms of **skill obsolescence** are distinguished: 1) technical obsolescence, and 2) economical obsolescence. Technical obsolescence is the wear of skills due to aging or illness that may be related to working conditions and the atrophy of skills due to insufficient use. Economic obsolescence is the job-specific obsolescence due to technological and organizational change, firm-specific skills obsolescence due to displacement and sector-specific obsolescence due to shifts in employment. MacDonald and Weisbach (2001) show in their work that rapid technology development is unfavorable for older workers. This is in line with earlier findings of Neuman and Weiss (1995), who showed that high-skilled workers employed in high-tech sectors are particularly vulnerable to obsolescence of human capital. Allen and De Grip (2005) studied innovative knowledge industries versus traditional industries and concluded that the risk of skill obsolescence is just as large in industries with rapid technology development, as in industries with limited technology development. They concluded that this is caused by the fact that in environments with rapid technology development more time and money is invested in continuous education.

Thijssen (1996) introduced the concept of **experience concentration**. He argues that, as a rule of thumb, the quantity of experience increases with age, but that the diversity of experience decreases with age. Experience concentration is a process where employees are increasingly focusing on an increasingly smaller area of expertise. This concentration and limitation of employee experience can be seen in three areas of experience: 1) educational concentration, 2) functional concentration, and 3) network concentration. Educational concentration has to do with limiting the strategic learning goals and methods. Older workers are often focusing on learning skills aimed at their current function. Functional concentration relates to limiting diversity within and between functions. Often the variety in functions and career moves diminishes with age. Network concentration involves dwindling networks with increasing rigidity. Where networks of younger people are often used to transfer new ideas and innovations, the networks of older workers are more like cages that protect older employees to outer influences (Antonnuci, 2001). As Thijssen concludes "*Meeting Old Boys using Old Toys*". Thijssen argues that career-management is a useful instrument to prevent experience concentration. In line with Thijssen's thinking, Nauta de Vroome, Cox, Korver and Kraan (2005) investigated the influence of job type on the relationship between age and employability. They concluded that job type influences the relationship between age and employability. Older employees with a general job, which is varied and demands creativity and a capacity for learning, experience a negative relationship between age and employability, that is much weaker than for those employees who have a specialist job.

In Table 13, the relationship between skill obsolescence and experience concentration is illustrated. The table reveals a possible new cause for skill obsolescence; motivational obsolescence. In this variation, it is not human or social capital that diminishes with age, but motivation. This is closely related to Thijsen's (2006) perspective of cultural obsolescence: i.e. obsolescence of attitudes, norms and values. In his view this reflects the fact that someone's beliefs, values and views can be considered anachronistic by other parties.

Table 13: Employability, skill obsolescence, and experience concentration

Skill	Skill Obsolescence	Experience Concentration
Personality capital	Career motivation diminishes	Career motivation focuses
Human capital	Value of human capital diminishes	Human capital focuses
Social capital	Value of social capital diminishes	Social capital focuses

5.4.3 Aging entrepreneurs and firm success

Descriptive studies tend to find that self-employment is concentrated among individuals in mid-career, i.e. between thirty-five and forty-four years of age (e.g. Reynolds, Carter, Gartner and Greene, 2004). There seems to be a parabolic relationship between entrepreneurial age and being an entrepreneur. At first the chances of being an entrepreneur increases with age. This is because older individuals are more likely to have accumulated human and financial capital, built better business networks and identified possible entrepreneurial opportunities (Calvo and Wellisz, 1980). Additionally older individuals may have more health problems, making self-employment better suited by providing greater control over the amount and pace of work. But then, after a certain age, the chances of being an entrepreneur drop. This is because older individuals are more risk averse than younger individuals, and because older individuals have less time available for creating and growing a company. Van Praag and van Ophem (1995) report that the opportunity to become self-employed is significantly higher for older than for younger individuals. However, older individuals are significantly less willing to become self-employed than younger people. This finding seems supported by Blanchflower, Oswald and Stutzer (2001), who report decreasing interest in self-employment with age, but increasing actual numbers of self-employed. These combined positive and negative forces first increase the chance of starting your own firm, but then, after a certain age, the chance of starting your own firm decreases.

The relationship between age and business success is less clear-cut as the relationship between age and entrepreneurship. Parker (2004), in his overview of the literature on entrepreneurial research, also reports a positive relationship between firms success and business founder age and experience, but there are also examples (e.g. Davidson and Honig, 2003) of studies which do not find such a relationship.

5.4.4 Aging entrepreneurs and retirement

Based on the sky-high participation rates of older entrepreneurs, relative to older employees, it seems quite sensible to expect that the participation rates of all older people will increase, due to the increase in self-employment. About one-third of the workforce over 65 is self-employed in the US and UK. This proportion has been quite stable over time (Parker and Rougier, 2007). This is significantly more than the 10% of self-employed in the overall workforce, indicating that older entrepreneurs work much longer than older employees. Parker (2004) gives 4 explanations for the fact that the self-employed seem overrepresented in the group of economically active older people. Firstly, self-employed do not have statutory retirement ages or early retirement incentives. Secondly, some entrepreneurs may be obliged to work longer because they have not saved enough for their pension. Thirdly, as entrepreneurs have devoted their life to creating and growing a business, they may not want to give up. And fourthly, self-employment often provides an easy way to part-time retirement. Self-employment might be a transition solution between employment and retirement.

Parker and Rougier (2007) analyzed the retirement behavior of self-employed and compared this with the retirement behavior of employees. They found that the probability of retirement is a function of: 1) age (chance of retirement first increases than decreases), 2) how long the person is self-employed (smaller chance of retirement if you are long-term self employed), 3) spouse situation (smaller chance of retirement if your spouse works), and 4) earnings (greater earnings decreased the chance of retirement). In contrast with employees do gender, health, and family circumstances not seem to affect the retirement decisions of the self-employed. The research of Parker and Rougier also reveals that almost nobody switches to self-employment later in life. The small group of people that do switch to self-employment later in life, are often people with a weak labor market position. For these people self-employment is more a last resort than a choice from strength.

5.5 The career of the independent professional

The independent professional is half-a-(wo)man and half-a-firm. The border between the individual and the firm is blurred. The firm acts as the organizational, administrative and legal vehicle for the services of the individual. But the firm resources are dominated by the competencies of the individual. This starting point suggest that the career of the freelancer lies somewhere between the organizational career of the employee and the business success of the entrepreneur.

Lazear and Moore (1984) compared the earnings growth of employees with that of entrepreneurs. They found steeper wage–experience profiles among employees, than among entrepreneurs. Their original result has been consistently found in empirical research (Kawaguchi, 2003; Parker, 2004). Lazear interpreted his finding as evidence for the theory that, to prevent employees shirking, employers pay less than the marginal product, when employees are young and more when employees are old. Kawaguchi (2003) argues that there is an alternative theory that can explain this phenomenon: entrepreneurs start their careers with more human capital and due to opportunity cost they invest less in human capital. A model based on these two assumptions also produces a flatter experience–earnings profile for entrepreneurs. In any case the evidence suggests that earnings growth of freelancers is flatter than the earnings growth of employees, and perhaps resembles more the rather flat age-earnings profile of entrepreneurs.

Platman (2004) is the only researcher (as far as we know), who explicitly studied the career of the older freelancer. His study focused on careers of older independent professionals in the UK media industry. Platman is quite negative on the opportunities of older independent professionals and concludes (p. 593): "*The blocks to freelancing later in life were subtle and complex. [..] Older freelancers [..] tended to be relativity invisible and this became more so as their skills and networks diminished. Older freelancers become increasingly detached and isolated from sources of paid work.*" The lack of media industry protection, training and support exacerbated the vulnerability of freelancers in the workplace. These findings might be biased as the position of freelancers might be different in other industries with other characteristics in the type of work, length of assignments and industry governance structures.

The above evidence suggests that freelancers are more vulnerable than other entrepreneurs. Their only assets are their human and social capital, which are subject to capital depreciation and cannot be protected very well. Moreover, being alone increases the vulnerability of freelancers to a handful of powerful sponsors and employment agencies. These two forces suggest that the age-earnings profile of freelancers may not lie between the age-earnings profiles of employees and entrepreneurs, but may lie even below the age-earnings profile of entrepreneurs. Achieving career success might be very hard for older freelancers.

Conclusions of Chapter 5:

1. The lifelong career of the 20th century is becoming rare. In the 21st century the responsibility for the career resides within the individual and transcends any employer. The individual sets his/her career goals, collects information and plans and acts in a complex environment to achieve their career goals. Perhaps the role of the organization is not over, but it is without any question that the individual increasingly plays the lead role in the career game.
2. Career success is difficult to measure in this new career world and is dependent on one's unique vision and central values in life. Nevertheless, the success of the career can be evaluated in two fundamentally different ways: 1) Subjectively using the individual's own view of the career and 2) Objectively using observable data such as income, status, and organizational position.
3. As a freelancer is half a (wo)man and half a company, the factors that are important for the freelance career can be assessed by looking at the factors that determine the organizational career of employees and the factors that determine firm success.
4. Four sets of variables have shown to be predictors of organizational career success: human capital, organizational sponsorship, socio-demographic status, and personality variables. Firm success depends on much of the same variables. However the results regarding social and personality capital of the business founder is rather mixed and environmental factors and contingent factors (firm strategy) are more important than for organizational careers.
5. Aging employees within organizations are faced with a new career deal in which new career skills, such as: routine busting, pro-activeness and continuous learning are crucial. Not all older workers are able to make the switch from the old career to the new career.
6. Skill obsolescence is a large risk for all professionals. To manage this risk professionals have to learn new skills continuously (by obtaining stretchwork). Experience concentration (i.e. decreasing diversity of skills) is especially relevant for professionals. Too many eggs in one basket increases the risk of skill obsolescence.
7. The participation of older entrepreneurs is higher than the participation of older employees. This is because entrepreneurs have no statutory retirement age, need to save themselves for retirement, often love their business that they build themselves and self-employment offers more flexible forms of retirement.
8. Recent research suggests that aging freelancers find it increasingly hard to learn the latest skills and are confronted with dwindling networks as their business contacts retire.