

The “Side Hustle” May Have an Unexpected Benefit

Research Shows Part-time Entrepreneurs are More Innovative Employees

By Stephany Below, PR Specialist

The “side hustle” is well-known as a great way to make extra cash, but new research shows it may also make you a more innovative employee.

In their paper, “[Learning off the Job: Examining Part-time Entrepreneurs as Innovative Employees](#),” **David R. Marshall** (University of Dayton), **Walter D. Davis**, **Clay Dibrell**, and **Anthony P. Ammeter** (all of University of Mississippi) explain how engaging in part-time entrepreneurship—creating and managing side businesses while remaining employed for wages in existing organizations—uniquely positions individuals to exhibit innovative behavior in their primary employment positions.

To study this phenomenon, the researchers integrated the literatures on entrepreneurial learning, knowledge and learning transfer, and employee innovation. They hypothesized that part-time entrepreneurship provides an opportunity for individuals to acquire knowledge and skills conducive to enacting innovative behaviors as employees.

“Engaging in entrepreneurship requires the development of experience and knowledge necessary for the exploration and exploitation of opportunities,” the authors explain. “Therefore, learning to be more entrepreneurially minded may have important developmental benefits in terms of increasing innovative behavioral capabilities.”

The results, recently published in the [Journal of Management](#), showed that the extent to which an individual engages in part-time entrepreneurship is positively associated with his or her innovative behavior in employee roles. The results also showed the association between part-time entrepreneurship and innovative behavior in employees is more positive when the employee’s work-unit has a climate of innovation.

“A climate of innovation means that, within a work team, new ideas are encouraged and rewarded and workers feel safe in expressing these ideas,” explained author David R. Marshall.

Innovation is an important tool organizations can use to thrive in competitive markets by exploring new ideas and exploiting existing knowledge and resources. Some scholarship suggests that an organization’s innovation is dependent, at least in part, on the innovative behaviors exhibited by employees. However, the contexts and mechanisms through which employees learn knowledge, skills, and abilities leading to innovative behavior at work are less clear, Marshall explained.

Entrepreneurship offers individuals a unique learning context through which they may learn to “exploit existing knowledge to incrementally improve products and services and explore new knowledge to generate new ideas,” according to the researchers. For this reason, part-time entrepreneurs may be primed for developing innovative capabilities.

“There is a lot of variation in the definition of entrepreneurship,” Marshall said. “To differentiate from other part-time or secondary jobs, we asked respondents how engaged they were in the actual creation or management of an entrepreneurial venture. We differentiated these questions from asking about other self-employment. Therefore, it was up to the respondent to decide if they felt their part-time pursuits were entrepreneurial. It is possible that one participant felt their freelance work was entrepreneurship and another did not. This is mentioned as a limitation or weakness of the study.”

The researchers hypothesized that participating in entrepreneurial activities outside of the workplace uniquely positions employees to develop, refine, and transfer innovative capabilities from entrepreneurial to employee roles. They analyzed a sample of 1,221 employee responses across 137 organizational units at a large logistics and security company working in eight locations throughout the United States. The results suggest employees who run side businesses exhibited greater innovative behaviors in their employee roles than those who do not.

Further, they examined individual and work-unit-level conditions that contribute to greater learning transfer between roles, finding evidence that higher learning goal orientations and work-unit climates for innovation and lower avoidance goal orientations strengthened the relationship between part-time entrepreneurship and innovation in an employee role.

“Goal orientation is a way of looking at how people approach their work,” Marshall explained. “‘Learners’ obviously have goals to learn something through their experiences. ‘Avoiders’ on the other hand, just want to avoid negative attention and performance.”

Results of the study provide support for the researchers’ theories by showing that part-time entrepreneurs have unique opportunities to transfer their entrepreneurial knowledge and skill sets to their roles in their primary employing organizations. The results support the notion that part-time entrepreneurship offers a useful and low-risk context through which an individual can increase entrepreneurial knowledge and innovative capabilities, Marshall explained.

Leaders are often concerned with how knowledge, skills, and abilities leading to innovative behavior are learned, and these results will be of particular interest to organizations and leaders seeking to increase innovation.

“Not all organizations care about innovative employees,” Marshall explained. “So, our study may not be important for those types of firms. However, most organizations today encourage employees to be innovative in problem solving and accomplishing their work as it can lead to new ideas and potentially improve performance.”

This research identifies a unique context and mechanism through which some employees are developing and refining innovative skills sets. The researchers hope their findings continue to push scholars to consider the interactions between entrepreneurship and employees’ organizations and that leaders recognize the potential benefits of encouraging employees to act entrepreneurially both inside and outside of their organization.

Marshall cautions that the researchers are not interpreting their results to mean that part-time entrepreneurship is all around a great thing for organizations, just that it can positively affect one specific skill.

“We actually do not even know if it’s ‘good’ or ‘bad’ for employee job performance,” he explained. “We simply wanted to highlight that entrepreneurship is a unique learning context and that people doing entrepreneurship in their spare time can develop some valuable skills that could be transferred to their wage-employment work as well.”

In fact, there are likely a number of potentially negative effects to the primary organization of running a side business, but Marshall explained the researchers felt those were likely more obvious than this potentially positive impact.

“The hope is that organizational leaders will be more open minded about employees pursuing entrepreneurship outside of work,” he said. “The best leaders will find ways to leverage what their employees are learning and doing through entrepreneurship without it negatively impacting their job performance. Good managers and leaders will figure out how to balance the good and bad.”