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Testing the 'Residential Rootedness'-Hypothesis of Self-Employment for Germany and the UK

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Abstract:

Based on the notion that entrepreneurship is a 'local event', the literature argues that self-employed workers and entrepreneurs are 'rooted' in place. This paper tests the 'residential rootedness'-hypothesis of self-employment by examining for Germany and the UK whether the self-employed are less likely to move or migrate than employees. Using longitudinal data from the German Socio-economic Panel Study (SOEP) and the British Household Panel Survey (BHPS) and accounting for transitions in employment status we found little evidence that the self-employed in Germany and the UK are more rooted in place than employees. Firstly, the self-employed are not less likely to move or migrate over the period 2001–08. Secondly, those who are currently self-employed are also not more likely to have remained in the same place over a period of three years (2008–06 and 2005–03) as compared to those who are currently employed. Thirdly, those who are continuously self-employed are not less likely to have moved or migrated over a 3-period than those in continuous paid employment. Fourthly, in contrast to the prevalent 'residential rootedness'-hypothesis in economic geography and regional studies, we found that the entry into and the exit from self-employment are associated with internal migration.

Text: See [Discussion Paper No. 6062](#)



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