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Bridging the Aspiration–Action Gap: Self-Efficacy and Employee Entry into Self-Employment

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Abstract

A large literature links self-efficacy to employees' entrepreneurial intentions. But less is known about whether self-efficacy helps individuals translate entrepreneurial intentions into actual entry. Using UK longitudinal data, we examine whether self-efficacy predicts the realisation of entrepreneurial aspirations among employees who report they would like to start their own business. We operationalise entrepreneurial action as transitions from paid employment to self-employment and estimate probit models. The results show that self-efficacy increases the likelihood of making the transition into self-employment among employees expressing entrepreneurial intents. We also find that job satisfaction shapes this relationship in that the association between self-efficacy and transition is stronger among dissatisfied employees. These findings contribute to entrepreneurship research on the aspiration–action gap suggesting that policies and workplace interventions that strengthen self-efficacy facilitate entry into self-employment, mostly for employees who are unhappy in their jobs.

1 Introduction

Past research recognises that converting entrepreneurial intentions into concrete business creation is complex and challenging (Gielnik et al., 2020). As a result, not all nascent entrepreneurs lead their ventures to fruition. To explain the reasons behind this 'aspiration-to-action gap', scholarly work identifies the main obstacles that aspiring entrepreneurs face (McMullen & Shepherd, 2006). Such obstacles range from start-up financial constraints, limited know-how, lack of entrepreneurial human capital, and difficulties in attracting qualified employees, among others (Audretsch et al., 2014). A strand of this research also examines how entrepreneurial personality possibly hampers successful business start-ups (Bergner et al., 2023; Caliendo, et al., 2014; Zhao & Siebert, 2006; Zhao et al., 2010; Maczulskij & Viinikainen, 2023). Boudreaux et al. (2023) further underscore the role of socio-cognitive traits as channels linking context to successful entrepreneurship ventures.

Bandura (1977) introduced self-efficacy as a trait capturing individuals' ability to complete tasks to achieve results. Since then, other researchers have used various conceptualisations of self-efficacy in different contexts. Gully & Eden (2001) see self-efficacy as individuals' conviction (or confidence) about their abilities to mobilise their motivation, cognitive resources, and courses of action needed to complete a specific task in context. As such, self-efficacy captures task-specific self-confidence and the ability to master necessary cognitive or behavioural skills (Drnovšek Wincent & Cardon, 2010). Entrepreneurship researchers adapt Bandura's original self-efficacy conceptualisation to capture one's capacity to perform behavioural tasks associated with evaluating business start-up opportunities. (Ahlin et al. 2014; Caliendo et al., 2023; Chen et al., 1998; Glosenberg et al., 2022; Hechavarria et al., 2012; Liñán & Chen, 2009; McGee & Patterson, 2019; Zhao et al., 2005).

Prior research on self-efficacy as a driver of employees' business start-up decisions either focuses on intents or observed transitions into entrepreneurship (Zhao & Seibert, 2006). This is gap in the literature that limits our understanding of the underpinning psychological levers that enable employees to fulfil their entrepreneurial ambitions. A notable exception is Boyd & Vozikis (1994) who present a framework for understanding how self-efficacy explains why certain individuals who show interest in entrepreneurship go on to launch a business venture while others do not. Building on this work, we provide novel empirical evidence on the intricate interplay between employees' self-efficacy and their progression from entrepreneurial aspirations to switching into self-employment. Although an imperfect proxy for a business start-up, we presume that employment to self-employment transitions often represent new entrants who are doing so to run their own business at the start of the entrepreneurial journey.

Based on this premise, we here operationalise entrepreneurial action as entry into self-employment, a commonly used proxy for business start-up in household panel data. Leveraging on the unique longitudinal data from the UK Household

Longitudinal Study (UKHLS), we identify employees who wish to start their own business. Then, we track those employees a year later to record whether they switched from employment into self-employment. Therefore, unlike most of previous studies, we can test directly whether employees who aspire to start their own business do start. Drawing on the Theory of Planned Behaviour (Ajzen, 1991), we suggest that self-efficacy strengthens employees' behavioural control, thus enabling them to turn their entrepreneurial aspirations into actions. This research makes a contribution to the entrepreneurship literature by presenting new evidence on the pivotal role of self-efficacy in bridging the entrepreneurial aspiration-action gap.

2 Previous literature and hypotheses development

Business startups are successful when they make satisfactory profit, survive the early stages of the venture, innovate, and create jobs. As business develop, entrepreneurs' personality traits can predict business survival (Caliendo et al., 2014), entrepreneurial income (De Meza et al., 2019), and firm growth (Baum et al., 2001).

To this end, self-efficacy is a major driver of performance (Bandura, 1977, 1982). In essence, it explains why some individuals successfully start new ventures while others do not. In their study, De Meza et al. (2019) consider self-efficacy as the self-belief that one will not merely carry out difficult or novel tasks but also cope with adversity. Grounded in socio-cognitive theory, self-efficacy explains how motivation and cognitive traits drive entrepreneurial behaviours (Drnovšek, Wincent & Cardon, 2010). Individuals with higher self-efficacy show stronger entrepreneurial intents coupled with a greater belief in their business idea potential (Shane et al., 2003). Caliendo et al. (2023) specifically link self-efficacy to start-up performance conditional on entry.

Research on how efficacy impacts on entrepreneurial intents and transitions has also garnered attention. Higher efficacy impacts positively on one's capacity to embark on an entrepreneurial venture successfully. Therefore, efficacious would-be entrepreneurs express their strong motive to follow an entrepreneurial career (Shepherd et al., 2019). High self-efficacy is critical for tackling challenges associated with planning, managing risks, and setting up a venture (Shepherd et al., 2019). Boyd & Vozikis (1994) maintain that self-efficacy positively correlates with the start-up goals among university students. Research further shows that entrepreneurial passion solidifies self-efficacy, which in turn strengthens entrepreneurial intents (St-Jean & Mathieu, 2015; Zhao et al., 2005). Thus, we propose that:

Hypothesis

a: *Self-efficacy is positively associated with entrepreneurial aspirations*.

Existing studies provide indirect evidence on how self-efficacy strengthens the link between entrepreneurial intentions and start-ups. Li et al. (2022) find that venture start-up intentions eventually drive business formation as emotions tied to entrepreneurial identity heighten confidence. According to the Theory of Planned Behaviour (TPB), perceived behavioural control influences intentions, which are the most immediate predictors of behaviour (Sommer, 2011). Kautonen et al. (2015) show that TPB constructs along with entrepreneurial intentions predict future entrepreneurial action. Building on this aspiration–action perspective, we expect self-efficacy to be a valuable trait for aspiring employees to make the transition into self-employment. Indeed, generalised self-efficacy aligns with the "capacity" facet of perceived behavioural control in the TPB. Therefore, a strong belief in one's entrepreneurial capacities translates into a stronger belief that one *can* successfully follow the steps necessary to launch their entrepreneurship venture. Yet, perceived behavioural control is stronger when it includes perceptions of controllability related to external constraints. For example, Özyılmaz et al. (2017) treat self-efficacy as a key part of perceived behavioural control regarding the external business environment factors. In a similar fashion, van Gelderen et al. (2015) explain how self-control to limit action-related inhibitions (doubt, fear, aversion) can help close the intentions–action gap through.

Eventually, this provides an explanation for the association between self-efficacy and transitions into entrepreneurship. Thus, we propose that:

Hypothesis

b: *Self-efficacy is positively associated with entrepreneurship transitions*.

Job satisfaction often moderates the self-efficacy ripple effect on employee turnover intentions (Kim & Hyun, 2017). We expect that lower job satisfaction, as a catch-all variable for overall job quality, can spur employees into action to follow alternative career paths. On a related strand of the literature, Qu et al. (2025) show that moving into self-employment changes psychological strain in a systematic, time-varying way. Such a pattern implies that entry is not just an economic decision. Instead, it is also a psychologically demanding transition with uncertainty and adaptation costs. Therefore, we argue that self-efficacy is a key personal resource for coping with such demands, making aspirants with higher self-efficacy more willing to take the step from employment into self-employment. Self-efficacy emboldens employees to act on their ambitions to become entrepreneurs/ self-employed. Martínez-Martí & Ruch (2017) find that high job satisfaction reinforces positive effects on self-efficacy, thus strengthening resilience during challenging times, especially during the start-up stage of an entrepreneurial venture. Conversely, when entrepreneurs experience low job satisfaction, self-efficacy is not enough for them to carry their commitment. If business tasks are stressful, causing exhaustion, entrepreneurs are likely to consider alternative career paths (Najmul, 2018; Summer, 2004). Confidence in own abilities cannot alter this result. Thus, we propose:

Hypothesis

a: *Job satisfaction weakens the self-efficacy effect on entrepreneurial aspirations.*

Hypothesis

b: *Job satisfaction weakens the self-efficacy effect on entrepreneurial transitions.*

3 Methods

3.1 Sample and procedures

We draw on the first nine waves of the UK Household Longitudinal Study (UKHLS), an annual longitudinal survey launched in 2009 that follows individuals in around 40,000 households (Knies, 2018). Our analysis focuses on salaried employees aged 18 to 65. After excluding observations with missing values, the final sample of private-sector employees comprises 17,626 employee-year observations for men and 15,656 for women. We also perform separate estimates on a sample of public employees with 6,549 and 14,710 employee-year observations for men and women.

3.2 Measures

3.2.1 Employee entrepreneurial aspirations

In waves 2, 4, 6, and 8 of the UKHLS[1], employees were asked whether they would like to start their own business. Approximately 23% of male respondents and 16% of female respondents indicated that they would.

3.2.2 Job satisfaction

Job satisfaction is measured using a single-item question, "*All things considered, which number best describes how satisfied or dissatisfied you are with your present job overall?*" Responses are given on a seven-point Likert scale ranging

from 1 ("*completely dissatisfied*") to 7 ("*completely satisfied*"). Single-item measures of this type are widely used in the literature (Dobrow Riza et al., 2018).

3.2.3 Self-efficacy

In wave 5, respondents completed a questionnaire based on the Generalised Self-Efficacy Scale (Schwarzer and Jerusalem, 1995), indicating the extent to which ten statements described them.[2] Responses are recorded on a four-point scale ranging from 1 ("*not at all true*") to 4 ("*exactly true*"). Confirmatory factor analysis (CFA) at the individual level is used to derive a principal factor measuring self-efficacy, with higher values representing greater self-efficacy. The scale demonstrates high reliability (Cronbach's $\alpha = 0.89$).

3.2.4 Controls

We control for additional variables that may confound the results, such as age, marital status, children, and education.

3.3 Analytical strategy

Probit regressions are estimated using data from waves 2, 4, 6, and 8, with standard errors clustered at the individual level. Tacking advantage of the longitudinal structure of the data, we follow individuals a year after they express their intent to start their own business at time t (waves 2, 4, 6, and 8) to see whether they switch to self-employment at $t + 1$ (waves 3, 5, 7, and 9). This enables us to assess the effect of job satisfaction and self-efficacy on actual entrepreneurial transitions. We then compare employees' intended and actual entrepreneurial transitions to identify four types of employees: (i) Type A: Intention realisers (Aspiration = 1 & Actual = 1); (ii) Type B: Unrealised intenders (Aspiration = 1 & Actual = 0); (iii) Type C: Stable non-entrants (Aspiration = 0 & Actual = 0); and (iv) Type D: Unplanned entrants (Aspiration = 0 & Actual = 1). The analysis examines whether self-efficacy predicts these types.

4. Results

4.1 Descriptive statistics

Summary statistics and the correlation matrix are provided in Table 1. Approximately 24% of employees are aged 31–40, 30% are 41–50, 23% are 51–60, and around 5% are 61–65. About 57% of observations correspond to married employees, and the average number of children per observation is 0.66. Among all employees, 34% hold a university degree. The mean job satisfaction score is 5.28. Self-efficacy is standardised, with a mean of 0 and a standard deviation of 1, ranging from − 5.05 to 1.98. Correlations indicate that employees' aspirations to start their own business decline with job satisfaction but increase with self-efficacy.

Table 1
Correlation matrix.

Variables	Mean	SD	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
(2) Start own business aspirations	.20	.40	1.00									
(3) Job satisfaction	5.28	1.4	− .14*	1.00								
(4) Self-efficacy	.00	1.00	.05*	.12*	1.00							
(5) Age 31–40	.24	.43	.06*	.01	.02*	1.00						
(6) Age 41–50	.30	.46	− .01	− .00	.01	− .36*	1.00					
(7) Age 51–60	.23	.42	− .09*	− .01	− .01	− .31*	− .36*	1.00				
(8) Age 61–65	.05	.22	− .07*	.04*	.02*	− .13*	− .15*	− .13*	1.00			
(9) Married	.57	.49	− .06*	.04*	.05*	.06*	.12*	.12*	.05*	1.00		
(10) Number of children	.66	.95	.04*	.02*	.00	.35*	.16*	− .29*	− .15*	.27*	1.00	
(11) University degree	.34	.47	.01*	− .01*	.12*	.11*	− .01	− .08*	− .06*	.06*	.06*	1.00

Notes: * indicates significance at the .05 level.

4.2 Empirical findings

The estimated coefficients are reported in Table 2. Column (1) presents results for the full sample, while columns (2) and (3) report estimates for private-sector employees, disaggregated by gender. Columns (4) and (5) show the corresponding results for public-sector employees. In Column (1), the coefficients for the main demographic variables align with expectations. Men are more likely than women to express intentions to start their own business (B = 0.193, p = .017), while aspirations decline with marriage (B = -0.117, p = .018). The results also indicate a monotonic decrease in entrepreneurial intentions with age. Job satisfaction exhibits a strong negative association with entrepreneurial aspirations (B = -0.149, p = .03). The effect holds consistently for men and women, in both the private and public sectors. However, it is stronger for women (B = − .141 vs. − .161, for private and public sector) compared to men (B = − .087 vs. − .138). Self-efficacy attracts a positive coefficient (B = .117, p = .025). In the private sector, the effect is more pronounced for women than for men. This effect, however, disappears for men in public organisations. While not strongly significant, there is some indication that the effect is positive for men in private-sector jobs (B = 0.94, p = 0.073). Notably, the interaction term between job satisfaction and self-efficacy is negative, although not statistically significant.

Table 2
Entrepreneurial Aspirations (Probit).

SECTOR:		**PRIVATE**		**PUBLIC**	
	FULL	**MEN**	**WOMEN**	**MEN**	**WOMEN**
SAMPLE:	(1)	(2)	(3)	(4)	(5)
Male	.193**				
	(.017)				
Private sector	.128**				
	(.016)				
Job satisfaction	− .149**	− .087**	− .141**	− .138**	− .161**
	(.003)	(.005)	(.005)	(.009)	(.006)
Self-efficacy	.117**	.165**	.088*	.094	.106*
	(.025)	(.044)	(.044)	(.073)	(.053)
(Job satisfaction) x (Self-efficacy)	− .006	− .014+	− .003	.000	− .006
	(.005)	(.008)	(.008)	(.014)	(.010)
Age 31–40	− .095**	− .124**	− .054	.092	− .011
	(.023)	(.037)	(.041)	(.066)	(.050)
Age 41–50	− .222**	− .342**	− .169**	− .033	− .032
	(.022)	(.037)	(.039)	(.066)	(.045)
Age 51–60	− .467**	− .620**	− .360**	− .268**	− .281**
	(.025)	(.041)	(.045)	(.070)	(.048)
Age 61–65	− .816**	− .982**	− .752**	− .549**	− .574**
	(.046)	(.072)	(.094)	(.116)	(.093)
Married	− .117**	− .065*	− .073*	− .153**	− .187**
	(.018)	(.031)	(.032)	(.055)	(.036)
Number of children	.030**	.081**	.006	.026	− .008
	(.010)	(.016)	(.018)	(.026)	(.021)
University degree	− .000	.021	.114**	− .076	− .029
	(.018)	(.031)	(.034)	(.047)	(.033)
Chi2	11,597.35	3,087.58	3,805.77	1,595.65	4,093.40
Log-likelihood	-25,449.31	-9,328.92	-7,181.76	-3,052.51	-5,807.73
Individual-year observations	54,541.00	17,626.00	15,656.00	6,549.00	14,710.00

Notes: Standard errors are clustered at the employee level; +, * and ** indicate significance at the 10%, 5% and 1%; Age reference category 18–30.

Table 3 reports the influence of job satisfaction and self-efficacy on transitions into entrepreneurship/self-employment. Although men are more likely than women to report their Aspiration to start their own business (see Table 2), they are less likely to do so (B = -0.072 p = .028). Higher job satisfaction is associated with a lower likelihood of starting a business, consistent across genders and sectors. There is some weak evidence that self-efficacy impact positively on the propensity to transition into entrepreneurship, but the effect is not statistically significant. Notably, self-efficacy has a stronger positive impact for women in the private sector (B = 0.180, p = 0.056) than for men (B = -0.015, p = 0.056).

Table 3
Self-employment Transition at *t + 1* (Probit).

SECTOR:		**PRIVATE**		**PUBLIC**	
	FULL	**MEN**	**WOMEN**	**MEN**	**WOMEN**
SAMPLE:	(1)	(2)	(3)	(4)	(5)
Male	− .072*				
	(.028)				
Private sector	− .195**				
	(.023)				
Job satisfaction	− .292**	− .310**	− .328**	− .323**	− .334**
	(.005)	(.007)	(.008)	(.014)	(.011)
Self-efficacy	.077*	− .015	.180**	.054	.060
	(.032)	(.054)	(.056)	(.090)	(.068)
(Job satisfaction) x (Self-efficacy)	.015+	.030*	− .003	.008	.025
	(.009)	(.015)	(.016)	(.025)	(.020)
Age 31–40	− .493**	− .449**	− .554**	− .520**	− .640**
	(.037)	(.055)	(.072)	(.097)	(.104)
Age 41–50	− .521**	− .480**	− .414**	− .806**	− .625**
	(.033)	(.053)	(.059)	(.109)	(.074)
Age 51–60	− .598**	− .488**	− .692**	− .632**	− .681**
	(.039)	(.066)	(.080)	(.103)	(.082)
Age 61–65	− .454**	− .388**	− .301*	-1.254**	− .611**
	(.074)	(.117)	(.128)	(.383)	(.180)
Married	− .040	− .080	− .002	.059	− .204**
	(.031)	(.052)	(.057)	(.090)	(.076)
Number of children	− .006	.030	− .046	− .028	− .053
	(.019)	(.027)	(.036)	(.055)	(.048)
University degree	− .191**	− .150**	− .052	− .227**	− .169*
	(.031)	(.052)	(.060)	(.080)	(.066)
Chi2	14,819.92	5,298.90	3,964.86	1,560.50	2,678.40
Log-likelihood	-5,010.14	-2,190.98	-1,538.43	-484.29	-766.02
Individual-year observations	54,541.00	17,626.00	15,656.00	6,549.00	14,710.00

Notes: Standard errors are clustered at the employee level; +, * and ** indicate significance at the 10%, 5% and 1%; Age reference category 18–30.

Table 4 displays the estimated probit coefficients for the four types of employees considered in this study i.e., intended to start a business at time t and starting a business a year later, at *t + 1*.

Table 4
Aspirations vs. Actual Self-employment Entry at t + 1 (Probit).

SECTOR:		**PRIVATE**		**PUBLIC**	
	FULL	**MEN**	**WOMEN**	**MEN**	**WOMEN**
SAMPLE:	(1)	(2)	(3)	(4)	(5)
TYPE 1: Intention realisers (Aspiration = 1 & Actual = 1)					
Job satisfaction	− .342**	− .379**	− .396**	− .390**	− .402**
Self-efficacy	.120**	.104	.168*	− .054	.028
(Job satisfaction) x (Self-efficacy)	.004	− .005	.004	.055	.050
TYPE 2: Unrealised intenders (Aspiration = 1 & Actual = 0)					
Job satisfaction	− .148**	− .090**	− .143**	− .136**	− .161**
Self-efficacy	.106**	.137**	.093*	.086	.102+
(Job satisfaction) x (Self-efficacy)	− .004	− .009	− .004	.001	− .006
TYPE 3: Stable non-entrants (Aspiration = 0 & Actual = 0)					
Job satisfaction	.147**	.083**	.137**	.137**	.160**
Self-efficacy	− .112**	− .150**	− .083+	− .107	− .102+
(Job satisfaction) x (Self-efficacy)	.004	.010	.001	.003	.005
TYPE 4: Unplanned entrants (Aspiration = 0 & Actual = 1)					
Job satisfaction	− .301**	− .343**	− .353**	− .340**	− .349**
Self-efficacy	.029	− .137**	.183**	.104	.054
(Job satisfaction) x (Self-efficacy)	.028**	.066**	− .002	− .020	.023
Notes: +, * and ** indicate significance at the 10%, 5% and 1%; Other controls as in Table 3.					

5 Discussion and conclusion

5.1 Summary and theoretical contributions

The study examines self-efficacy as a driver of entrepreneurial aspirations and business startups. It offers new evidence on whether self-efficacious employees are more likely to succeed in switching from employment to self-employment. Admittedly, the idea that self-efficacy helps translate entrepreneurial aspiration into action is traced back

to Boyd & Vozikis (1994). Nevertheless, we add value by moving from away from their conceptual framework to present causal, longitudinal evidence. Specifically, we test entrepreneurship aspirations and transitions directly to gauge whether self-efficacy distinguishes employees who realise their start-up ambitions from those who only express them. Thus, we offer a direct test of the "aspiration–behaviour gap" with observed outcomes rather than theorised pathways. Using UK longitudinal data, we establish temporal ordering, by measuring self-efficacy alongside expressions of entrepreneurial aspirations, while we measure its effect on employment to entrepreneurship transitions later. Previous studies have relied mostly on cross-section intentions measures and proxy behaviours. Our approach dampens concerns that self-efficacy is merely a post hoc rationalisation of success. Our study further identifies job satisfaction as a key moderator, showing self-efficacy is especially consequential for dissatisfied employees. This adds nuance to previous findings in that self-efficacy is not uniformly predictive as its impact depends on "push" conditions in employment. Thus, we identify job satisfaction as a moderator connecting socio-cognition to "push" dynamics in a way that prior entrepreneurship work typically does not.

Finally, unlike previous research treating entrepreneurship broadly, we focus on employees who aspire to start their own business, thus contributing to the employee entrepreneurship, spinout, and transitions literature by explaining who exits to entrepreneurship. In sum, our paper extends prior work linking (entrepreneurial) self-efficacy to innovation, opportunity pursuit, or performance, by focusing on the relative under-examined step of converting entrepreneurial aspirations into actual self-employment entry. We, in addition, complement prior work on the more common entrepreneurial self-efficacy approach by using the validated generalised self-efficacy scale to show its relevance for entrepreneurial entry.

The findings further underscore important gender and sector differences. We find that women in private employment express the strongest entrepreneurial aspirations when their self-efficacy is high. This is consistent with previous findings highlighting the role of self-efficacy in enabling women to overcome systemic obstacles in their entrepreneurial journey such as restricted funding and mentorship (Adeniyi, 2023; Caliendo et al., 2023). Gender inequalities persist partially because women appear less interested in entrepreneurship at first. But despite the early reluctance self-efficacious female employees succeed in starting their business (Newman et al., 2019). Efficacy is less obvious in predicting entrepreneurial intents and actions for public employees. This is partially explained by rigid institutional or cultural settings most often present in the public rather private employment. Public employees who display high self-efficacy fail to carry out entrepreneurial plans, which confirms how institutions limit risk taking.

Job satisfaction is an important moderator between self-efficacy and entrepreneurial intents. Job satisfaction acts as an anchor that lessens employees' inclination toward taking up entrepreneurial risk. Satisfied employees, especially those who enjoy workplace autonomy, are likely to dismiss entrepreneurial transitions as unnecessary, high-risk career changes. Dissatisfied employees have high aspirations to start their own business independently of their self-efficacy. This shows that employee dissatisfaction could spur need entrepreneurial transitions (Neneh, 2022). Self-efficacy alone is not always enough to compensate for the impact of employee dissatisfaction.

Further, self-efficacy is shaping the aspiration-action gap when other predicting causes are at play. Bohlayer & Gielnik (2023) find that only 10–15% of individuals started a new venture even though 23% of men and 16% of women claimed to have entrepreneurial intents. Naturally, self-efficacy alone cannot address fundamental needs associated with a business start-up. Self-efficacious women experience business launch rates equivalent to those of men, although they show divergent self-reported entrepreneurial likelihoods (Taneja et al., 2023). This points to underlying socio-cultural norms that discourage women taking risk, thus being reluctance to start businesses. Yet, a strong self-efficacy allows them to break through barriers thus enabling great opportunities to emerge (Dempsey & Jennings, 2014). Our findings offer added insight into how aspirations interact with environmental conditions for real business start-ups.

5.2 Implications for practice

This study presents several policy implications anchored on examining the aspiration-action riddle in entrepreneur startups and its correlation with self-efficacy. By showing that self-efficacy predicts realisation of entrepreneurial transitions (especially under dissatisfaction), we offer novel insight on who can benefit most from entrepreneurship training, mentoring, or confidence-building interventions. Thus, a potentially fruitful policy response could entail initiatives to build self-efficacy directly. Such initiatives could include mentoring and coaching aspiring entrepreneurs, incentives for established entrepreneurs to offer such mentoring, financing incubator programs. Equally, policy interventions could reduce barriers and risks that undermine nascent entrepreneurs' confidence in the early stages of business startups. Existing US programs, such as the SBA Small Business Development Centers (SBDCs) offer training on starting a business, strengthening aspiring entrepreneurs' self-efficacy by one-to-one counseling or planning through guided action. The SCORE program supports forming volunteer mentoring programs whereby experienced entrepreneurs help aspiring business founders to take concrete steps for managing uncertainty. Initiatives to mitigate legal or institutional barriers are equally important. Reforming bankruptcy laws in the US to allow credit restoration after business failures has been essential for mitigating risk and anxiety during entrepreneurship transitions. Georgellis & Wall (2006) argue that bankruptcy law, with the inclusion of the homestead exemption, in the US altered the personal cost of business start-up failure, thus encouraging entry, experimentation, and eventually innovation. More recently, Ye at al. (2022) highlight the importance of formal institutions in the pursuit of innovation opportunities among entrepreneurs, paying particular attention to the bankruptcy law environment.

Most business start-up programs in the UK offer similar support, including start-up loans, raising capital, business advice support. There are, however, programs focusing specifically on employees who intent to start their own business, offering support with portability of benefits, or employer-linked spin-out initiatives. For example, the SEIS/EIS (Seed Enterprise Investment Scheme/ Enterprise Investment Scheme) removes some barriers that undermine self-efficacy by helping to raise angel funding, which is a decisive step from "aspiration" to "starting a business". The Help to Grow government program helps nascent entrepreneurs to build skills in core business tasks (strategy, marketing, finance, leadership). The Innovate UK program strengthens would be entrepreneurs' confidence by providing external approval that a venture is viable, promoting mastery through milestone-driven delivery. UK policy proposals consider giving employees time off for training or to start a business, like existing programs in Nordic countries where employees take time of work to follow business creation opportunities. Such schemes allow employees to pursue business start-up ventures without severing labor market attachment.

5.3 Research limitations

In this section, we discuss some limitations that future research should consider. First, our measure of entrepreneurial aspiration is based on a single UKHLS item ("Would you like to start up your own business?"). While widely used in survey research, this question captures entrepreneurial desire/aspiration rather than a concrete aspiration, plan, or preparatory behaviour. Future work could use richer measures that distinguish intending, planning, and taking start-up steps. It could also assess whether self-efficacy differentially predicts movement across these stages. Second, we operationalise entrepreneurial action as a transition from paid employment to self-employment in the subsequent wave. Although this is a common approach in longitudinal household surveys, self-employment does not always equate to starting a business. It often entails freelancing, taking over an existing business, or self-employment. It may also miss "hybrid" entrepreneurship where individuals start a business while remaining in paid work. Future research could validate our findings using outcomes that better identify start-up formation (e.g., start-up steps, business ownership, incorporation, number of employees, or self-employment with employees) and by distinguishing own-account work from employer entrepreneurs.

Another limitation is that self-efficacy is measured only once (wave 5), thus treating it as time-invariant in our main analyses. This prevents us from examining whether self-efficacy changes around transitions (e.g., anticipation effects),

limiting our ability to separate stable individual differences from time-varying psychological states. Future work could use repeated self-efficacy measures to study within-person changes, test whether self-efficacy responds to labour-market shocks or preparatory behaviours. Finally, we focus on entry—whether aspirations are realised through self-employment transitions—rather than on subsequent entrepreneurial outcomes. Future research could extend the analysis to post-entry survival, earnings, job quality, and well-being trajectories to assess whether self-efficacy predicts not only entry but also the sustainability of self-employment. Together, these limitations underscore the value of UKHLS for studying aspiration–action gaps. At the same time, they are highlighting the need for complementary data and designs to refine measurement of entrepreneurial aspiration.

Declarations

Author Contribution

M.A., Y.G., and G.S. worked on the data preparation and analysis, reviewed the literature and hypotheses development, discussed the results. All authors contributed to the discussion section (theoretical contribution, policy implications and limitations.

Data Availability

The data are publicly available from the UK data Archive at https://www.understandingsociety.ac.uk/.

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Footnotes

1. 2009/2010, 2011/2012, 2013/2014, and 2015/2016.
2. (1) "*I can always manage to solve difficult problems if I try hard enough*"; (2) "*If someone opposes me, I can find the means and ways to get what I want*"; (3) "*It is easy for me to stick to my aims and accomplish my goals*"; (4) "*I am confident that I could deal efficiently with unexpected events*"; (5) "*Thanks to my resourcefulness, I know how to handle unforeseen situations*"; (6) "*I can solve most problems if I invest the necessary effort*"; (7) "*I can remain calm when facing difficulties because I can rely on my coping abilities*"; (8) "*When I am confronted with a problem, I can usually find several solutions*"; (9) "*If I am in trouble, I can usually think of a solution*"; and (10) "*I can usually handle whatever comes my way*".

Figures

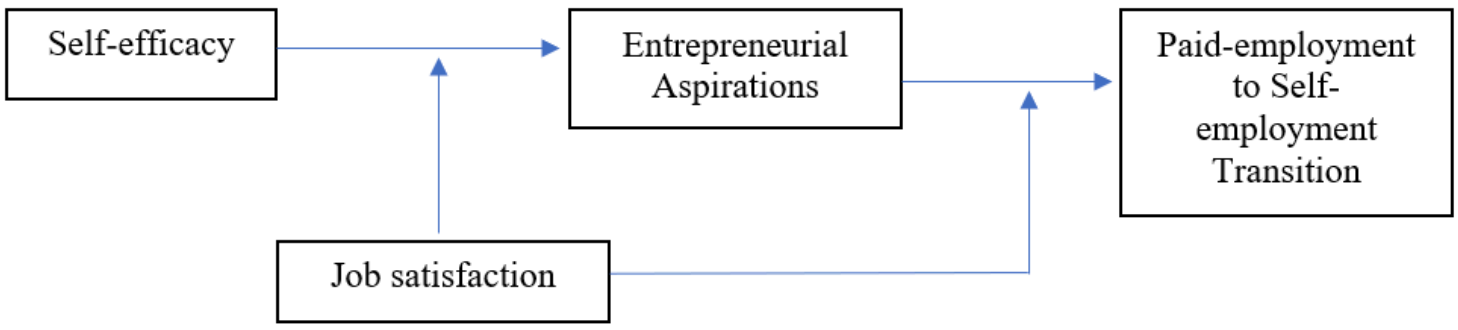


Figure 1

Conceptual Framework