ORGANIZATIONAL BEHAVIOR

Moonlighting as a Mechanism for Employee Value Creation: A Conceptual Review and Research Agenda

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Abstract

Moonlighting, defined as the practice of holding one or more paid engagements in addition to a primary job, has traditionally been framed by organizations as a governance risk associated with divided attention, conflicts of interest, and diminished loyalty. This paper reframes moonlighting through a value-creation lens, arguing that when it is transparently managed, secondary employment can function as a mechanism through which employees build human, social, psychological, and financial capital that ultimately benefits both the individual and, under identifiable conditions, the primary organization. Drawing on human capital theory, boundaryless career theory, self-determination theory, and the resource-based view of the firm, the paper develops a conceptual framework that links the antecedents of moonlighting to individual- and organizational-level value outcomes, moderated by disclosure norms, job design, and human resource practices. The paper concludes with managerial implications for designing moonlighting policies that convert a traditionally risk-managed behaviour into a source of competitive advantage, and it proposes a research agenda for empirically testing the framework across sectors and labour markets.

Keywords: moonlighting; dual employment; employee value creation; human capital theory; career capital; human resource management; knowledge spillover

1 Introduction

The nature of employment has shifted markedly over the past decade. Remote and hybrid work arrangements, the growth of platform-based gig work, and rising living costs have made it easier, and in many cases more necessary, for employees to hold more than one paying role at a time. This practice, commonly referred to as moonlighting, has re-entered organizational and public discourse, most visibly through the disclosure-versus-termination disputes that surfaced in the information technology sector in 2022 and 2023, when several employers publicly clarified or tightened policies on undisclosed secondary employment. These episodes illustrate a persistent asymmetry in how moonlighting is discussed: employers tend to foreground the risks of divided attention and intellectual-property exposure, while employees increasingly describe secondary work as a rational response to financial pressure, career diversification, and the pursuit of autonomy.

This paper argues that the risk-centred framing, while not unfounded, is incomplete. A growing stream of empirical and conceptual research suggests that moonlighting can also operate as a mechanism for value creation, both for the individual who diversifies their skills, income, and networks, and, under specific conditions, for the primary employer who benefits from the knowledge, motivation, and employability gains that spill back into the core role. The purpose of this paper is

threefold: first, to conceptualize moonlighting and distinguish it from adjacent forms of non-standard work; second, to synthesize theoretical perspectives that explain how moonlighting generates value; and third, to propose a conceptual framework and set of managerial implications that treat moonlighting as a phenomenon to be governed deliberately rather than prohibited reflexively.

2 Conceptualizing moonlighting

Moonlighting is generally understood as the practice of engaging in paid work outside of, and in addition to, one's primary or principal job. The literature typically distinguishes moonlighting along at least three dimensions. The first is relatedness: quantitative moonlighting occurs when the secondary role draws on skills similar to the primary job, while qualitative moonlighting involves work in an unrelated field. The second is disclosure: overt moonlighting is known to and, in many cases, sanctioned by the primary employer, whereas covert moonlighting is concealed, often because organizational policy discourages or formally prohibits secondary employment. The third is motive, spanning financial necessity, career exploration, skill development, and intrinsic interest or passion.

It is useful to distinguish moonlighting from related but conceptually distinct forms of non-standard work. Freelancing and gig work typically describe an individual's primary source of income and do not presuppose a separate primary employer; a side hustle is a broader, often less formal term that may or may not involve paid employment in the strict sense; and portfolio careers describe an intentional, often senior-career pattern of multiple concurrent professional roles. Moonlighting, by contrast, specifically presumes the coexistence of a primary employment relationship with at least one additional paid engagement.

A recent thematic synthesis of the moonlighting literature, based on an inductive review of published studies, organized the field around four recurring themes: the determinants and traits associated with moonlighting intentions, the effects of moonlighting on employers and employees, organizational policy responses, and the broader economic implications of dual job holding. This synthesis underscores that moonlighting research has matured beyond a narrow focus on prohibition and discipline toward a more systematic account of its antecedents and consequences (Rautela et al., 2024).

3 Theoretical perspectives on moonlighting and value creation

3.1 Human capital theory

Human capital theory holds that individuals invest in education, training, and experience to increase their productive capacity and future earning potential. Applied to moonlighting, a secondary role can function as an informal investment vehicle: employees acquire new technical, managerial, or interpersonal skills that would be costly or slow to develop within the confines of a single job. Where the secondary role draws on adjacent but distinct competencies, moonlighting can accelerate skill diversification in a way that a single employer's training budget may not support.

3.2 Boundaryless and protean career theory

Career theories developed since the 1990s describe a shift away from linear, single-organization careers toward boundaryless and protean careers, in which individuals take active ownership of their professional development across multiple organizational contexts. Moonlighting fits naturally within this frame: it allows individuals to test career options, build a diversified professional identity, and

hedge against the volatility of any single employment relationship, all while remaining formally attached to a primary employer.

3.3 Self-determination theory

Self-determination theory identifies autonomy, competence, and relatedness as core psychological needs whose satisfaction drives intrinsic motivation and well-being. A secondary role chosen freely, rather than assigned, can satisfy the need for autonomy in ways the primary job may not, particularly in highly structured or routinized roles. Where the secondary work also builds mastery (competence) or professional community (relatedness), it may contribute positively to overall well-being, with potential spillover into engagement at the primary job, although this spillover is conditional on the total workload remaining sustainable.

3.4 Resource-based view and knowledge spillover

From the perspective of the firm, the resource-based view suggests that idiosyncratic, hard-to-imitate employee knowledge and skill combinations are a source of competitive advantage. When an employee's secondary role exposes them to new tools, client contexts, or problem-solving approaches, and when the organizational climate is open enough for that knowledge to be shared, the primary employer can capture positive spillovers without having funded the original investment. This value-capture pathway is conditional: it depends on channels for knowledge transfer, an absence of direct competitive conflict, and a psychological contract in which disclosure is not punished.

4 Moonlighting as a mechanism for employee value creation

Building on the theoretical perspectives above, this section identifies five interrelated forms of value that moonlighting can generate for the individual employee.

4.1 Financial capital and economic security

The most immediate and widely documented driver of moonlighting is supplemental income. Beyond simply raising current earnings, a second income stream can reduce an individual's dependence on a single employer, functioning as a form of income diversification analogous to portfolio risk management. This buffer can be particularly consequential during periods of organizational restructuring, layoffs, or wage stagnation, where employees with a secondary income source are better positioned to absorb income shocks.

4.2 Human capital development

As discussed above, secondary work can serve as an applied learning environment. Employees may encounter new software, client industries, management styles, or problem domains that are unavailable in their primary role, and this exposure can translate into transferable skills, especially in fields such as technology, design, consulting, and education, where project-based secondary work is common.

4.3 Social capital and professional networks

Every additional professional engagement expands an individual's network of contacts, potential collaborators, clients, and mentors. These networks can generate future opportunities, provide access to information not available through a single employer, and, in some cases, create referral pathways

that benefit the primary organization, for example when a moonlighting employee introduces a prospective client or partner encountered through secondary work.

4.4 Psychological capital and well-being

Variety, autonomy, and a sense of purpose derived from freely chosen secondary work can contribute positively to psychological well-being when the total workload remains manageable. Employees who moonlight out of interest or passion, rather than purely out of necessity, have been associated in the literature with enhanced creativity and a stronger overall sense of competence, though these benefits are contingent on adequate recovery time and are not guaranteed when moonlighting is driven primarily by financial distress.

4.5 Career capital and employability

Recent empirical work has linked organizational human resource practices to employee moonlighting through the mechanism of perceived employability. In a study of 456 employees, high-performance work systems were found to be positively associated with employee moonlighting, an effect that operated through employees' perceived external employability, and this relationship was further intensified among employees with a strong personal value of self-direction (Tran Huy, 2025). This finding is important because it reframes moonlighting not simply as a symptom of dissatisfaction or underpayment, but as a downstream consequence of an organization successfully building its employees' marketable skills and confidence, a form of career capital that employees may then deploy, at least in part, outside the organization that built it.

5 Conditions for organizational value capture

Whether the value generated by moonlighting accrues back to the primary employer, remains purely private to the employee, or actively erodes organizational performance depends on a set of moderating conditions rather than on moonlighting itself. This section outlines the principal moderators identified in the literature.

5.1 Disclosure and trust

Organizational policies that treat all secondary employment as prohibited tend to push moonlighting underground, removing the organization's visibility into potential conflicts of interest while also foreclosing opportunities for constructive knowledge transfer. By contrast, disclosure-based policies, in which employees declare secondary engagements and organizations evaluate them against clear, narrowly defined conflict-of-interest criteria, preserve the organization's ability to manage risk while allowing legitimate value-generating moonlighting to continue openly.

5.2 Workload and recovery

A study of academic staff at federal polytechnics found that while moonlighting provided individual-level benefits such as increased income and enhanced creativity, it was also associated with a negative effect on organizational performance, particularly service delivery, when workload and fatigue were not adequately managed (Sanjo et al., 2024). This finding highlights that the value-creation potential of moonlighting is not unconditional: beyond a certain threshold of combined workload, the marginal effects on the primary role turn negative, regardless of the skill or network benefits accumulated.

5.3 Relatedness and competitive conflict

Secondary work in a directly competing organization, or work that uses the primary employer's proprietary information, tools, or client relationships, represents a distinct category of risk that is not offset by any value-creation argument. Effective policy therefore needs to distinguish between moonlighting that is merely additional (a different domain, a non-competing context) and moonlighting that is conflicting (a competing firm, overlapping clients, or use of confidential resources), applying materially different governance to each.

5.4 Human resource architecture

Organizations with high-performance work systems, characterised by investment in training, participative decision-making, and performance-based rewards, appear to shape employees' external employability and, indirectly, their propensity to moonlight. This suggests that HR architecture does not simply respond to moonlighting; it actively contributes to the conditions that produce it, which in turn implies that HR functions are well positioned to also shape whether that moonlighting is disclosed, related, and manageable, rather than covert and conflicting.

6 A conceptual framework

Integrating the preceding sections, moonlighting can be modelled as a process that runs from individual and organizational antecedents, through the act of taking on secondary work, to a set of value outcomes that are shaped by key moderators. Table 1 summarizes this framework.

The framework is summarised in Table 1.

Table 1. A conceptual framework linking antecedents, moderators, and outcomes of moonlighting as a value-creation mechanism.

Antecedents	Moderators	Value outcomes (Individual)	Value outcomes (Organizational, conditional)
Financial need; underemployment	Disclosure norms	Supplemental income; financial resilience	Reduced financial-stress-related turnover
Desire for skill variety / passion	Relatedness of secondary role	New technical / managerial skills	Knowledge spillover into primary role
High perceived employability (built via HPWS)	Workload & recovery time	Expanded professional network	Referral opportunities; talent signalling
Job autonomy / self-direction value	Role sensitivity (IP, competition)	Autonomy satisfaction; reduced monotony	Retention of highly employable staff via trust

7 Managerial and policy implications

The framework above suggests several practical directions for organizations seeking to convert moonlighting from a purely defensive compliance issue into a managed source of value.

- Replace blanket prohibition with disclosure-based policy: require employees to declare secondary engagements and evaluate them against explicit, narrowly scoped conflict-of-interest and confidentiality criteria.

- Build internal outlets for diverse work: internal gig marketplaces, cross-functional project assignments, and internal moonlighting programmes can satisfy employees' demand for variety and additional income without the risks associated with external secondary employment.
- Integrate secondary-role learning into development conversations: where disclosed moonlighting is related to the employee's field, managers can explicitly discuss transferable skills and knowledge gained, treating it as a legitimate input into performance and development reviews.
- Monitor workload and well-being: because the value-creation case for moonlighting depends on adequate recovery time, organizations should pay attention to signs of fatigue or declining performance rather than relying solely on disclosure status as a risk indicator.
- Differentiate policy by role sensitivity: roles with access to trade secrets, client data, or competitive strategy warrant tighter restrictions than roles without such exposure, rather than a uniform policy applied across the whole organization.

8 Limitations and future research directions

This paper is conceptual in nature and integrates existing theoretical and empirical work rather than presenting new primary data; its propositions should be treated as a basis for empirical testing rather than as established findings. Several directions for future research follow directly from the framework. First, longitudinal studies are needed to establish whether the human capital, network, and psychological benefits associated with moonlighting persist over time or diminish as workload accumulates. Second, cross-cultural and cross-sectoral research would help clarify whether the value-creation pathways described here generalize beyond the specific occupational contexts, such as academic staff and information-technology professionals, in which much of the existing empirical work has been conducted. Third, research is needed on how disclosure-based policies actually affect employee willingness to reveal secondary work, since the shift from prohibition to disclosure assumes a level of organizational trust that may not exist in every workplace. Finally, more precise measurement of "value creation" itself, distinguishing financial, human-capital, social-capital, and psychological components, would allow future studies to test the relative strength of each pathway rather than treating moonlighting's benefits as a single undifferentiated construct.

9 Conclusion

Moonlighting is often treated by organizations as a governance problem to be minimized. This paper has argued that such a framing captures only part of the picture. Viewed through the lens of human capital, career, motivation, and resource-based theories, moonlighting can also function as a mechanism through which employees build financial, human, social, and psychological capital, some of which is capable of flowing back to the primary employer under identifiable conditions of disclosure, relatedness, and manageable workload. The practical implication is not that organizations should encourage moonlighting indiscriminately, but that policy built around transparency and differentiated risk assessment is likely to capture more of moonlighting's value-creating potential, and to manage more of its risk, than a uniform prohibition. As dual job holding continues to grow alongside remote work and platform-based labour markets, the question facing organizations is less whether employees will moonlight, and more whether they will do so openly or covertly, and with what consequences for both parties.

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